

**7091
ADJUSTMENT 2010/2011 MULTI-YEAR BUDGET**

This report is submitted directly to the Executive Committee with the concurrence of the Chairperson, Clr A Z Mnqayi. Please ignore any reference to the Finance meeting in the annexure.

All annexures are circulated under separate cover.

PURPOSE

To submit to Council, the revised Multi-Year Adjustments Budget for the 2010/2011 Financial Year, as required in terms of Section 28 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and in terms of the new Municipal Budget and Reporting Regulations.

IDP STRATEGY AND OBJECTIVES

DEVELOPMENT STRATEGY 5: SOUND FINANCIAL MANAGEMENT

Aim

- To ensure a healthy municipal revenue base that is aligned with the IDP, in order to ensure efficient, effective and sustainable service delivery and meeting the needs of the City's inhabitants

Goals

- Ensure that Financial Planning, Budgeting and Expenditure aligns with the IDP
- Increase the Municipal Revenue Base
- Maintain high levels of Debt Control
- Implement Revenue Enhancement measures

BACKGROUND

In terms of section 28 of the Municipal Finance Management Act, the municipality may revise an approved annual budget through an Adjustments Budget.

An Adjustments Budget according to section 28(2):

- must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;*
- 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;*
- may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the Mayor of the municipality;*
- may authorise the utilisation of projected savings in one vote towards spending under another vote;*
- may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current 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.”*

The Adjustments Budget must be accompanied by the following in accordance with section 28(5):

- a) *an explanation how the adjustments budget affects the annual budget;*
- b) *a motivation of any material changes to the annual budget;*
- c) *an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and*
- d) *any other supporting documentation that may be prescribed.”*

An Adjustments Budget according to section 28(3 and 6):

- (3) *An Adjustment Budget must be in a prescribed format*
- (6) *Municipal taxes and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan - section 28(6).”*

As mentioned above, the MFMA Section 28 (3) refers to a prescribed format according to which the adjustment budget is required to be prepared. National Treasury has issued MFMA Circular No 51 (**DMS 633560**) in which this prescribed format has been set out. Furthermore, National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to prepare the 2010/2011 Budget as well as the in-year reporting effective from July 2010.

DISCUSSION

This report and the supporting schedules will be forwarded to National and Provincial Treasury as required in terms of the Municipal Budget and Reporting Regulations in both printed and electronic formats.

TABLE OF CONTENTS

PART 1 - ADJUSTMENTS BUDGET
1. Mayor's Report
2. Resolutions
3. Executive Summary
4. Adjustment budget tables
PART 2 - SUPPORTING DOCUMENTATION
5. Adjustments to budget assumptions
6. Adjustments to budget funding
7. Adjustments to expenditure on allocations and grant programmes
8. Adjustments to allocations and grants made by the Municipality
9. Adjustments to Councillor Allowances and Employee Benefits
10. Adjustments to Service Delivery and Budget Implementation Plan
11. Adjustments to Capital expenditure
12. Municipal Manager's quality certification

PART 1 - ADJUSTMENTS REPORT

1. MAYOR'S REPORT

The Mayor's report (**DMS 700107**) will be presented at the Executive Committee meeting.

2. RESOLUTIONS

Refer to recommendations of this report.

3. EXECUTIVE SUMMARY

The following table represents an Executive Summary for the 2010/2011 Draft Adjustments Budget:

	Approved 2010/2011 Budget	Draft Adjustment 2010/2011 Budget	(Decrease) / Increase
	R	R	R
Revenue	1 557 757 100	1 509 509 100	(48 248 000)
Expenditure	1 557 757 100	1 526 102 800	(31 654 300)
(Deficit)	0	(16 593 700)	

The following are significant increases and decreases in revenue and expenditure. Full explanations are provided for in the report under section "Adjustments to Budget funding".

The decrease in Revenue is as a result of the following key issues:

- Decrease in revenue from sale of electricity = R51 million
- Decrease in revenue from sale of water = R1,5 million
- Reduction in interest on investments due to lack of cash for investment purposes = R1,3 million
- Decrease in budgeted revenue for Traffic Fines = R2 million

The decrease/increase in Expenditure is as a result of the following key issues:

- Decrease in Electricity Purchases = R44 million
- Decrease in finance charges = R11 million (external loan as budgeted for - not to be taken up by Council)
- Increase in Water purchases = R22 million

The table below depicts further decreases and increases in revenue and expenditure.

(Decreases)/Increases in revenue and expenditure		
	Revenue	Expenditure
	R	R
Approved 2010/2011 Budget	1 557 757 100	1 557 757 100
Assessment Rates	6 500 000	
Interest on Investments	(1 323 100)	
Fees - Connection Industry	3 980 000	
Traffic Fines	(2 000 000)	
Fees General Connections	1 425 000	
Sale of Electricity	(51 328 900)	
Sale of Water	(1 500 000)	
Other net effect of Increases and (Decreases) in Revenue	(4 001 000)	

Employee Related Costs		3 989 200
Bulk Purchases Electricity		(43 688 500)
Bulk Purchases on water		20 250 900
Repairs and Maintenance		(2 680 000)
Interest Paid on external loans		(10 580 200)
Depreciation and Offsetting of Depreciation		(1 203 200)
Security		4 982 900
Outsourcing WSSA Sanitation		487 400
Outsourcing WSSA Water		487 400
Outsourcing IT Services		(6 324 500)
Other net effect of Increases and (Decreases)		2 624 300
Draft 2010/2011 Adjustments Budget	1 509 509 100	1 526 102 800

Below is a summary indicating the 2010/2011 Draft Adjustment Capital Budget.

