



nelson mandela bay
M U N I C I P A L I T Y
PORT ELIZABETH | UITENHAGE | DESPATCH

2011/12 ADJUSTMENTS BUDGET

TABLE OF CONTENTS

	PAGE
PART 1 – ADJUSTMENTS BUDGET	
1.1 Executive Mayor’s Report	3
1.2 2011/12 Adjustments Budget Resolutions	3
1.3 Executive Summary	4
1.4 Adjustments Budget Tables – Parent Municipality	6
1.5 Consolidated Budget Tables	27
PART 2 – SUPPORTING DOCUMENTATION	
2.1 Adjustments to Budget Assumptions	42
2.2 Adjustments to Budget Funding	43
2.3 Adjustments to expenditure on allocations and grant programmes	48
2.4 Adjustments to Councillors and Employee Benefits	48
2.5 Adjustments to Service Delivery and Budget Implementation Plan (SDBIP)	49
2.6 Adjustments to Capital Expenditure	49
2.7 Acting Municipal Manager’s Quality Certification	49

PART 1 – 2011/12 ADJUSTMENTS BUDGET

1.1 Executive Mayor’s Report

1.1.1 Summary of reasons for the 2011/12 Adjustments Budget

In accordance with section 28 of the Municipal Finance Management Act, No 56 of 2003 (MFMA), a municipality must revise its approved annual budget through an adjustments budget, in the following circumstances:

- (i) To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue;
- (ii) To 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;
- (iii) To authorise the utilisation of projected savings in one vote towards spending under another vote;
- (iv) To 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 rollovers when the annual budget for the current year was approved by the Council;
- (v) To correct any errors in the annual budget.

The Municipal Budget and Reporting Regulations stipulate that one adjustments budget may be tabled in the municipal Council during a financial year. The Adjustments Budget must normally be approved by Council by the end of February.

In line with the MFMA and the Municipal Budget and Reporting Regulations, the 2011/12 approved Budget has been adjusted. The adjustment has been mainly necessitated as a result of the following:

- The need to adjust revenue and expenditure estimates, in line with revenue collection levels.
- The need to authorise the spending of unspent funds at the end of the 2010/11 financial year.
- The need to authorise the utilisation of projected savings in one vote towards spending under another vote.

1.1.2 The Executive Mayor recommends that the Council approves the 2011/12 Adjustments Budget.

1.2 2011/12 Adjustments Budget Resolutions

1.2.1 Approval of the Adjustments Budget

- (i) The Executive Mayor recommends that the Council, by resolution taken by the majority of its full number, and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), approves the 2011/12 Adjustments Budget as set-out in the following tables:
 - Table B1 Adjustments Budget Summary: page 6;
 - Table B2 Adjustments Budget Financial Performance (revenue and expenditure by standard classification): page 8;

- Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote): page 9;
- Table B4 Adjustments Budget Financial Performance (revenue by source and expenditure by type): page 10;
- Table B5 Adjustments Budget Capital Expenditure by vote and standard classification and funding source: page 17;
- Table B6 Adjustments Budget Financial Position: page 19;
- Table B7 Adjustments Budgeted Cash Flows: page 20;
- Table B8 Cash backed reserves/accumulated surplus reconciliation: page 22;
- Table B9 Asset Management: page 23;
- Table B10 Basic Service Delivery: page 25.

1.2.2 That the 2011/12 Consolidated Adjustments Budget, which includes the financial impact of the municipal entity (MBDA), be noted.

1.3 Executive Summary

The 2011/12 Adjustments Budget amounts to R8,1 billion, comprising of R6,9 billion for the Operating Budget and R1,2 billion for the Capital Budget. The Operating Adjustments Budget reflects an increase of R329.8 million compared to the originally approved 2011/12 Operating Budget, whilst the Adjustments Capital Budget reflects a decrease of R125,4 million, compared to the originally approved budget.

