

EXTRACT FROM THE COUNCIL MINUTES HELD ON 25 MARCH 2020

Item A40. 25.03.2020

DRAFT THIRD INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW 2020/2021

V Zeeman: Head: IDP and Communication

(Ref.: 16/7)

PURPOSE OF REPORT

To table to Council the Draft Third Integrated Development Plan (IDP) Review 2020/2021, which includes the approved District Spatial Development Framework (SDF) as a core component of the IDP.

BACKGROUND

Council adopted the 4th Generation IDP for period 2017/18 to 2021/22 on 15 May 2017. The 5-year Plan contains key municipal plans and priorities for the current political term of office.

The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) states:

Section 34(a): "A municipal council **must** review its integrated development plan annually in accordance with an assessment of its performance measurements and to the extent that changing circumstance so demand..."

Section 34(b): "A municipal council **may** amend its integrated development plan in accordance with a prescribed process."

Section 26(e): "An integrated development plan must reflect a spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality."

The Local Government: Performance and Performance Management Regulations, 2001:

The regulations provide that a municipality's performance management system must entail a framework that describes and represents how the municipality's cycle and process of performance planning, monitoring, measurement, review, reporting and improvement will be conducted; comply with the Municipal Systems Act; and be linked to the municipality's IDP.

In prescribing to above legislation, the First Review of the 2017/2021 IDP was adopted by Council on 28 May 2018, and the Second IDP Review 2019/2020 on 27 May 2019.

The existing SDF was approved on 30 June 2017 and will be revised in 2021/2022 in order to ensure alignment with the next 5-year IDP development cycle.

PROGRESS

A Strategic Session of Council was held on 24 February 2020. A SWOT analysis was conducted and, following a thorough assessment of performance, circumstances and factors that could possibly influence the existing strategic narrative and implementation plan of the Overberg District Municipality, the Executive Mayor reaffirmed Council's strategic

direction as captured in the 5-year IDP, as well as subsequent reviews. Hence, the **third review constitutes a review only, not an amendment.**

Once approved, the Draft Third IDP Review 2020/2021 will be published in the local media and on notice boards across the region for public comment/input by 30 April 2020. Hard copies will be provided to Western Cape Department Local Government, National- and Provincial Treasury, and made available for public comment at:

- ODM Head- and District Offices (x5)
- Cape Agulhas, Overstrand, Theewaterskloof and Swellendam Local municipalities
- Libraries (x26)
- Thusong Centres (x4)

The Draft Third IDP Review 2020/2021 will contribute to the adjustment of the Municipality's 5-year Plan, as well as inform the Service Delivery and Budget Implementation Plan (SDBIP), the Budget and Risk Register for 2020/2021.

It is therefore imperative that the **Draft Third IDP Review 2020/2021 be read in conjunction with the 5-year IDP adopted on 15 May 2017, as well as subsequent reviews adopted on 28 May 2018 and 27 May 2019, respectively, as the Review does not constitute a new IDP.**

LEGISLATIVE FRAMEWORK

- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
- Local Government: Municipal Planning and Performance Management Regulations, 2001

FINANCIAL IMPLICATIONS

- None (developed in-house)

UNANIMOUSLY RESOLVED: (Proposed by Cllr N Lamprecht and seconded by Cllr S Fredericks)

- 1) Council adopt the Draft Third Integrated Development Plan (IDP) Review 2020/2021.
- 2) That Council note the existing District Spatial Development Framework (SDF), approved by Council on 30 June 2017, will be revised in 2021/2022 in order to ensure alignment with the next 5-year IDP development cycle.
- 3) That approval be granted for the Draft IDP Review 2020/21 to be published for public comment until 15 May 2020.

CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON 25 MARCH 2020.