ORIGINAL BUDGET 2010/2011	2010/2011 DRAFT ADJUSTMENTS BUDGET	ACTUAL EXPENDITURE AT 31/12/2010	% SPENT / ADJ BUDGET
R	R	R	
234 827 400	169 441 400	27 964 095	16,50%

Funded as follows:

TYPE OF FUNDING	ORIGINAL BUDGET 2010/2011	2010/2011 DRAFT ADJUSTMENTS BUDGET	ACTUAL EXPENDITURE AT 31/12/2010	% SPENT / ADJ BUDGET
	R	R	R	
External loans	100 000 000	0	1 047 908	0%
External loans (Carry over from 2009/2010)	19 592 000	16 146 800	6 254 315	38,73%
Capital replacement Reserve (carry over from 2009/2010)	1 265 600	1 265 600	234 473	18,53%
Capital replacement reserve	0	21 909 100	170 827	0,78%
MIG	57 587 900	57 587 900	14 147 622	24,57%
Other Government Grants	18 743 600	18 320 200	787 686	4,30%
Public Contributions	32 950 000	43 338 500	1 397 352	3,23%
Reserves	4 688 300	10 873 300	3 923 911	36,09%
Total	234 827 400	169 441 400	27 964 094	16,50%

The 2010/2011 Adjustments operational budget amounting to **R1 526 102 800** comprises of the following elements:

EXPENDITURE PER CATEGORY	FINAL DRAFT BUDGET 2010/2011	% OF BUDGET	DRAFT ADJUSTMENTS BUDGET 2010/2011	% OF ADJ BUDGET
	R'000		R'000	
Employee related costs	358 971	23%	363 029	24%
Remuneration of Councillors	15 340	1%	15 198	1%
Debt Impairment	587	1%	934	1%
Bulk Purchases	685 500	44%	664 352	44%
Contracted Services	90 171	6%	89 503	6%
Other Expenditure	352 970	23%	341 989	22%
Other Expenditure (transfer to capital)	0	0%	23 175	2%
Transfers and grants	8 433	1%	8 266	1%
Repairs and Maintenance	195 313	13%	192 633	13%
Interest Paid	101 988	7%	91 407	6%
Depreciation and Offsetting of depreciation	68 217	4%	67 014	4%
Less: Recharged	(319 733)	(21%)	(331 397)	(22%)
TOTAL	1 557 757		1 526 103	

The source of funding the above is made up of the following revenue categories:

REVENUE PER CATEGORY	FINAL DRAFT BUDGET 2010/2011	% OF BUDGET	DRAFT ADJUSTMENTS BUDGET 2010/2011	% OF ADJ BUDGET
	R'000		R'000	
Rates	170 500	11%	177 000	12%
Service Charges	1 109 807	71%	1 063 630	70%
Operating and Capital Grants and Subsidies	156 947	10%	157 596	10%
Rental of facilities and equipment	9 464	1%	8 554	1%
Interest Received	3 486	1%	1 995	1%
Fines	4 155	1%	2 155	1%
Licences and permits	1 930	1%	1 859	1%
Agency services	3 860	1%	3 860	1%
Other Revenue	97 608	6%	92 860	6%
TOTAL	1 557 757		1 509 509	

4. ADJUSTMENTS BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 695269**) respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEXURE
Table B1	Adjustments Budget Summary	A
Table B2	Adjustments Budget Financial Performance (Standard Classification)	B
Table B2B	Adjustments Budget Financial Performance (Detail) (Standard Classification)	C
Table B3	Adjustments Budget Financial Performance (Revenue and Expenditure by Municipal Vote)	D
Table B3B	Adjustments Budget Financial Performance (Detail) (Revenue and Expenditure by Municipal Vote)	E
Table B4	Adjustments Budget Financial Performance (Revenue by source and Expenditure by Item)	F
Table B5	Adjustments Capital Expenditure Budget by vote and funding	G
Table B5B	Adjustments Capital Expenditure Budget by vote and funding B	H
Table B6	Adjustments Budget Financial Position	I
Table B7	Adjustments Budget Cash Flows	J
Table B8	Cash backed reserves/Accumulated surplus reconciliation	K
Table B9	Asset Management	L
Table B10	Basic service delivery measurement (INCOMPLETE)	M
Table SB1	Supporting detail to Budgeted Financial performance	N
Table SB2	Supporting detail to Financial Position Budget	O
Table SB3	Adjustments to the SDBIP Performance Objective (INCOMPLETE)	P
Table SB4	Adjustments to budgeted performance indicators and benchmarks	Q
Table SB5	Social, Economic and Demographic statistics and assumptions	R
Table SB6	Funding Measurement	S
Table SB7	Transfers and Grants receipts	T
Table SB8	Expenditure on transfers and grant programmes	U
Table SB9	Reconciliation of transfers, grants and unspent funds	V
Table SB10	Transfers and grants made by the Municipality	W
Table SB11	Councillor and Staff Benefits	X
Table SB12	Monthly revenue and expenditure (Municipal Vote)	Y
Table SB13	Monthly revenue and expenditure (Standard Classification)	Z
Table SB14	Monthly revenue and expenditure (Revenue by source and expenditure by type)	AA
Table SB15	Monthly cash flow	AB
Table SB16	Monthly capital expenditure (Municipal vote)	AC
Table SB17	Monthly capital expenditure (Standard classification)	AD
Table SB18a	Capital expenditure on new assets by asset class	AE
Table SB18c	Expenditure on repairs and maintenance by asset class	AF
Table SB19	List of capital programmes and projects affected by adjustments budget	AG

Table B10 and Table SB3 have not been completed by the relevant departments.

PART 2 - SUPPORTING DOCUMENTATION

5. ADJUSTMENTS TO BUDGET ASSUMPTIONS

5.1 Capital

As per Council Resolution 6686 dated 18 May 2010 (RPT 148249), capital projects funded by external loans (EFF) for the 2010/2011 final approved capital budget, will only commence in the 2010/2011 financial year once the funding has been sourced from the relevant financial institution. However, during the course of the financial year 2010/2011 up to adjustment budget stage, a management decision not to source the external loan was implemented. Therefore no capital projects funded by external loans were included on the draft adjustment budget for 2010/2011.

The capital budget was finalised based on the following:

- Only the capital projects funded from EFF carried over from the 2009/2010 financial year were included.
- All additional projects were funded by savings identified on the operating budget as well as accumulated surpluses. Total of R23 million capital projects included.
- Projects funded from grants, public contributions and reserves were also included.

5.2 Operating

All operating line items were reviewed by the Financial Services management.

In totality the operating budget expenditure has been reduced by R31,6 million and the revenue budget by R48,2 million. This has resulted in a deficit of R16,5 million. It is important to note that included in this deficit is an amount of R23 million that will be used to fund the capital projects as mentioned above.

