

WEST COAST DISTRICT MUNICIPALITY



FINANCIAL DIRECTIVE 6 FINANCIAL SERVICES

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MTREF 2019/2020 – 2021/2022

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1. GUIDANCE FROM OTHER SPHERES OF GOVERNMENT

The MTREF 2019/2020 – 2021/2022 needs to give effect to the following National Development Plan (NDP) objectives:

- Economy and Development;
- Economy Infrastructure – The foundation of social and economic development;
- Environmental Sustainability - An equitable transition to a low-carbon economy;
- An integrated and inclusive rural economy;
- Positioning South Africa in the world;
- Transforming human settlement and the national space economy;
- Improving education, training and innovation;
- Promoting Health;
- Social Protection;
- Building safer communities;
- Building a capable and developmental state;
- Fighting Corruption; and
- Transforming society and uniting the country.

The MTREF 2019/2020 – 2021/2022 needs to give effect to the following Western Cape Provincial objectives:

- Create Opportunity for Growth and Jobs;
- Improve Education Outcomes and Opportunity for Youth;
- Increase Wellness, Safety and Tackle Social Ills;
- Enable a Resilient Sustainable Quality and Inclusive Living; and
- Enable Good Governance and Integrated Service Delivery through Partnerships and Spatial Alignment.

2. IDP GUIDANCE

The MTREF 2019/2020 – 2021/2022 needs to give effect to the following Strategic Goals:

- **Strategic goal 1 – Ensuring environmental integrity for the West Coast;**
- **Strategic goal 2 – Pursuing economic growth and facilitation of job opportunities;**
- **Strategic goal 3 – Promoting social wellbeing of the community;**
- **Strategic goal 4 – Promoting bulk infrastructure development services; and**
- **Strategic goal 5 – Ensuring good governance and financial viability.**

3. WEST COAST DISTRICT MUNICIPALITY BUDGET ASSUMPTIONS

Assumption	2019/2020	2020/2021	2021/2022
Surplus/Deficit	• Surplus	• Surplus	• Surplus
Capital	• R 4 million (maximum)	• R 4 million (maximum)	• R 4 million (maximum)
Cash	• Additional R 1 million (minimum)	• Additional R 1 million (minimum)	• Additional R 1 million (minimum)
Priorities	<ul style="list-style-type: none"> • Ganzekraal Resort • Bulk Water Function (Concession) • Roads Agency Function • Regional Landfill Site • Fire Fighting service 	<ul style="list-style-type: none"> • Ganzekraal Resort • Bulk Water Function (Concession) • Roads Agency Function • Regional Landfill Site • Fire Fighting service 	<ul style="list-style-type: none"> • Ganzekraal Resort • Bulk Water Function (Concession) • Roads Agency Function • Regional Landfill Site • Fire Fighting service
Inclusions	<ul style="list-style-type: none"> • Equitable Share • Grant Funding Admin Fee • Bulk Water (Concession) Admin Fee • Roads Agency Service Admin Fee 	<ul style="list-style-type: none"> • Equitable Share • Grant Funding Admin Fee • Bulk Water (Concession) Admin Fee • Roads Agency Service Admin Fee 	<ul style="list-style-type: none"> • Equitable Share • Grant Funding Admin Fee • Bulk Water (Concession) Admin Fee • Roads Agency Service Admin Fee
Exclusions	<ul style="list-style-type: none"> • Regional Landfill site (Matzikama & Cederberg) • Fire Fighting Contributions B municipalities • Roads VAT claim 	<ul style="list-style-type: none"> • Regional Landfill site (Matzikama & Cederberg) • Fire Fighting Contributions B municipalities • Roads VAT claim 	<ul style="list-style-type: none"> • Regional Landfill site (Matzikama & Cederberg) • Fire Fighting Contributions B municipalities • Roads VAT claim
Staff	• With effect of the Directive all vacancies (excluding Roads & Fire Fighting Service) to be re-motivated for filling	• With effect of the Directive all vacancies (excluding Roads & Fire Fighting Service) to be re-motivated for filling	• With effect of the Directive all vacancies (excluding Roads & Fire Fighting Service) to be re-motivated for filling
Staff Special	• Additional 4 Learner Fire Fighters be appointed every 6 months	• Additional 4 Learner Fire Fighters be appointed every 6 months	• Additional 4 Learner Fire Fighters be appointed every 6 months
Provisions	• 100% cash-backed	• 100% cash-backed	• 100% cash-backed
Depreciation	• 100% cash-backed	• 100% cash-backed	• 100% cash-backed

4. SPENDING PRIORITY

Priority	2019/2020	2020/2021	2021/2022
1	Contractual Obligations	Contractual Obligations	Contractual Obligations
2	Conditional Grant & other ring-fenced spending backed by revenue contributions (Including roads & bulk water)	Conditional Grant & other ring-fenced spending backed by revenue contributions (Including roads & bulk water)	Conditional Grant & other ring-fenced spending backed by revenue contributions (Including roads & bulk water)
3	Salaries, Wages & Allowances	Salaries, Wages & Allowances	Salaries, Wages & Allowances
4	Multi-year Capital- & Operational programmes already started before 2019/2020	Multi-year Capital- & Operational programmes already started before 2019/2020	Multi-year Capital- & Operational programmes already started before 2019/2020
5	Essential Services Spending	Essential Services Spending	Essential Services Spending
6	Service Delivery Commitments other than essential	Service Delivery Commitments other than essential	Service Delivery Commitments other than essential
7	Identified Priorities	Identified Priorities	Identified Priorities
8	Tools of Trade	Tools of Trade	Tools of Trade
9	Maintenance (not covered above)	Maintenance (not covered above)	Maintenance (not covered above)
10	Community Spending	Community Spending	Community Spending
11	Other	Other	Other

