

**C.15.2 APPROVAL OF A DECREASE FUNDING RECEIVED FOR THE 2021/2022 FINANCIAL YEAR IN TERMS OF SECTION 28(2)(b) OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003) (MFMA) AND REGULATION 23(3) OF THE MUNICIPAL BUDGET AND REPORTING REGULATIONS, 2008
(5/1/1/6 & 3/2/5/15)**

PURPOSE OF SUBMISSION

That Council consider to approve an adjustments budget as contemplated in section 28(2)(a) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and regulation 23(3) of the Municipal Budget and Reporting Regulations, 2008 to authorize a decrease in funding received for the 2021/2022 MTREF.

BACKGROUND

An adjustments budget, contemplated in section 28(2)(a) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for within a prescribed framework.

In addition, regulation 23(3) of the Municipal Budget and Reporting Regulations, 2008 (published in Government Gazette No. 32141 on 17 April 2009), determined the timeframes for the tabling of the said special adjustments budget as follows:

“If a national or provincial adjustments budget allocates or transfer additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.”

On 29 April 2021 the Provincial Government, via its Department of Transport and Public Works, allocated an amount of R120 200 000 to the Cape Winelands District Municipality to perform the maintenance and construction of proclaimed Provincial roads in our 2022/2023 Medium Term Revenue and Expenditure Framework (refer to Annexure “F”. On 20 April 2022 this allocation was decreased to R105 200 000 (refer to Annexure “G”. Due to the difference in the provincial and municipal financial years, the effect on Council’s 2021/2022 financial year is a decrease of R3 750 000 (refer to Annexure “H”).

COMMENTS

*** The decrease of the municipality's funding resulted in certain 2021/2022 Operating Budget items to be adjusted. The budget document attached as Annexure "A" as well as the Adjustments Budget Schedule B with its supporting tables attached as Annexure "D" were updated with the necessary changes.

Expenditure

Expenditure items that were decreased, are reflected in Annexure "E".

Revenue:

Non-Ex Rev:

Transfers Subsidy: Roads, decreased from R111 193 297 to R107 443 297

*** Annexure "B" reflects a summary of the Operating Budget before the requested adjustments and Annexure "C" reflects a summary of the Operating Budget should the requested adjustments be approved.

IMPLICATIONS

PERSONNEL

None.

Comment prepared by: Ms. G.C.N. Julie

LEGAL

The legal implications have been addressed under "BACKGROUND" and "COMMENT" above.

Comment prepared by: Ms. W.M. Neethling

FINANCIAL

The financial implications have been addressed under "BACKGROUND" and "COMMENT" above.

Comment prepared by: Ms. F.A. du Raan-Groenewald

RECOMMENDATION BY MUNICIPAL MANAGER:

That Council consider to approve the decrease revenue and expenditure for the 2021/2022 financial year as reflected in Annexures "A", "B", "C", "D", "E", "G" and "H" in terms of section 28(2)(a) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and regulation 23(3) of the Municipal Budget and Reporting Regulations, 2008.

COUNCIL MEETING: 26 MAY 2022: ITEM C.15.2

Councillor E. Groenewald, seconded by Councillor D. Swart proposed that the decrease revenue and expenditure for the 2021/2022 financial year as reflected in Annexures "A", "B", "C", "D", "E", "G" and "H" in terms of section 28(2)(a) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and regulation 23(3) of the Municipal Budget and Reporting Regulations, 2008, be approved.

RESOLVED: (Unopposed = 39 Councillors)

That the decrease revenue and expenditure for the 2021/2022 financial year as reflected in Annexures "A", "B", "C", "D", "E", "G" and "H" in terms of section 28(2)(a) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and regulation 23(3) of the Municipal Budget and Reporting Regulations, 2008, be approved.