6. ADJUSTMENTS TO BUDGET FUNDING

6.1 Capital Budget By Function

FUNCTION	ORIGINAL BUDGET 2010/2010	2010/2011 DRAFT ADJUSTMENTS BUDGET	SAVINGS / (OVER-EXPEN- DITURE)	ACTUAL EXPEN- DITURE AS AT 31/12/2010
	R'000	R'000	R'000	R'000
	R	R	R	R
Budget and Treasury Office	0	717	(717)	0
Corporate Services	5 158	3 609	1 549	284
Community and Social Services	33 206	4 201	29 005	277
Sport and Recreation	500	1 118	(618)	0
Public Safety	3 390	20	3 370	0
Housing	16 284	11 240	5 044	0
Road Transport	15 846	11 579	4 268	4 187
Electricity	29 806	56 679	(26 873)	8 400
Water	59 737	22 745	36 991	6 607
Waste Water Management	69 700	57 534	12 166	8 209
Waste Management	1 200	0	1 200	0
Total	234 827	169 442	65 385	27 964

6.2 Capital Budget By Source of Funding

TYPE OF FUNDING	ORIGINAL BUDGET 2010/2011	2010/2011 DRAFT ADJUSTMENTS BUDGET	SAVINGS/ (OVER EXPEN-DITURE)	ACTUAL EXPEN-DITURE AT 31/12/2010
	R'000	R'000	R'000	R'000
	R	R	R	R
External loans	100 000	0	100 000	1 048
External loans (Carry over from 2009/2010)	19 592	16 147	3 445	6 254
Capital replacement Reserve (carry over from 2009/2010)	1 266	1 266	0	234
Capital replacement reserve	0	21 909	(21 909)	171
MIG	57 588	57 588	0	14 148
Other Government Grants	18 744	18 320	423	788
Public Contributions	32 950	43 339	(10 389)	1 397
Reserves	4 688	10 873	(6 185)	3 924
Total	234 827	169 441	65 386	27 964

A detail of the revised adjustment 2010/2011 Capital Budget (**DMS 698165**) is attached on **Annexure AH**.

However, the following table depicts all additional capital projects identified as critical by the departments and have been incorporated into the adjustment budget 2010/2011.i.e part of the R169 441 400 above.

VOTE NUMBER	RESPONSIBLE DEPARTMENT	SOURCE OF FUNDING	PROJECT DESCRIPTION	DRAFT ADJUSTMENT BUDGET 2010/2011	REASON
				R	
202/532/03	Civil Engineering	CRR	Esikhaleni development of cemetery	395 300	Prior year outstanding invoices to be paid.
202/532/04	Civil Engineering	CRR	Richards Bay extension/Development of cemetery	30 000	Prior year outstanding invoices to be paid.
216/532/11	Civil Engineering	CRR	Refurbish various rural halls	32 100	Prior year outstanding invoices to be paid
219/532/70	Civil Engineering	CRR	Improvements to traffic technical section - Western service centre	295 000	Improvements to existing offices to accommodate traffic technical section due to cancellation of leased office space.
219/532/71	Civil Engineering	CRR	Extension to Civic Centre	1 542 900	Outstanding invoices to be paid.
222/572/57	Civil Engineering	CRR	Canalisation of Esikhaleni stormwater	12 400	Outstanding invoices to be paid
222/572/68	Civil Engineering	CRR	Upgrading and widening main road through Empangeni	400 000	Pending legal dispute.
222/572/72	Civil Engineering	CRR	West Central Arterial doubling and extension Guldengracht	16 400	Prior year outstanding invoices to be paid.
224/532/52	Civil Engineering	CRR	RBCC Improvement to club facilities	1 050 000	The municipality's legal obligation to replace the old workshop that was demolished during renovations at the RBCC club facilities in terms of sale agreement addendum. Funding has been received from prior year's profits of estate sales.
234/532/11	Civil Engineering	CRR	Replacement of pipes	40 400	Prior year outstanding invoices to be paid
234/532/15	Civil Engineering	CRR	Renewal of eSikhaleni rising main	332 000	Prior year outstanding invoices to be paid
234/532/23	Civil Engineering	CRR	Mzingazi Sanitation (MIG Counter funding)	100 200	Prior year outstanding invoices to be paid
242/532/18	Civil Engineering	CRR	Ngwelezane Swimming pool	1 000	Prior year outstanding invoices to be paid
243/532/01	Civil Engineering	CRR	Upgrading macerator stations	139 600	Prior year outstanding invoices to be paid

NOTES:

RPT 149384

VOTE NUMBER	RESPONSIBLE DEPARTMENT	SOURCE OF FUNDING	PROJECT DESCRIPTION	DRAFT ADJUSTMENT BUDGET 2010/2011	REASON
				R	
243/532/02	Civil Engineering	CRR	Upgrading sewerage pump stations	1 953 900	Prior year outstanding invoices to be paid
243/532/08	Civil Engineering	CRR	Upgrading sewerage pump stations	1 969 700	Prior year outstanding invoices to be paid
243/536/03	Civil Engineering	CRR	Standby pumps	58 000	Replacement of pumps at various stations. Savings were identified on the operating budget to accommodate this project.
245/516/01	City Development	CRR	Planning - Mandlazini Agri-Village	618 000	Project originally budgeted for in the 2010/2011 financial year - to be funded by external loans. However, due to the external loan not to be taken by Council, savings were identified on the operating budget to accommodate this project.
245/516/02	City Development	CRR	Planning - Central industrial area	50 000	Project originally budgeted for in the 2010/2011 financial year - to be funded by external loans. However, due to the external loan not to be taken by Council, savings were identified on the operating budget to accommodate this project.
245/516/03	City Development	CRR	Planning - Meerensee Ridge Development	120 000	Project originally budgeted for in the 2010/2011 financial year - to be funded by external loans. However, due to the external loan not to be taken by Council, savings were identified on the operating budget to accommodate this project.
245/516/04	City Development	CRR	Planning - Marina Development	400 000	Project originally budgeted for in the 2010/2011 financial year - to be funded by external loans. However, due to the external loan not to be taken by Council, savings were identified on the operating budget to accommodate this project.
245/516/05	City Development	CRR	Planning - Council owned land (Five Development projects)	36 600	Project originally budgeted for in the 2010/2011 financial year - to be funded by external loans. However, due to the external loan not to be taken by Council, savings were identified on the operating budget to accommodate this project.