The increase in the Operating Budget of R329,8 million is made up as follows:

	<u>R'000</u>
Reduction in employee related costs	(10,000)
Reduction in Finance Charges	(5,955)
Reduction in Contracted Services	(75,214)
Reduction in Transfers and Grants	(47,000)
Reduction in Debt Impairment	<u>(5,995)</u>
Total Expenditure Reduction	<u>(144,164)</u>
Increase in Repairs and Maintenance	9,932
Increase in Bulk Purchases	12,382
Increase in General Expenses	420,700
Increase in Depreciation	<u>30,965</u>
Net Increase	<u>329,815</u>

In terms of funding the Capital Budget, the Municipality relies mainly on grant funding. The funding sources, supporting the Municipality's capital expenditure, are summarised below:

	2011/12 Original Budget	2011/12 Adjustments Budget	Variance
	R'000	R'000	R'000
Total Capital Budget	1,360,007	1,234,602	(125,405)
Funded as follows:			
Grant funding	1,199,467	1,040,506	(158,961)
Internal funding	122,540	156,095	33,555
Public Contributions	38,000	38,000	0
Total	1,360,007	1,234,602	(125,405)

The reduction in the capital grant funding is mainly attributable to the projected spending on grant funded projects being lower than initially anticipated. Furthermore, the increase in internal funding is attributable to the planned spending of funds, which remained unspent as at the end of the 2010/11 financial year.

It is to be noted that the 2011/12 adjusted budgeted cash flow statement projects a cash and investments balance of R763.9 million as at 30 June 2012, compared to the amount of R442,6 million as per the original budgeted cash flow statement. The improved projected cash and investments balance is mainly influenced by projected under-spending of approximately R326 million on the Integrated Public Transport System (IPTs), Neighbourhood Development Partnership Programme and Municipal Drought Relief, which are funded from grants. It is thus considered critical that the following be implemented to strengthen the Municipality's cash and investments position:

- Serviced land should be disposed of in order to boost the depleted Capital Replacement Reserve and to enhance the Municipality's revenue base;
- Increasing the collection rate above the targeted percentage, utilising the Credit Control Policy of Council and the Debt Relief Programme.

A provision of R282,2 million has been set aside to cover potential bad debts arising from property rates and service charges not collected. This is based upon a level of payment of debtors' accounts averaging 93,75%.

The Assistance to the Poor Programme currently, provides the following benefits to poor households in the Metro:

- Free 8kl of water
- Free basic sanitation
- Free 75 kwh Electricity
- Free basic refuse removal
- Property rates subsidy
- Environmental charges

Out of approximately 275 000 households, some 76 921 households receive the assistance listed above.

1.4 Adjustments Budget Tables – Parent Municipality

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2011/12 Adjustments Budget to be considered for approval by Council. Each table is accompanied by *explanatory notes*.