**DP BERETTI
MUNICIPAL MANAGER**

EXTRACT FROM THE COUNCIL MINUTES HELD ON 25 MARCH 2020

Item A41. 25.03.2019

SUBMISSION OF THE 2020-21 TO 20-22/20-23 OPERATING AND CAPITAL BUDGET, IDP AND POLICY DOCUMENTS (REF: 6/1/1-2020/2021) (CHIEF FINANCIAL OFFICER)

CF Hoffmann: Chief Financial Officer

(Ref.:6/1/1/B)

PURPOSE OF REPORT

The purpose of the report is to table the budget for 2020 / 2021 MTREF to Council.

BACKGROUND

In terms of section 16 of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) must the council approve an annual budget before the start of the financial year.

LEGAL FRAMEWORK

The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

Municipal budgets

16. (1) The Council of a municipality must for each year approve an annual budget for the municipality before the start of the financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Contents of annual budgets and supporting documentation

17. (1) An annual budget of a municipality must be a schedule in the prescribed format—
setting out realistically anticipated revenue for the budget year from each revenue source;
appropriating expenditure for the budget year under the different votes of the municipality;
setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
setting out—

(i) estimated revenue and expenditure by vote for the current year; and

(ii) actual revenue and expenditure by vote for the financial year preceding the current year;
and

(e) a statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.

(2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.

(3) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents:

(a) Draft resolutions—

(i) approving the budget of the municipality;

(ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and

(iii) approving any other matter that may be prescribed;

(b) measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;

(c) a projection of cash flow for the budget year by revenue source, broken down per month;

(d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;

(e) any proposed amendments to the budget-related policies of the municipality;

(f) particulars of the municipality's investments;

(g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;

(h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;

(i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;

(j) particulars of any proposed allocations or grants by the municipality to—

(i) other municipalities;

(ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;

(iii) any other organs of state; (iv) any organisations or bodies referred to in section 67(1);

(k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of—

(i) each political office-bearer of the municipality;

(ii) councillors of the municipality; and

(iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;

(l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of—

(i) each member of the entity's board of directors; and

(ii) the chief executive officer and each senior manager of the entity; and (m) any other supporting documentation as may be prescribe.

22. Publication of annual budgets – (1) Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must—

(a) in accordance with Chapter 4 of the Municipal Systems Act—

(i) make public the annual budget and the documents referred to in section 17(3); and

(ii) invite the local community to submit representations in connection with the budget; and

(b) submit the annual budget—

(i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and

(ii) in either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.

23. Consultations on tabled budgets - (1) When the annual budget has been tabled, the municipal council must consider any views of—

(a) the local community; and

(b) the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.

(2) After considering all budget submissions, the council must give the mayor an opportunity—

(a) to respond to the submissions; and

(b) if necessary, to revise the budget and table amendments for consideration by the council.

(3) The National Treasury may issue guidelines on the manner in which municipal councils should process their annual budgets, including guidelines on the formation of a committee of the council to consider the budget and to hold public hearings.

(4) No guidelines issued in terms of subsection (3) are binding on a municipal council unless adopted by the council.

COMMENTS

The 2020/21 Medium Term Revenue and Expenditure Framework (MTREF) report inclusive of the budget schedules, which are compiled in terms of the Municipal Budgeting and Reporting Regulations (MBRR), will be distributed at the Council meeting of 30 March 2020.

UNANIMOUSLY RESOLVED: (Proposed by Ald A Franken and seconded by Cllr A Klaas)

1) That the 2020/21 MTREF Budget as compiled in terms of Section 17 of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) and the Municipal Budgeting and Reporting Regulations, 2008 and tabled in terms of Section 16(2) of the Act (MFMA), be noted.

2) That the publication- and consultation process in terms of Section 22 and 23 of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003), respectively, be followed.

- 3) That it be noted, that there are certain outstanding supporting documents that will be included in the Budget Report, that will be submitted to Council in May 2020.

CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON 25 MARCH 2020.

A handwritten signature in black ink, appearing to read 'DP Beretti', is written over a horizontal line.