NOTES:

RPT 149384

VOTE NUMBER	RESPONSIBLE DEPARTMENT	SOURCE OF FUNDING	PROJECT DESCRIPTION	DRAFT ADJUSTMENT BUDGET 2010/2011	REASON
				R	
260/520/12	Civil Engineering	CRR	Richards Bay water network improvements	81 700	Outstanding invoices to be paid
260/584/24	Civil Engineering	CRR	Industrial water mains upgrading	5 549 300	Outstanding invoices to be paid
255/532/21	Electrical Engineering	CRR	Upgrade Aquila substation	4 300 000	Project originally budgeted for in the 2010/2011 financial year - to be funded by external loans. However, due to the external loan not to be taken by Council, the project will be funded by the capital replacement reserve. On the 22 December 2008, the load on Aquila substation was excessively high, which resulted in abnormal heat build-up on the busbars of the substation switchboard. This resulted in a busbar fault fire which in turn caused serious damage to the board. Temporary repairs were undertaken on the board to restore supply. During this time it was planned to replace the entire switchboard. Designs and tenders were prepared. However, due to capital budget constraints no tenders were awarded. It was agreed that the switchboard would be carefully monitored and the load controlled. However, on the 6 th of January 2011, the switchboard failed again. Temporary repairs have been undertaken to restore supply. It can be noted that only half the switchboard is now in operation. The problem however is that the repairs undertaken on the damaged Aquila switchboard will not hold indefinitely. The risk of failure is extremely high and it will fail within months again if not replaced. This will result in at least a 48 hour outage to the entire suburb of Arboretum.
255/572/10	Electrical Engineering	CRR	Phoenix supply to Alton Phase 1	26 700	Outstanding invoices to be paid
262/536/06	Civil Engineering	CRR	Bulk Zone meters installations	1 000 000	Additional meters required for water loss reduction.
272/536/11	Electrical Engineering	CRR	Machinery and Equipment - various	33 000	Funds were required to purchase 6 extension ladders for the electricians. Savings were identified on the operating budget to fund this equipment

VOTE NUMBER	RESPONSIBLE DEPARTMENT	SOURCE OF FUNDING	PROJECT DESCRIPTION	DRAFT ADJUSTMENT BUDGET 2010/2011	REASON
				R	
282/532/15	Corporate Services	CRR	Software Licensing compliance (Microsoft)	1 600 000	Funds required for the upgrade of Microsoft office software. Administration is handicapped with antiquated desktop software.
283/536/01	Electrical Engineering	CRR	Machinery and equipment - various	10 000	Funds were required to purchase a lamp crusher for the safe disposal of mercury lamps. Savings were identified on the operating budget to fund this equipment
Total Capital Replacement reserve				22 194 200	
222/672/53	Civil Engineering	EFF	Umhlatuze Village housing - internal services	1 559 000	Prior year's expenditure incorrectly allocated. Correction journals processed.
234/632/19	Civil Engineering	EFF	Umhlatuze Village housing - internal services	635 400	Prior year's expenditure incorrectly allocated. Correction journals processed.
260/632/03	Civil Engineering	EFF	Umhlatuze Village housing - internal services	405 600	Prior year's expenditure incorrectly allocated. Correction journals processed.
228/632/01	Civil Engineering	EFF	uMhlatuze Social Housing	(2 600 000)	Prior year's expenditure incorrectly allocated. Correction journals processed.
216/632/11	Civil Engineering	EFF	Refurbish various rural halls (Bhejane hall)	60 000	Funds were required for refurbishment of the Bhejane Hall.
219/632/30	Civil Engineering	EFF	Civic centre clinic awning	20 000	This is a carry over project from 2009/2010. An amount of R20 000 was carried over to complete this project. This was insufficient and an additional amount of R20 000 is required.
219/632/31	Civil Engineering	EFF	Security system - R & S depots	12 000	Savings were identified on the operating budget to accommodate this project. An alarm system is required to be installed at western depot roads and stormwater and rural roads offices at Empangeni.
246/684/01	Civil Engineering	EFF	Mandlankala water pipeline	(2 348 300)	Expenditure incurred in the prior years has now been funded from MIG. Therefore Council's funding for these projects becomes available to fund counter funding for the 2010/2011 financial year.

NOTES:

RPT 149384

VOTE NUMBER	RESPONSIBLE DEPARTMENT	SOURCE OF FUNDING	PROJECT DESCRIPTION	DRAFT ADJUSTMENT BUDGET 2010/2011	REASON
				R	
246/684/03	Civil Engineering	EFF	Rural water - MIG counter funding various projects	7 000 000	Expenditure incurred in the prior years has now been funded from MIG. Therefore Council's funding for these projects becomes available to fund counter funding for the 2010/2011 financial year.
246/684/04	Civil Engineering	EFF	Rural water - MIG counter funding various projects (prior years expenditure)	(11 538 100)	Expenditure incurred in the prior years has now been funded from MIG. Therefore Council's funding for these projects becomes available to fund counter funding for the 2010/2011 financial year.
234/632/11	Civil Engineering	EFF	Rural sanitation MIG counter funding	6 886 400	Expenditure incurred in the prior years has now been funded from MIG. Therefore Council's funding for these projects becomes available to fund counter funding for the 2010/2011 financial year.
255/632/23	Electrical Engineering	EFF	Impala - Polaris 132kv Tower refurbishment	61 900	This is a carry over project from 2009/2010. An amount of R178 300 was carried over to complete this project. This was insufficient and an additional amount of R61 900 is required.
255/632/35	Electrical Engineering	EFF	Hercules replacement 11KV switchboard	10 400	Outstanding invoices to be paid
255/672/07	Electrical Engineering	EFF	132KV Supply to Cygnus substation	1 428 000	Outstanding invoices to be paid
255/672/15	Electrical Engineering	EFF	IDZ Phase 1D - 132kv Leo Substation	374 000	Outstanding invoices to be paid - Council's contribution
260/684/14	Civil Engineering	EFF	Replace main water pipelines next to Foskor	(1 397 400)	Expenditure incurred in the prior years has now been funded from Foskor.
282/632/22	Corporate Services	EFF	BSA/SAS project	300 000	Final amount due to finalise the project.
Total external loans				868 900	
240/836/02	Financial Services	GOV	Equipment	60 000	Project financed from the financial management grant.
240/836/03	Financial Services	GOV	Upgrade to Eclipse System	500 000	Project financed from the financial management grant.
240/836/05	Financial Services	GOV	Baud System enhancements	156 600	Project financed from the financial management grant.