Table B1 - Adjustments Budget Summary

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
<u>Financial Performance</u>									
Property rates	961,565	-	-	-	-	-	-	-	961,565
Service charges	3,648,779	-	-	-	-	-	(108,525)	(108,525)	3,540,253
Investment revenue	100,250	-	-	-	-	-	9,743	9,743	109,993
Transfers recognised - operational	1,384,487	-	-	-	-	-	(150,393)	(150,393)	1,234,094
Other own revenue	260,328	-	-	-	-	-	447,230	447,230	707,558
Total Revenue (excluding capital transfers and contributions)	6,355,409	-	-	-	-	-	198,056	198,056	6,553,464
Employee costs	1,859,569	-	-	-	-	-	(10,000)	(10,000)	1,849,569
Remuneration of councillors	51,084	-	-	-	-	-	-	-	51,084
Depreciation & asset impairment	689,192	-	-	-	-	-	30,965	30,965	720,156
Finance charges	221,117	-	-	-	-	-	(5,955)	(5,955)	215,162
Materials and bulk purchases	2,390,218	-	-	-	-	-	22,314	22,314	2,412,532
Transfers and grants	417,961	-	-	-	-	-	(47,000)	(47,000)	370,961
Other expenditure	976,334	-	-	-	-	-	339,490	339,490	1,315,824
Total Expenditure	6,605,474	-	-	-	-	-	329,813	329,813	6,935,288
Surplus/(Deficit)	(250,066)	-	-	-	-	-	(131,758)	(131,758)	(381,824)
Transfers recognised - capital	1,249,467	-	-	-	-	-	(224,036)	(224,036)	1,025,431
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	999,401	-	-	-	-	-	(355,793)	(355,793)	643,608
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	999,401	-	-	-	-	-	(355,793)	(355,793)	643,608
<u>Capital expenditure & funds sources</u>									
Capital expenditure	1,360,007	-	-	-	-	-	(125,405)	(125,405)	1,234,602
Transfers recognised - capital	1,249,467	-	-	-	-	-	(208,961)	(208,961)	1,040,506
Public contributions & donations	38,000	-	-	-	-	-	-	-	38,000
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	122,540	-	-	-	-	-	68,555	68,555	191,095
Total sources of capital funds	1,410,007	-	-	-	-	-	(175,405)	(175,405)	1,234,602
<u>Financial position</u>									
Total current assets	1,484,224	-	-	-	-	-	331,514	331,514	1,815,738
Total non current assets	12,865,135	-	-	-	-	-	60,619	60,619	12,925,753
Total current liabilities	1,474,867	-	-	-	-	-	324,366	324,366	1,799,233

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Total non current liabilities	2,946,397	-	-	-	-	-	5,151	5,151	2,951,548
Community wealth/Equity	9,928,094	-	-	-	-	-	62,616	62,616	9,990,710
Cash flows									
Net cash from (used) operating	1,617,491	-	-	-	-	-	80,135	80,135	1,697,626
Net cash from (used) investing	(1,363,169)	-	-	-	-	-	71,748	71,748	(1,291,421)
Net cash from (used) financing	(89,696)	-	-	-	-	-	152	152	(89,543)
Cash/cash equivalents at the year end	442,619	-	-	-	-	-	321,317	321,317	763,935
Cash backing/surplus reconciliation									
Cash and investments available	442,639	-	-	-	-	-	321,316	321,316	763,017
Application of cash and investments	440,731	-	-	-	-	-	293,727	293,727	734,458
Balance - surplus (shortfall)	1,908	-	-	-	-	-	27,590	27,590	29,497
Asset Management									
Asset register summary (WDV)	12,801,616	-	-	-	-	-	60,620	60,620	12,862,235
Depreciation & asset impairment	689,192	-	-	-	-	-	30,965	30,965	720,156
Renewal of Existing Assets	287,900	-	-	-	-	-	225,256	225,256	513,156
Repairs and Maintenance	458,472	-	-	-	-	-	(68)	(68)	458,404
Free services									
Cost of Free Basic Services provided	178,057	-	-	-	-	-	31,850	31,850	209,907
Revenue cost of free services provided	293,663	-	-	-	-	-	(9,188)	(9,188)	284,475
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	22	-	-	-	-	-	-	-	22
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	1	-	-	-	-	-	-	-	1

Explanatory notes to Table B1 – Adjustments Budget Summary

The aim of the Adjustments Budget Summary is to provide a concise overview of the proposed Adjustments Budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs.