**DP BERETTI
MUNICIPAL MANAGER**

EXTRACT FROM COUNCIL MINUTES HELD ON 25 MARCH 2020

Item A42. 25.03.2020

OVERSIGHT REPORT ON ANNUAL REPORT: 2018/2019 FINANCIAL YEAR

M Dunn: Performance Management

(Ref. : 10/1/1)

PURPOSE OF REPORT

To consider the Municipality's Annual Report for the 2018/2019 financial year and to adopt an Oversight Report containing Council's comments on the Annual Report in terms of section 129(10) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter indicated as MFMA).

BACKGROUND

Legal requirements

Section 121(1)(2) and (3) of the MFMA determines as follows:

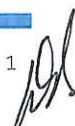
121(1) Every Municipality must for each financial year prepare an Annual Report. The council must within nine months after the end of a financial year deal with the annual report of a municipality in accordance with section 129.

The purpose of an annual report is: -

- a) To provide a record of the activities of the municipality during the financial year to which the report relates;
- b) To provide a report on performance against the budget of the municipality for the financial year; and
- c) To promote accountability to the local community for the decisions made throughout the year by the municipality.

The annual report of a municipality must include: -

- (a) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- (b) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (d) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act;
- (e) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;



- (f) An assessment by the municipality's Accounting Officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue from each source and for each vote in the municipality's approved budget for the relevant financial year;
- (g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
- (h) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- (i) Any information as determined by the municipality;
- (j) Any recommendation as determined by the municipality; and
- (k) Any other information as may be prescribed.

In terms of section 127(5) of the MFMA, the Accounting Officer must immediately after the annual report is tabled, make public the annual report, invite the local community to submit representations in connection with the annual report and submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

According to section 129(a) of the MFMA, the Council must consider the Annual Report by no later than two months from the date on which the Annual Report was tabled, adopt an Oversight Report containing the Council's comments on the Annual Report which must include a statement whether—

- The Council has approved the Annual Report with or without reservations;
- Has rejected the annual report or;
- Has referred the annual report back for revision of identified components.

Submission and tabling of the Annual Report

The Annual Report for the 2018/2019 financial year was tabled to Council on 31 January 2020; item A35, in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

The Oversight Committee

With reference to National Treasury: MFMA Circular nr. 32 of 15 March 2006, Council established an Oversight Committee, the Municipal Public Accounts Committee (MPAC). The MPAC analyses and reviews the Annual Report in detail before tabling the Annual Report to Council for consideration.

The Draft Annual Report was advertised as follows:

- The local community was invited via the local newspapers, website, ODM Facebook and notice boards of the Overberg District Municipality to submit comments / objections in connection with the Annual Report before or on 02 March 2020.

- The Annual Report was placed on the municipal website at www.odm.org.za
- The Annual Report was placed at the head office and regional offices of the Overberg District Municipality, libraries and Thusong Centres of Swellendam, Overstrand, Theewaterskloof and Cape Agulhas Municipality.
- The Annual Report was submitted to all relevant government departments and the Auditor-General.

At the closing date for public comments on 02 March 2020, comments were received and discussed at the Oversight Committee meeting (MPAC).

The MPAC Committee meeting was held on 18 March 2020 to analyse and review the comments and the Annual Report and hereby present the Oversight Report on the Annual Report to Council for consideration.

ANNEXURE

- Oversight Report compiled by the Municipal Public Accounts Committee (MPAC).
- Annual Report 2018/2019.

UNANIMOUSLY RESOLVED: (Proposed by Cllr A Klaas and seconded by Cllr C Resandt)

- 1) Council adopts the Annual Report in terms of section 129(1) of the Local Government Municipal Finance Management Act, 2003 without reservation.
- 2) That the 2018/2019 Oversight Report of the Overberg District Municipality be made public in terms of section 129(3) of the MFMA; and
- 3) That the Oversight Report and Annual Report 2018/2019 be submitted to the National and Provincial Legislatures in terms of section 132(2) of the MFMA.

CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON 25 MARCH 2020.



DP BERETTI
MUNICIPAL MANAGER

EXTRACT FROM THE COUNCIL MINUTES HELD ON 25 MARCH 2020

Item A43. 25.03.2020

ADJUSTMENT BUDGET FOR 2019/2020 - 2021/2022

CF Hoffmann: Chief Financial Officer

(Ref.:6/1/1/1)

PURPOSE OF REPORT

The purpose of the report is to submit an adjustment budget for 2019 / 2020 to Council for consideration.

BACKGROUND

In terms of the MFMA an adjustment budget has to be approved by every municipality whenever it is required to address adjusted revenue expectations or expenditure adjustments

The Adjustment Budget has been compiled and is submitted to Council for consideration.

The Medium-Term Revenue and Expenditure Framework (MTREF) report inclusive of the budget schedules, which are compiled in terms of the Municipal Budgeting and Reporting Regulations (MBRR), will be distributed prior to the Council meeting of 28 January 2019.

LEGAL FRAMEWORK

Section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Section 23 of the Municipal Budgeting and Reporting Regulations (MBRR) stipulates as follows:

Municipal adjustments budgets (MFMA)

28. (1) A municipality may revise an approved annual budget through an adjustments budget.
- (2) An adjustments budget —
- a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the budget year;
 - b) 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;**
 - c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
 - d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
 - e) may authorise the spending of funds that were unspent at the end of the financial year preceding the budget year, where the under-spending could not reasonably have been foreseen at the time when the annual budget for the budget year was approved by the council;
 - f) may correct any errors in the annual budget; and
 - g) may provide for any other expenditure within a prescribed framework.

In addition to Section 28 of the MFMA, Section 23 of the Municipal Budgeting and Reporting Regulations states as follows:

23 Timeframes for tabling of adjustments budgets

- a) **An adjustments budget referred to in section 28(2)(b), (d) and (f) of the Act may be tabled in the municipal council at any time during the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.**
- b) Only one adjustments budget referred to in sub-regulation (1) may be tabled in the municipal council during a financial year, except when the additional revenues contemplated in section 28(2)(b) of the Act are allocations to a municipality in a national or provincial adjustments budget, in which case sub-regulation (3) applies.
- c) If a national or provincial adjustments budget allocates or transfers 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.
- d) An adjustments budget referred to in section 28(2)(c) of the Act must be tabled in the municipal council at the first available opportunity after the unforeseeable and unavoidable expenditure contemplated in that section was incurred within the period set in section 29(3) of the Act.
- e) An adjustments budget referred to in section 28(2)(e) of the Act may only be tabled after the end of the financial year to which the roll-overs relate, and must be approved by the municipal council by 25 August of the financial year following the financial year to which the roll-overs relate.
- f) An adjustments budget contemplated in section 28(2)(G) of the Act may only authorize unauthorized expenditure as anticipated by section 32(2)(a)(i) of the Act, and must be –
- g) dealt with as part of the adjustments budget contemplated in sub-regulation (1); and
- h) a special adjustments budget tabled in the municipal council when the mayor tables the annual report in terms of section 127(2) of the Act, which may only deal with unauthorized expenditure from the previous financial year which the council is being requested to authorize in terms of section 32(2)(a) (i) of the Act.

COMMENTS

In terms of Section 28 (2) (b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Section 23(a) of the Municipal Budgeting and Reporting Regulations (MBRR) the municipality appropriates the following additional grant revenue which became available during the financial year.

Additional Grant Allocation: Operating Budget

- Western Cape: Transport and Public Works R 3 000 000

UNANIMOUSLY RESOLVED: (Proposed by Ald K Tiemie and seconded by Cllr N Lamprecht)

The Adjustment Budget 2019/20 – 2021/22 with amendments was approved by Council.

CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD
ON 25 MARCH 2020.



DP BERETTI
MUNICIPAL MANAGER