NOTES:

RPT 149384

VOTE NUMBER	RESPONSIBLE DEPARTMENT	SOURCE OF FUNDING	PROJECT DESCRIPTION	DRAFT ADJUSTMENT BUDGET 2010/2011	REASON
				R	
204/836/05	Community Services and Health	GOV	Photostat machine	20 000	Grant funds to be utilised to purchase a photostat machine for the Felixton library
Total Government grant funding				736 600	
255/872/05	Electrical Engineering	PUB	IDZ Phase 1D - 132 KV Leo substation (Pulp)	374 00	Outstanding invoices to be paid - Pulp United's contribution
255/872/09	Electrical Engineering	PUB	IDZ Phase 1A - 132 KV Ngoya substation	35 000 000	IDZ committed electricity services. Funding to be received by end of February 2011.
260/884/17	Civil Engineering	PUB	Replace main water pipelines next to Foskor	1 397 400	Expenditure incurred in the prior years has now been funded from Foskor.
Total Public contributions				36 771 400	
255/910/01	Electrical Engineering	PUBS	Consumer connections - Domestic	2 500 000	No provision was made on the original 2010/2011 adopted budget for standard electricity connections.
255/910/02	Electrical Engineering	PUBS	Consumer connections - Urban Commercial/Industrial	4 000 000	No provision was made on the original 2010/2011 adopted budget for standard electricity connections.
Total Public connections funding				6 500 000	
260/432/0	Civil Engineering	RES	Umhlatuze Village - internal Services Phase 7	640 000	No provision was made on the original 2010/2011 adopted budget. Funds were provided from the housing reserve to accommodate this project.
260/432/01	Civil Engineering	RES	Umhlatuze Village - internal Services Phase 7	44 500	No provision was made on the original 2010/2011 adopted budget. Funds were provided from the housing reserve to accommodate this project.
260/484/01	Civil Engineering	RES	eSikhaleni water treatment plant high lift pumpstation	688 300	No provision was made on the original 2010/2011 adopted budget. Funds were provided from the MIGVAT reserve to accommodate this project.
234/432/01	Civil Engineering	RES	Umhlatuze low cost housing	600 000	No provision was made on the original 2010/2011 adopted budget. Funds were provided from the housing reserve to accommodate this project.

NOTES:

RPT 149384

VOTE NUMBER	RESPONSIBLE DEPARTMENT	SOURCE OF FUNDING	PROJECT DESCRIPTION	DRAFT ADJUSTMENT BUDGET 2010/2011	REASON
				R	
234/432/05	Civil Engineering	RES	Umhlathuze Village housing - internal services	69 600	No provision was made on the original 2010/2011 adopted budget. Funds were provided from the housing reserve to accommodate this project.
234/432/06	Civil Engineering	RES	Umhlathuze Village - internal Services Phase 7	960 000	No provision was made on the original 2010/2011 adopted budget. Funds were provided from the housing reserve to accommodate this project.
222/436/0	Civil Engineering	RES	Machinery and Equipment	15 000	No provision was made on the original 2010/2011 adopted budget. Funds were provided from the MIGVAT reserve to accommodate this project.
222/472/01	Civil Engineering	RES	Rural Roads - MIG Vat	1 300 000	No provision was made on the original 2010/2011 adopted budget. Funds were provided from the MIGVAT reserve to accommodate this project.
222/472/03	Civil Engineering	RES	Umhlathuze Village - internal Services Phase 5	170 900	No provision was made on the original 2010/2011 adopted budget. Funds were provided from the housing reserve to accommodate this project.
222/472/04	Civil Engineering	RES	Umhlathuze Village - internal Services Phase 7	2 400 000	No provision was made on the original 2010/2011 adopted budget. Funds were provided from the housing reserve to accommodate this project.
Total reserves				6 888 300	
224/832/11	Community services and Health	INS	Land and buildings - High mast	67 100	Funds received from the insurance company in the 2009/2010 financial year.
Total insurance claims				67 100	
Total Additional projects				74 026 500	

The following table depicts all departmental additional requests for capital projects, where no funding was available for inclusion on the adjustment budget 2010/2011.

VOTE NUMBER	RESPONSIBLE DEPARTMENT	PROJECT DESCRIPTION	ADDITIONAL AMOUNTS REQUESTED	COMMENTS
			R	
219/532/61	Civil Engineering	Upgrade of waste management depot and offices in Empangeni	8 400	An original amount of R35 000 was requested. However, only an amount of R26 600 was funded
219/532/72	Civil Engineering	Upgrade ablution facilities at Mechanical Workshop	550 000	
219/632/23	Civil Engineering	Extension to Civic Centre	1 957 100	An original amount of R4 500 000 was requested. However, only an amount of R2 542 900 was funded.
222/572/51	Civil Engineering	Streets and stormwater - Rural roads	9 200 000	
222/672/59	Civil Engineering	Empangeni "A" Taxi rank	200 000	
222/672/26	Civil Engineering	Traffic Calming	860 000	
224/532/x	Community Services and Health	Central Sports ground - High mast Lighting	1 000 000	
234/632/11	Civil Engineering	Rural sanitation (counter funding)	2 241 900	An original amount of R9 128 300 was requested. However, only an amount of R6 886 400 was funded.
241/676/01	Electrical Engineering	Street lighting - General Improvement	150 000	
241/676/10	Electrical Engineering	Street lighting - Rural areas	2 000 000	
241/676/14	Electrical Engineering	Empangeni - Replacement of streetlights.	100 000	
241/676/18	Electrical Engineering	Replacement of streetlights and rusted brackets at Brackenham	85 000	
243/632/04	Civil Engineering	Refurbishment pump station - electrical	200 000	
243/636/04	Civil Engineering	Telemetry	200 000	
246/636/01	Civil Engineering	Water meters - rural areas	1 500 000	
246/908/01	Civil Engineering	Consumer connections - rural areas	400 000	
255/632/38	Electrical Engineering	Reticulation unserviced erven J2 area eSikhaleni	650 000	
255/632/40	Electrical Engineering	Reticulation unserviced erven H area eSikhaleni	550 000	

NOTES:

RPT 149384

VOTE NUMBER	RESPONSIBLE DEPARTMENT	PROJECT DESCRIPTION	ADDITIONAL AMOUNTS REQUESTED	COMMENTS
255/632/41	Electrical Engineering	Replace LV 185mm ring cable bottle brush bend Veldenvlei	850 000	
255/636/0	Electrical Engineering	Replacement of meters	50 000	
255/672/09	Electrical Engineering	Umhlathuze village - electrification	1 400 000	
255/672/14	Electrical Engineering	Electricity supply - Alton North	1 500 000	
255/672/16	Electrical Engineering	Phoenix supply to Alton Phase 1	6 091 900	An original amount of R11 950 000 was requested. However, only an amount of R5 858 100 was funded
255/679/02	Electrical Engineering	Electricity system reinforcements	500 000	An original amount of R687 400 was requested. However, only an amount of R187 400 was funded
259/636/03	Civil Engineering	Reservoirs Telemetry	100 000	
260/908/02	Civil Engineering	Consumer connections - Domestic	800 000	
260/908/03	Civil Engineering	Consumer connections -Urban Commercial and Industrial	1 500 000	
271/500/X	Electrical Engineering	Vehicles - Mech Lift 220 Mechanism (V0483)	127 000	
271/500/X	Electrical Engineering	Vehicles - 20 cubic meter Rotopress	1 860 000	
271/500/X	Electrical Engineering	Vehicles - 5,5 cubic meter Skip loader Truck	950 000	
271/500/X	Electrical Engineering	Vehicles - 10,7 cubic meter Refuse truck	1 200 000	
Total	38 781 300			

6.3 Operating Revenue by Function

	ORIGINAL BUDGET 2010/2011	2010/2011 DRAFT ADJUST- MENTS BUDGET	Over Collection/ (Under Collection)	ACTUAL REVENUE AS AT 31/12/2010
	R'000	R'000	R'000	R'000
	R	R	R	R
Executive and Council	754	754	0	0
Budget and Treasury Office	257 101	255 150	(1 951)	136 805
Corporate Services	6 706	6 369	(337)	2 998
Community and Social Services	3 483	3 456	(27)	1 567
Sport and Recreation	3 454	3 356	(98)	1 740
Public Safety	5 299	4 102	(1 197)	1 582
Housing	1 160	497	(663)	667
Health	5 938	5 938	0	1 022
Planning and Development	1 458	1 375	(83)	624
Road Transport	6 867	6 858	(9)	3 568
Electricity	888 231	838 322	(49 909)	409 381
Water	245 477	249 717	4 240	133 402
Waste Water Management	78 622	80 313	1 691	41 870
Waste Management	52 770	52 864	94	26 129
Other	437	437	0	400
Total	1 557 757	1 509 509	(48 248)	761 752

6.4 Operating Revenue by Source

	ORIGINAL BUDGET 2010/2011	2010/2011 DRAFT ADJUST- MENTS BUDGET	OVER / (UNDER COLLECTION)	ACTUAL REVENUE AS AT 31/12/2010
	R'000	R'000	R'000	R'000
	R	R	R	R
Rates	170 500	177 000	6 500	95 954
Service Charges - Electricity revenue	879 785	828 456	(51 329)	404 717
Service Charges - Water revenue	128 000	126 500	(1 500)	68 817
Service Charges - Sanitation revenue	54 022	54 522	500	28 158
Service Charges - Refuse revenue	38 759	38 859	100	19 428
Service Charges - Other revenue	9 241	15 292	6 051	11 745
Operating and Capital Grants and Subsidies	156 947	157 596	649	74 043
Rental of facilities and equipment	9 464	8 554	(910)	5 241
Interest Received	3 486	1 995	(1 491)	1 061
Fines	4 155	2 155	(2 000)	779
Licences and permits	1 930	1 859	(71)	827
Agency services	3 860	3 860	0	2 078
Other Revenue	97 608	92 860	(4 748)	48 906
Total	1 557 757	1 509 509	(48 248)	761 752

Below are explanations for major increase/decreases in revenue:

- Property Rates increased by R6,5 million. This is mainly due to the inclusion of Tata Steel and many other new developments in the Valuation Roll, together with the impact of decreasing the valuation reductions from R85 000 to R60 000 for all developed residential properties.
- Service Charges Electricity revenue decreased by R64 million. **Refer to comments under the Senior Manager - Infrastructure and Technical Services.**
- Service Charges Water revenue decreased by R1,5 million. This is attributed to the decrease in consumption figures from mainly business consumers.
- Service Charges Other increased by R6 million. This is mainly due to the amounts paid to the Municipality for Electricity Connection Fees R1 647 000 and Water Connection Fees R4 114 000 that was not known during the budget process.
- Fines decreased by R2 million. **Refer to comments under the Senior Manager - Community Services**
- Due to lack of cash for investment purposes, interest on external investments has decreased by R1,4 million.

6.5 Operating Expenditure by Function

	ORIGINAL BUDGET 2010/2011	2010/2011 DRAFT ADJUST- MENTS BUDGET	SAVINGS/ (OVER EXPEN- DITURE)	ACTUAL EXPEN- DITURE AS AT 31/12/2010
	R'000	R'000	R'000	R'000
	R	R	R	R
Executive and Council	10 139	9 760	379	3 518
Budget and Treasury Office	16 768	17 455	(687)	5 503
Corporate Services	33 658	33 662	(4)	10 887
Community and Social Services	20 690	31 631	(10 941)	10 598
Sport and Recreation	65 357	68 861	(3 504)	27 507
Public Safety	67 708	71 331	(3 623)	30 867
Housing	3 810	2 062	1 748	1 100
Health	18 171	18 287	(116)	8 647
Planning and Development	16 957	15 478	1 479	6 657
Road Transport	100 994	92 417	8 577	46 134
Environmental Protection	7 774	7 455	319	6 475
Electricity	839 763	779 504	60 259	399 053
Water	213 092	232 819	(19 727)	115 337
Waste Water Management	84 310	85 662	(1 352)	43 558
Waste Management	58 530	59 659	(1 129)	29 358
Other	38	60	(22)	18
Total	1 557 757	1 526 103	31 656	745 218