Table B2 - Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

Standard Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Revenue - Standard									
<i>Governance and administration</i>	1,689,573	-	-	-	-	-	57,444	57,444	1,747,018
Executive and council	1,237	-	-	-	-	-	31	31	1,268
Budget and treasury office	1,670,069	-	-	-	-	-	56,840	56,840	1,726,908
Corporate services	18,268	-	-	-	-	-	574	574	18,841
<i>Community and public safety</i>	189,745	-	-	-	-	-	365,742	365,742	555,487
Community and social services	14,917	-	-	-	-	-	9,468	9,468	24,386
Sport and recreation	42,316	-	-	-	-	-	9,741	9,741	52,056
Public safety	27,700	-	-	-	-	-	(880)	(880)	26,820
Housing	5,899	-	-	-	-	-	350,551	350,551	356,450
Health	98,913	-	-	-	-	-	(3,138)	(3,138)	95,775
<i>Economic and environmental services</i>	857,348	-	-	-	-	-	(208,143)	(208,143)	649,205
Planning and development	424,883	-	-	-	-	-	(100,157)	(100,157)	324,726
Road transport	411,096	-	-	-	-	-	(119,579)	(119,579)	291,516
Environmental protection	21,369	-	-	-	-	-	11,594	11,594	32,963
<i>Trading services</i>	4,855,650	-	-	-	-	-	(235,896)	(235,896)	4,619,754
Electricity	2,958,915	-	-	-	-	-	(33,088)	(33,088)	2,925,827
Water	1,094,200	-	-	-	-	-	(172,209)	(172,209)	921,991
Waste water management	554,189	-	-	-	-	-	(9,082)	(9,082)	545,107
Waste management	248,347	-	-	-	-	-	(21,517)	(21,517)	226,830
<i>Other</i>	12,559	-	-	-	-	-	(5,127)	(5,127)	7,431
Total Revenue - Standard	7,604,876	-	-	-	-	-	(25,980)	(25,980)	7,578,896
Expenditure - Standard									
<i>Governance and administration</i>	978,127	-	-	-	-	-	82,213	82,213	1,060,340
Executive and council	172,195	-	-	-	-	-	(16,887)	(16,887)	155,308
Budget and treasury office	563,805	-	-	-	-	-	5,943	5,943	569,748
Corporate services	242,127	-	-	-	-	-	93,158	93,158	335,284
<i>Community and public safety</i>	930,311	-	-	-	-	-	255,857	255,857	1,186,168
Community and social services	211,283	-	-	-	-	-	(74,414)	(74,414)	136,869
Sport and recreation	146,248	-	-	-	-	-	(9,760)	(9,760)	136,488
Public safety	338,366	-	-	-	-	-	(262)	(262)	338,104
Housing	34,328	-	-	-	-	-	355,622	355,622	389,950
Health	200,086	-	-	-	-	-	(15,330)	(15,330)	184,756
<i>Economic and environmental services</i>	998,158	-	-	-	-	-	(159,074)	(159,074)	839,084
Planning and development	519,211	-	-	-	-	-	(65,239)	(65,239)	453,972
Road transport	215,246	-	-	-	-	-	(67,159)	(67,159)	148,087

Standard Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Environmental protection	263,701	-	-	-	-	-	(26,676)	(26,676)	237,025
<i>Trading services</i>	3,647,871	-	-	-	-	-	127,723	127,723	3,775,593
Electricity	2,490,120	-	-	-	-	-	41,515	41,515	2,531,635
Water	491,633	-	-	-	-	-	(7,954)	(7,954)	483,678
Waste water management	433,987	-	-	-	-	-	46,335	46,335	480,322
Waste management	232,132	-	-	-	-	-	57,827	57,827	289,959
<i>Other</i>	51,008	-	-	-	-	-	13,095	13,095	64,103
Total Expenditure - Standard	6,605,474	-	-	-	-	-	329,814	329,814	6,935,288
Surplus/ (Deficit) for the year	999,401	-	-	-	-	-	(355,794)	(355,794)	643,607

Explanatory notes to Table B2 – Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities. It is to be noted that the revenue by vote as reflected in this table, includes revenue attributable to capital grants.