5. BUDGET CONSIDERATIONS

- The allocations as per the approved MTREF 2018/2019 – 2020/2021 (Operating Expenditure) will be accepted – request for changes will need to follow normal process of request – WCDM will need to cut a further R 3 276 927 (2019/2020) and R 6 377 006 (2020/2021) as Council approved a deficit in this regard;
- Mid-year Adjustment Budget (2018/2019) will provide a potential basis for cutting expenditure relating to the 2019/2020- & 2020/2021 financial years (deficits);
- The Allocations as per the approved MTREF 2018/2019 – 2020/2021 (Capital Expenditure) will be accepted – request for changes will need to follow normal process;
- Staff structure & budget for the MTREF 2019/2020 – 2021/2022 to be retained as per current budget- and organisational structure approval;
- Considerations for additional Operational- and Capital Expenditure relating to the 2019/2020- & 2020/2021 financial years will only be considered, based on the following:
 - Expenditure relates to a Council Resolution and/or Contractual Commitment;
 - MOA's where expenditure will be covered by additional revenue;
 - Additional Revenue as the basis for enhanced spending;
 - Expenditure savings to be utilised to fund other expenditure;
 - Expenditure needed to address serious service delivery constraints (full motivation required);
- For the purpose of the MTREF 2019/2020 – 2021/2022 focus will be given on contractual commitments and it is requested that copies of contracts that need to be budgeted for be provided to the CFO – upon receipt of such contract, the required budget allocation will be facilitated (see due date for submission);
- Completed Operational- and Capital Budget must be submitted for the 2021/2022 Financial Year – no carry over or automatic increase other than salary, wages and allowances from the previous year will be facilitated – full motivation to be provided as part of the submission;
- Financial Services will ensure that all Salary related increases be facilitated in the budget; and
- Adherence must be given to National Treasury MFMA Budget Circular 91 dated 7 March 2018 and any other applicable circulars.

6. SUBMISSION PROCESS

Description	Format
Operational Expenditure	The format will be provided prior to submission
Capital	The format will be provided prior to submission
Staff	The format will be provided prior to submission
Contracts	Copy of valid contract

Enquiries:

Title	Name	e-mail	Phone number
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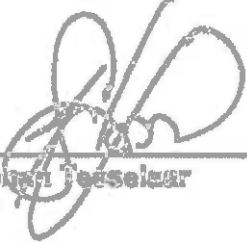
7. MTREF CALANDAR

IDP, Budget & SDBIP and Extended Calendar	Action required	Due Date
Budget- & Finance related policies	Financial Management Workshop to discuss the budget- & finance related policies review process	26 October 2018
Budget 2019/2020 Preparation – 1st Part	Individual inputs required to be submitted to Heads of Department and/or Cost Centre Owners	31 October 2018
Budget 2019/2020 Preparation – 2nd Part	Heads of Department and/or Cost Centre Owners meet with Individuals to coordinate/discuss Inputs	15 November 2018
Budget 2019/2020 Preparation – Special Water Monitoring 1st Part	Discuss proposed Water Tariff and Budget options relating to Bulk Water Service (Concession Agreement) with Water Monitoring Committee	22 November 2018
Budget 2019/2020 Preparation – 3rd Part	Heads of Department and/or Cost Centre Owners to prepare list of Budget Inputs to be submitted to Management	30 November 2018
Contractual Obligation	Heads of Department and/or Cost Centre Owners to submit copies of all contracts to be budgeted for CFO	30 November 2018
Budget 2019/2020 Preparation – 4th Part	Management meeting to consider MTREF 2019/2020 – 2021/2022 Inputs	14 December 2018
Budget 2019/2020 Preparation – 4th Part	CFO submit 1st Draft of MTREF 2019/2020 – 2021/2022 to Heads of Department and/or Cost Centre Owners for evaluation and comments	18 January 2019

Budget 2019/2020 Preparation – 4th Part	Management meeting to consider MTREF 2019/2020 – 2021/2022 final evaluation and comments	31 January 2019
Budget 2019/2020 Preparation – Special Water Monitoring 2nd Part	CFO submit draft Tariffs and Budget relating to the Bulk Water Service to Water Monitoring Committee for approval and inclusion in the MTREF 2019/2020 – 2021/2022	21 February 2019
Draft MTREF 2019/2020	Table Draft MTREF 2019/2020 – 2021/2022 to Finance Portfolio Committee (Budget Steering Committee)	5 March 2019
	Draft MTREF 2019/2020 – 2021/2022 Council Workshop	5 March 2019
	Table Draft MTREF 2019/2020 – 2021/2022 to Council	27 March 2019
MTREF 2019/2020	Management to discuss comments received on proposed MTREF (including Western Cape Provincial LGMTEC engagement)	7 May 2019
	Table MTREF 2019/2020 – 2021/2022 to Finance Portfolio Committee (Budget Steering Committee)	7 May 2019
	Table MTREF 2019/2020 – 2021/2022 to Council	29 May 2019
Review all Budget related policies	Table all 2019/2020 reviewed Budget related policies to Council (Final date for review and adopting new policies)	29 May 2019

8. IMPLEMENTATION

Effective date – signature of Director



Dr John Fesselaar
CFO

2/10/2018
Date