6.6 Operating Expenditure by Type

EXPENDITURE PER CATEGORY	FINAL DRAFT BUDGET 2010/2011	DRAFT ADJUSTMENTS BUDGET 2010/2011	SAVINGS/ (OVER EXPENDITURE)	ACTUAL EXPENDITURE AS AT 31/12/2010
	R'000	R'000	R'000	R'000
Employee related costs	358 971	363 029	(4 058)	179 317
Remuneration of Councillors	15 340	15 198	142	7 012
Debt Impairment	587	934	(347)	356
Bulk Purchases	685 500	664 352	21 148	332 983
Contracted Services	90 171	89 503	668	42 647
Other Expenditure	352 970	341 989	10 982	164 016
Other Expenditure (transfer to capital)	0	23 175	(23 175)	0
Transfers and grants	8 433	8 266	167	3 835
Repairs and Maintenance	195 313	192 633	2 680	90 962
Interest Paid	101 988	91 407	10 581	50 994
Depreciation and Offsetting of depreciation	68 217	67 014	1 203	34 108
Less: Recharged	(319 733)	(331 397)	11 664	(161 012)
TOTAL	1 557 757	1 526 103	31 654	745 218

Below are explanations for major increase/decreases in expenditure:

- ❖ Employee related costs have increased by R4 million. The in-sourcing of the IT Function resulted in the reallocation of expenditure of R2,2 million from Contracted Services. An amount of R11,8 million has been provided for critical vacant posts for the remainder of the budget year.
- ❖ Included in employee related costs is overtime expenditure, which has increased by R2,8 million. It bears noting that there are a few sections that have made considerable savings on overtime and need to be commended. Those that stand out are the Parks, Sports and Recreation sections. Unfortunately, the savings identified have been wiped out by over expenditures in other sections namely Street Cleaning, Refuse and the Water and Sewer Distribution sections.
- ❖ Provision for Bulk Electricity Purchases has decreased by R48,5 million due to Tata Steel's plant shutdown in July and August 2010. The provision for Bulk Water Purchases has however increased by R20 million in terms Council Resolution number 7081 dated 18 January 2011 - Bulk Water and Effluent Tariffs Increases, in respect of which an additional provision was approved by Council.
- ❖ The 2009/2010 Bad Debt write-off was approved by Council in terms of Council Resolution number 6735 dated 06 July 2010. This write-off was only taken into account in the ledger in the 2010/2011 financial year.
- ❖ Contracted Services has decreased by R647 000. However, it is important to note that with the in-sourcing of the IT Function, R2,2 million was reallocated from Contracted Services to Employee costs. Provision for Security expenditure has increased by R4,9 million as a result of additional security required for sports fields, electrical sub-stations, squatter control and cash collection costs.

- ❖ Council's 2010/2011 Capital funding was dependent on Council acquiring a loan of R100 million. However, Council took a resolution that required the Accounting Officer together with the Senior Manager: Financial Services to evaluate the taking up of this loan. Given the extent of the exposure of taking up this loan and following advice from the National Treasury, such loan is not going to be taken up in this financial year. Implications are basically that most of such capital will be moved out to the next financial year, with a portion of R23m being financed out of the operating budget. This decision has resulted in the provision for interest paid being decreased by R10 million.
- ❖ The most significant increases under Other Expenditure category are on fuel and oil, transport costs, legal fees, emergency subsistence allowance, programming materials and internal charges. However, other expenditure in totality has decreased by R10 million.
- ❖ An amount of R23 million shown under other expenditure (transfers to capital) has been earmarked for capital projects.

6.7 Cash Flow Situation

Currently the bank balances of Council are monitored on a daily basis. Therefore all efforts in cost cutting measures are essential in maintaining a positive cash bank balance. The cash flow recovery plan interventions in terms of Council Resolution 6294 dated 1 September 2009 must still be maintained.

The revised internal memorandum number 3 on Cash Flow Recovery was workshopped and issued to management on 19 August 2010. This memorandum set out further cash flow interventions in order to curtail expenditure.

The Supply Chain Management Unit is scrutinising requisitions for orders above R10 000 prior to being placed.

Although cash flow stability is largely being overcome with the operating budget, the extent of the strategic capital funding problem incurred in the previous three financial years has not been resolved. This is placing the administration under severe month-to-month cash flow constraints. As a precautionary measure a short overdraft facility of R60 million is in place for the balance of the 2010/2011 financial year. To date such facility has not been used.

Emphasis is also being placed in ensuring that the debtors collection is on target.

7. ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Refer to **Annexure T - V** (Table SB 7 - SB 9).

8. ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Refer to **Annexure W** (Table SB 10).

9. ADJUSTMENTS TO COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS

Refer to **Annexure X** (Table SB 11).

10. ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The SDBIP has been broken down into five components. These are:

- Component 1: Monthly projections of revenue (including capital grants) to be collected for each source (**Annexure AI**).
- Component 2: Monthly projections of expenditure (operating and capital) and revenue for each vote (**Annexure AJ**).
- Component 3: Quarterly projections of service delivery targets and performance indicators for each vote - No changes.
- Component 4: Ward information for expenditure and service delivery is not presented in this report. This component requires that Component 3 be divided into wards, which in reality is not practical and possible at present. Clarity has been requested from National Treasury on the practicality of producing this component. National Treasury has indicated that they are investigating a revised format of the SDBIP.
- Component 5: Detailed capital works plan broken down into wards over three years (**Annexure AK**).

11. ADJUSTMENTS TO CAPITAL EXPENDITURE

Detail of the revised Adjustments 2010/2011 Capital Budget (**DMS 698165**) is attached on **Annexure AH**.

12. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Refer to **Annexure AL (DMS 699364)**.

FINANCIAL IMPLICATIONS

This is dealt with in detail throughout the report.

COMMENTS OF THE SENIOR MANAGER: INFRASTRUCTURE AND TECHNICAL SERVICES

MANAGER: ELECTRICAL ENGINEERING

Tata Steel's expected revenue was included in the original budget. However, this revenue has not realised for 2 months due to the shut down of the plant for July and August. Therefore an under recovery of approximately R16 million has been realised.

COMMENTS OF THE SENIOR MANAGER: FINANCIAL SERVICES

Refer to the Executive Summary contained in this report.