Table B3 - Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Revenue by Vote									
Vote 1 - Budget and Treasury	1,670,081	-	-	-	-	-	56,840	56,840	1,726,921
Vote 2 - Public Health	371,447	-	-	-	-	-	(13,312)	(13,312)	358,135
Vote 3 - Housing and Land	115,661	-	-	-	-	-	357,551	357,551	473,211
Vote 4 - Economic Development and Recreational Services	172,110	-	-	-	-	-	2,920	2,920	175,031
Vote 5 - Corporate Services	11,933	-	-	-	-	-	1,640	1,640	13,574
Vote 6 - Rate and General Engineers	538,358	-	-	-	-	-	(228,781)	(228,781)	309,577
Vote 7 - Water Service	1,094,200	-	-	-	-	-	(172,209)	(172,209)	921,991
Vote 8 - Sanitation	554,189	-	-	-	-	-	(9,082)	(9,082)	545,107
Vote 9 - Electricity and Energy	2,958,915	-	-	-	-	-	(33,088)	(33,088)	2,925,827
Vote 10 - Executive and Council	1,636	-	-	-	-	-	138	138	1,774
Vote 11 - Safety and Security	45,540	-	-	-	-	-	(880)	(880)	44,661
Vote 12 - Nelson Mandela Bay Stadium	-	-	-	-	-	-	37,000	37,000	37,000
Vote 13 - Strategic Programmes Directorate	70,805	-	-	-	-	-	(24,718)	(24,718)	46,087

Vote Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Total Revenue by Vote	7,604,876	-	-	-	-	-	(25,980)	(25,980)	7,578,896
Expenditure by Vote									
Vote 1 - Budget and Treasury	541,437	-	-	-	-	-	7,362	7,362	548,799
Vote 2 - Public Health	712,821	-	-	-	-	-	15,340	15,340	728,161
Vote 3 - Housing and Land	137,041	-	-	-	-	-	350,983	350,983	488,024
Vote 4 - Economic Development and Recreational Services	463,840	-	-	-	-	-	(59,115)	(59,115)	404,725
Vote 5 - Corporate Services	237,239	-	-	-	-	-	118,473	118,473	355,712
Vote 6 - Rate and General Engineers	472,828	-	-	-	-	-	(152,368)	(152,368)	320,459
Vote 7 - Water Service	491,633	-	-	-	-	-	(9,802)	(9,802)	481,831
Vote 8 - Sanitation	385,192	-	-	-	-	-	2,087	2,087	387,279
Vote 9 - Electricity and Energy	2,491,320	-	-	-	-	-	40,315	40,315	2,531,635
Vote 10 - Executive and Council	202,171	-	-	-	-	-	(7,328)	(7,328)	194,843
Vote 11 - Safety and Security	346,276	-	-	-	-	-	(925)	(925)	345,351
Vote 12 - Nelson Mandela Bay Stadium	88,939	-	-	-	-	-	31,769	31,769	120,708
Vote 13 - Strategic Programmes Directorate	34,739	-	-	-	-	-	(6,979)	(6,979)	27,761
Total Expenditure by Vote	6,605,474	-	-	-	-	-	329,814	329,814	6,935,288
Surplus/ (Deficit) for the year	999,401	-	-	-	-	-	(355,794)	(355,794)	643,607

Explanatory notes to Table B3 – Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

- The purpose of the format in which the Adjustments Budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Executive Directors concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Table B4 - Adjustments Budget Financial Performance (revenue and expenditure)

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Revenue By Source									
Property rates	961,565	-	-	-	-	-	-	-	961,565
Service charges - electricity revenue	2,753,364	-	-	-	-	-	(35,000)	(35,000)	2,718,364
Service charges - water revenue	465,383	-	-	-	-	-	(63,315)	(63,315)	402,068
Service charges - sanitation revenue	295,170	-	-	-	-	-	(12,076)	(12,076)	283,094
Service charges - refuse revenue	134,861	-	-	-	-	-	1,866	1,866	136,727

