

C.15.2 APPROVAL OF A DECREASE IN FUNDING RECEIVED FOR THE 2022/2023 FINANCIAL YEAR 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 (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 authorise a decrease in funding received for the 2022/2023 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)(a) of the Act in the municipal council to appropriate these additional revenues.”

Grant funding of the Cape Winelands District Municipality (CWDM) was decreased in terms of Government Gazette No. 48327, attached as Annexure “D” and Addendum 2 to Memorandum of Agreement for the 2022/2023 Financial Year, attached as Annexure “E”.

A. National Government

The Government Gazette No. 48327 indicated that the Rural Roads Asset Management Grant transfer will decrease from R2 877 000 to R72 000. This grant will however continue in the 2023/2024 financial year.

B. Provincial Government

The Department of Transport and Public Works decreased their 2022/2023 budget for work on proclaimed roads with R4 600 000 from R121 700 000 to R117 100 000 in terms of Addendum 2 to Memorandum of Agreement for the 2022/2023 Financial Year.

Roads Expenditure in the Municipalities' budget is governed by two Provincial Memorandum of Agreements since the provincial government's financial yearend is 31 March and Municipalities' financial yearend is 30 June. The decrease referred to above will not have any effect on the budget. The portion of the budget governed by the second Memorandum of Agreement was increased with the same amount.

COMMENTS

*** Due to the decrease of funding to the Municipality, operating budget items of the 2022/2023 had to be adjusted. See Annexures "A" (Revised Budget Document) and "F" (Revised Schedule B, supporting documents):

Expenditure

- (i) Research and Advisory: Rural Roads Asset Management decrease from R2 877 000 to R72 000.

Revenue:

- (i) Rural Roads Asset Management Services Grant decrease from R2 877 000 to R72 000.

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

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. S.S. Sanders

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 in revenue and expenditure for the 2022/2023 financial year as reflected in Annexures “A”, “B”, “C”, “D”, “E” and “F” 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: 25 MAY 2023: ITEM C.15.2

Councillor T.R. Mpulanyana requested a caucus which was granted.

Council adjourned at 11:07 and resumed its business at 11:15.

Councillor T.R. Mpulanyana reported on the outcome of the caucus and confirmed that the explanation provided by the Executive Director: Technical Services for the decrease in revenue and expenditure for the 2022/2023 financial year as reflected in Annexures “A”, “B”, “C”, “D”, “E” and “F” 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 is accepted.

Councillor E. Groenewald, seconded by Councillor F. Jacobs, proposed that the decrease in revenue and expenditure for the 2022/2023 financial year as reflected in Annexures “A”, “B”, “C”, “D”, “E” and “F” 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.

The matter was put to the vote and twenty-six (26) Councillors voted in favour of the proposal.

The following nine (9) Councillors abstained from voting:

Cllr. M.N. Bushwana
Cllr. V. Hani
Cllr. J.J.S. Januarie
Cllr. C.O. Klaaste
Cllr. J. Maliti
Cllr. T.R. Mpulanyana
Cllr. R.S. Nalumango

4
Ordinary Council Meeting
Minutes
25 May 2023

Cllr. N. Phatsoane
Cllr. A.M. Richards

RESOLVED :

That the decrease in revenue and expenditure for the 2022/2023 financial year as reflected in Annexures "A", "B", "C", "D", "E" and "F" 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.