

8085

2013/2014 MULTI-YEAR BUDGET PROCESS PLAN AND TIMETABLE

This report served before the Financial Services Portfolio Committee on 14 August 2012. The recommendations were supported.

PURPOSE

To submit the 2013/2014 Multi-year budget process plan and timetable in order to comply with the requirements of the Municipal Finance Management Act, 2003 (No 56 of 2003).

IDP STRATEGY AND OBJECTIVES

DEVELOPMENT STRATEGY 5: SOUND FINANCIAL MANAGEMENT

Aim

- To ensure a healthy municipal revenue base that is aligned with the IDP, in order to ensure efficient, effective and sustainable service delivery and meeting the needs of the City's inhabitants

Goals

- Ensure that Financial Planning, Budgeting and Expenditure aligns with the IDP
- Increase the Municipal Revenue Base
- Maintain high levels of Debt Control
- Implement Revenue Enhancement measures

Section 21(1) of the Municipal Finance Management Act, 2003 (No 56 of 2003) prescribes the following: -

“The Mayor of a municipality must –

- (a) *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;*
- (b) *at least 10 months before the start of the budget year, table in the municipal Council a time schedule outlining key deadlines for –*
 - (i) *the preparation, tabling and approval of the annual budget;*
 - (ii) *the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act and the budget-related policies;*
 - (iii) *the tabling and adoption of any amendments to the integrated development plan and the budget-related policies; and*
 - (iv) *any consultative processes forming part of the processes referred to in paragraph (i), (ii) and (iii).”*

Furthermore, the Accounting Officer is tasked by Section 68 of the Municipal Finance Management Act, 2003 (No 56 of 2003) with assisting the Mayor in developing and implementing the budgetary process. This process should provide for both internal (within municipality) and external (local community and other stakeholder) consultations.

In addition to the above the budget process will have to comply with the Municipal Budget and Reporting Regulations as published in Government Gazette No 32141 dated 17 April 2009 - DMS 605152, 605154, 605178 and 605180.

DISCUSSION

The 2013/2014 Medium Term Revenue and Expenditure Framework (MTREF) Process Plan and Timetable **(DMS 812389) is attached.**

Adequate planning for the budget process is essential to ensure that Council's 2013/2014 Medium Term Revenue and Expenditure Framework (MTREF) is tabled timeously in order to comply with the MFMA. The Mayor must early on in the budget process co-ordinate a schedule of key deadlines for all of the required meetings, community forums, etc. This schedule should also be made public to ensure that those being consulted are aware of their opportunities for input into the IDP and budget process.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications.

FINANCIAL IMPLICATIONS

This report relates only to the submission and acceptance by Council of the 2013/2014 Medium Term Revenue and Expenditure Framework (MTREF) process plan and timetable.

LEGAL IMPLICATIONS

The Mayor of a Municipality must upon becoming aware of any impending non-compliance with the provisions of the MFMA especially Chapter 4 (Municipal Budgets), inform the MEC for Finance in the province in writing.

COMMENTS OF THE CHIEF FINANCIAL OFFICER

The recommendations are supported.

DISCUSSION HELD AT THE FINANCIAL SERVICES PORTFOLIO COMMITTEE ON 14 AUGUST 2012

The committee deliberated the report and requested that the budget process should be a collaborated effort by Councillors and Officials who are actively involved in the compilation of the 2013/2014 budget at all stages from original requests submitted by departments to the elimination of projects as deemed necessary. It was recommended that a minimum of two (2) Budget Steering Committee meetings be held as well as additional Financial Services Portfolio Committee meetings ensuring that the budget is efficiently and effectively drafted in line with the revised Integrated Development Plan of Council.

The Chief Financial Officer indicated that National Treasury has a circular guiding this municipality in compiling the budget. Furthermore, an internal process plan is drafted to assist departments with the individual budgets. However, the poor response from departments is a matter of concern which has a domino effect on the budget process plan. This year the Chief Financial Officer has embarked on a more intensive approach in which his staff will be attending departmental budget meetings to render assistance and give guidance ensuring that delays are avoided.

In closing the Mayor indicated that institutional transformation should be accepted and that departments need to work together to ensure that there is synergy within the organisation.

RECOMMENDED THAT:

1. the 2013/2014 Medium Term Revenue and Expenditure Framework (MTREF) Process Plan and Timetable (**DMS 812389**) be noted and accepted by Council;
2. the 2012/2013 Draft Integrated Development Plan 2012 to 2017 (RPT 151830) approved on 10 May 2011 in accordance with Council Resolution 7267 be used to inform the 2013/2014 Multi-year budget process plan and timetable (**DMS 812389**);
3. budget requests from Councillors/Ward Committees, fully supported within the Integrated Development Planning document, be submitted to the Municipal Manager by no later than **26 October 2012** in order for the relevant Deputy Municipal Managers to determine the financial and operational impacts of such requests; and
4. all consultative processes during the budget process be adequately published in the media.