6.10

SC10/05/2022	**ANNUAL 2022/2023 MTREF BUDGET**

<u>REPORT FROM THE ACTING DIRECTOR: FINANCIAL SERVICES</u>

PURPOSE OF THE REPORT

To present to the Municipal Council the Annual 2022/2023 Medium Term Revenue and Expenditure Framework (MTREF) Budget for consideration and approval.

BACKGROUND

Section 16(1) of the Municipal Finance Management Act, No 56 of 2003 (MFMA) determines that:

> *"The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year".*

Section 24(1) of the MFMA determines that:

> *"The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget".*

DISCUSSION

Council resolved on 30 March 2022 to approve the Tabled 2022/2023 MTREF Budget. This was subsequently published in several public platforms in order to invite the public to submit representations in connection with the budget. Various written comments have since been received. Recommendations in relation to these comments are contained in Annexure A, attached to this item.

Several budget-related engagements and workshops were held prior to the finalisation of the Annual 2022/2023 MTREF Budget. This resulted in various amendments to the budget which were primarily intended to enhance service delivery levels, and to support a pro-Knysna budget.

The Annual 2022/2023 MTREF Budget has been prepared in accordance with all legislative processes for the compilation and approval of the municipal budget, as determined by Sections 15 to 24 of the MFMA and Regulations 9 to 20 of the Municipal Budget and Reporting Regulations (MBRR).

FINANCIAL IMPLICATIONS

The financial implications are detailed in the Annual 2022/2023 MTREF Budget Report, attached as Annexure D to the item.

RELEVANT LEGISLATION

Sections 15 to 24 of the Municipal Finance Management Act; and
Regulations 9 to 20 of the Municipal Budget and Reporting Regulations.

COMMENTS OF THE ACTING MUNICIPAL MANAGER

The long-term financial plan must be strictly adhered to in order to be sustainable in future. Local Government is under financial pressure and service delivery to all residents and visitors must be retained at the highest possible standard.

The public participation process indicated that the residents are very serious about service delivery which includes electrical services to all structures (formal and informal).

Strict measures must continue to be implemented to contain expenses within the proposed budget and savings must be achieved.

The appointment of a Municipal Manager and Directors in the present vacancies must be prioritised to restore stability in the Administration.

The recommendations are supported.

RECOMMENDATION OF THE EXECUTIVE MAYOR

[a] That Council takes note of the Written Comments Received on the Tabled 2022/2023 MTREF Budget, attached as Annexure A to the item;

[b] That Council approves the recommendations of the Executive Mayor on the Written Comments Received on the Tabled 2022/2023 MTREF Budget;

[c] That Council takes note of the revenue increases for property rates, service charges and other fees contained in the 2022/2023 Tariff Book, attached as Annexure B to the item;

[d] That Council approves the Budget-Related Policies of Knysna Municipality for the 2022/2023 financial year, attached as Annexure C to the item;

[e] That Council approves the Annual 2022/2023 Medium Term Revenue and Expenditure Framework (MTREF) Budget Report, attached as Annexure D to the item;

[f] That Council approves the revenue budget (capital grants included) of R 1,108,527,123 for the 2022/2023 financial year as presented in Table 2 of the MTREF Budget Report;

[g] That Council approves the operating expenditure budget of R 1,061,274,998 for the 2022/2023 financial year as presented in Table 3 of the MTREF Budget Report;

[h] That Council takes note of the operating budget surplus of R 784,038 for the 2022/2023 financial year as presented in Table 4 of the MTREF Budget Report;

[i] That Council takes note that any actual cash surplus realised at year-end will be utilised to boost the Capital Replacement Reserve for future infrastructure investment;

[j] That Council approves the capital expenditure budget of R 117,574,282 for the 2022/2023 financial year as presented in Table 5 of the MTREF Budget Report;

[k] That Council approves the capital expenditure budget funding sources of R 117,574,282 for the 2022/2023 financial year as presented in Table 6 of the MTREF Budget Report;

[l] That Council approves the following revenue sources with effect from 01 July 2022 –

(i) Property rates (4.8%);
(ii) Electricity (7.47%)
(iii) Water (4.8%);
(iv) Sanitation (4.8%); and
(v) Refuse (11.5%);

[m] That Council notes the Service Standards for the 2022/2023 financial year, attached as Appendix 4;

[n] That Council approves the Procurement Plan for the 2022/2023 financial year, attached as Appendix 5;

[o] That Council notes the INCA Long-Term Financial Plan, attached as Appendix 6;

[p] That Council notes the Western Cape Provincial Treasury SIME Assessment, attached as Appendix 7;

[q] That Council approves the annual budget of Knysna Municipality for the 2022/2023 financial year, as well as the indicative budgets for the two outer financial years (2023/2024 to 2024/2025), as presented in the new *m*SCOA version 6.6.1 Schedules A1 to A10 and Supporting Schedules SA1 to SA38, attached as Appendix 8;

[r] That Council takes note that as at 30 April 2022, Knysna Municipality accumulated R 71.0 million cash and investments at the following banking institutions –

(a)	Nedbank	= R 55,466,109
(b)	Standard Bank	= R 12,812,825
(c)	Investec	= R 2,739,930
(d)	Total Cash and Investments	= R 71,018,864

[s] That Council takes note of the proposed total cost-to-municipality expenses for the salary, allowances and benefits of the Political Office Bearers, Municipal Manager, Chief Financial Officer, Senior Managers and other officials with a remuneration package greater than or equal to that of a Senior Manager, as contained in the Annual 2022/2023 MTREF Budget Report;

[t] That Council takes note that Knysna Municipality does not have any current service delivery agreements, including material amendments to existing service delivery

agreements, with any service provider who renders any power or function on behalf of Knysna Municipality, as defined in Section 1 of the Municipal Systems Act;

[u] That Council takes note that Knysna Municipality does not have any municipal entities;

[v] That The Acting Municipal Manager submits the Annual 2022/2023 MTREF Budget Report to the National Treasury and the Western Cape Provincial Treasury, as required by the Municipal Finance Management Act, No 56 of 2003;

[w] That the Acting Municipal Manager publishes the Annual 2022/2023 MTREF Budget Report on the municipal website and relevant print media.

APPENDIX / ADDENDUM

Annexure A: Written Comments Received on the Tabled 2022/2023 MTREF Budget;
Annexure B: 2022/2023 MTREF Tariff Book;
Annexure C: 2022/2023 Budget-Related Policies; and
Annexure D: Annual 2022/2023 MTREF Budget Report (May 2022)

(Annexures will be circulated separately in electronic format)

File Number: 9/1/2/10
Execution: Acting Director: Financial Services