RECOMMENDED THAT:

1. the 2010/2011 Multi-year Adjustments Budget be approved;
2. the report on the 2010/2011 Adjustments Budget be submitted to both the National Treasury and Provincial Treasury;

3. it be noted that any adjustments made to the 2010/2011 Operating Budget do not result in any changes to the municipal taxes and tariffs; and
4. the following additional projects identified for the 2010/2011 financial year be approved and incorporated into Council's Adjusted 2010/2011 Capital Budget.

VOTE NUMBER	SOURCE OF FUNDING	PROJECT DESCRIPTION	DRAFT ADJUSTMENT BUDGET 2010/2011
			R
202/532/03	CRR	eSikhaleni development of cemetery	395 300
202/532/04	CRR	Richards Bay extension / Development of cemetery	30 000
216/532/11	CRR	Refurbish various rural halls	32 100
219/532/70	CRR	Improvements to traffic technical section - Western service centre	295 000
219/532/71	CRR	Extension to Civic Centre	1 542 900
222/572/57	CRR	Canalisation of Esikhaleni stormwater	12 400
222/572/68	CRR	Upgrading and widening main road through Empangeni	400 000
222/572/72	CRR	West Central Arterial doubling and extension Guldengracht	16 400
224/532/52	CRR	RBCC Improvement to club facilities	1 050 000
234/532/11	CRR	Replacement of pipes	40 400
234/532/15	CRR	Renewal of eSikhaleni rising main	332 000
234/532/23	CRR	Mzingazi Sanitation (MIG Counter funding)	100 200
242/532/18	CRR	Ngwelezane Swimming pool	1 000
243/532/01	CRR	Upgrading macerator stations	139 600
243/532/02	CRR	Upgrading sewerage pump stations	1 953 900
243/532/08	CRR	Upgrading sewerage pump stations	1 969 700
243/536/03	CRR	Standby pumps	58 000
245/516/01	CRR	Planning - Mandlazini Agr-Village	618 000
245/516/02	CRR	Planning - Central industrial area	50 000
245/516/03	CRR	Planning - Meerensee Ridge Development	120 000
245/516/04	CRR	Planning - Marina Development	400 000
245/516/05	CRR	Planning - Council owned land (Five Development projects)	36 600
260/520/12	CRR	Richards Bay water network improvements	81 700
260/584/24	CRR	Industrial water mains upgrading	5 549 300
255/532/21	CRR	Upgrade Aquila substation	4 300 000
255/572/10	CRR	Phoenix supply to Alton Phase 1	26 700
262/536/06	CRR	Bulk Zone meters installations	1 000 000
272/536/11	CRR	Machinery and Equipment - various	33 000
282/532/15	CRR	Software Licensing compliance (Microsoft)	1 600 000
283/536/01	CRR	Machinery and equipment - various	10 000
Total Capital Replacement reserve			22 194 200

VOTE NUMBER	SOURCE OF FUNDING	PROJECT DESCRIPTION	DRAFT ADJUSTMENT BUDGET 2010/2011
			R
222/672/53	EFF	Umhlathuze Village housing - internal services	1 559 000
234/632/19	EFF	Umhlathuze Village housing - internal services	635 400
260/632/03	EFF	Umhlathuze Village housing - internal services	405 600
228/632/01	EFF	uMhlathuze Social Housing	(2 600 000)
216/632/11	EFF	Refurbish various rural halls (Bhejane hall)	60 000
219/632/30	EFF	Civic centre clinic awning	20 000
219/632/31	EFF	Security system - R & S depots	12 000
246/684/01	EFF	Mandlankala water pipeline	(2 348 300)
246/684/03	EFF	Rural water - MIG counter funding various projects	7 000 000
246/684/04	EFF	Rural water - MIG counter funding various projects (prior years expenditure)	(11 538 100)
234/632/11	EFF	Rural sanitation MIG counter funding	6 886 400
255/632/23	EFF	Impala - Polaris 132kv Tower refurbishment	61 900
255/632/35	EFF	Hercules replacement 11KV switchboard	10 400
255/672/07	EFF	132KV Supply to Cygnus substation	1 428 000
255/672/15	EFF	IDZ Phase 1D - 132kv Leo Substation	374 000
260/684/14	EFF	Replace main water pipelines next to Foskor	(1 397 400)
282/632/22	EFF	BSA/SAS project	300 000
Total external loans			868 900
240/836/02	GOV	Equipment	60 000
240/836/03	GOV	Upgrade to Eclipse System	500 000
240/836/05	GOV	Baud System enhancements	156 600
204/836/05	GOV	Photostat machine	20 000
Total Government grant funding			736 600
255/872/05	PUB	IDZ Phase 1D - 132 KV Leo substation (Pulp)	374 00
255/872/09	PUB	IDZ Phase 1A - 132 KV Ngoya substation	35 000 000
260/884/17	PUB	Replace main water pipelines next to Foskor	1 397 400
Total Public contributions			36 771 400
255/910/01	PUBS	Consumer connections - Domestic	2 500 000
255/910/02	PUBS	Consumer connections - Urban Commercial/Industrial	4 000 000
Total Public connections funding			6 500 000
260/432/0	RES	Umhlathuze Village - internal Services Phase 7	640 000
260/432/01	RES	Umhlathuze Village - internal Services Phase 7	44 500
260/484/01	RES	eSikhaleni water treatment plant high lift pumpstation	688 300
234/432/01	RES	uMhlathuze low cost housing	600 000
234/432/05	RES	Umhlathuze Village housing - internal services	69 600
234/432/06	RES	Umhlathuze Village - internal Services Phase 7	960 000
222/436/0	RES	Machinery and Equipment	15 000

VOTE NUMBER	SOURCE OF FUNDING	PROJECT DESCRIPTION	DRAFT ADJUSTMENT BUDGET 2010/2011
			R
222/472/01	RES	Rural Roads - MIG Vat	1 300 000
222/472/03	RES	Umhlathuze Village - internal Services Phase 5	170 900
222/472/04	RES	Umhlathuze Village - internal Services Phase 7	2 400 000
Total reserves			6 888 300
224/832/11	INS	Land and buildings - High mast	67 100
Total insurance claims			67 100
Total Additional projects			74 026 500

5. the Senior Management endeavours to clear the 2010/2011 Adjustment Budget deficit of R16 million prior to the end of the 2010/2011 financial year; and
6. the security budget for Council be reviewed in the next financial year in order to reduce cost.