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Rental of facilities and equipment	18,791						(360)	(360)	18,431
Interest earned - external investments	21,257						6,743	6,743	28,000
Interest earned - outstanding debtors	78,993						3,000	3,000	81,993
Fines	24,998						(879)	(879)	24,119
Licences and permits	7,399						-	-	7,399
Agency services	1,402						-	-	1,402
Transfers recognised - operating	1,384,487						(150,393)	(150,393)	1,234,094
Other revenue	207,738						448,469	448,469	656,207
Total Revenue (excluding capital transfers and contributions)	6,355,409	-	-	-	-	-	198,056	198,056	6,553,464
Expenditure By Type									
Employee related costs	1,859,569	-	-	-	-	-	(10,000)	(10,000)	1,849,569
Remuneration of councillors	51,084						-	-	51,084
Debt impairment	288,147						(5,995)	(5,995)	282,151
Depreciation & asset impairment	689,192	-	-	-	-	-	30,965	30,965	720,156
Finance charges	221,117						(5,955)	(5,955)	215,162
Bulk purchases	1,931,746	-	-	-	-	-	12,382	12,382	1,944,128
Other materials	458,472						9,932	9,932	468,404
Contracted services	269,675	-	-	-	-	-	(75,214)	(75,214)	194,461
Transfers and grants	417,961						(47,000)	(47,000)	370,961
Other expenditure	418,512	-	-	-	-	-	420,700	420,700	839,212
Loss on disposal of PPE								-	-
Total Expenditure	6,605,474	-	-	-	-	-	329,813	329,813	6,935,288
Surplus/(Deficit)	(250,066)	-	-	-	-	-	(131,758)	(131,758)	(381,824)
Transfers recognised - capital	1,249,467						(224,036)	(224,036)	1,025,431
Surplus/(Deficit) before taxation	999,401	-	-	-	-	-	(355,793)	(355,793)	643,608
Taxation								-	-
Surplus/(Deficit) after taxation	999,401	-	-	-	-	-	(355,793)	(355,793)	643,608
Attributable to minorities								-	-
Surplus/(Deficit) attributable to municipality	999,401	-	-	-	-	-	(355,793)	(355,793)	643,608
Share of surplus/ (deficit) of associate								-	-
Surplus/ (Deficit) for the year	999,401	-	-	-	-	-	(355,793)	(355,793)	643,608

Explanatory notes to Table B4 – Adjustments Budget Financial Performance (revenue and expenditure)

Revenue

1. The Financial Performance Adjustments Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the Adjustments Budget, so as to assess performance.
2. Total revenue amounts to R6,6 billion in the 2011/12 Adjustments Budget, compared to the amount of R6,4 billion in the original 2011/12 Budget. This represents an increase of R198,1 million or 3,1%.
3. The significant variations in revenue, compared to the original budget are as follows:

3.1 Service Charges

Service charges decreased by R108,5 million compared to the original budget. The net decrease is made up as follows:

	<u>R'000</u>
Decrease in electricity revenue	35,000
Decrease in water revenue	63,315
Decrease in sanitation revenue	<u>12,076</u>
Total Decrease in service charges	110,391
Less: Increase in refuse revenue	<u>1,866</u>
Net Decrease in service charges	<u>108,525</u>

The reduction in services charges relating to electricity, water and sanitation is mainly attributable to lower consumption patterns than initially anticipated in the 2011/12 original budget.

3.2 Interest Earned – External Investments

Interest earned on external investments increased by R6,7 million, compared to the original budget. The increased interest earnings is attributable to strict cash flow management of available funds not immediately required to cover the Municipality's commitments.

3.3 Transfers Recognised - Operating

This includes the local government equitable share and other operating grants from national and provincial government. Transfers decreased by R150,4 million, compared to the original budget. This decrease is made up as follows:

	<u>R'000</u>
Provision for housing top structures	350,000
Electricity Demand Side Management Initiatives (unspent grant from previous financial year)	38,288
Fuel levy (transferred to other revenue)	(419,132)
Decrease in IPTS (operations)	<u>(110,000)</u>
	<u>(140,844)</u>

An amount of R350 million has been included for housing top structures, based on a written confirmation received from the Provincial Government. At the time of preparing the 2011/12 Operating Budget, such confirmation had not been received and accordingly no provision was made in the original 2011/12 Operating Budget.

In accordance with a National Treasury directive, the fuel levy has been transferred from operational grants to other revenue.

The decrease in IPTS is in line with the projected operating expenditure for the year.

3.4 Other Revenue

Other revenue increase by R448,5 million, compared to the original budget. This increase is mainly made up as follows:

	<u>R'000</u>
Fuel levy (transferred from operating grants)	419,132
Nelson Mandela Bay Stadium (events recoveries)	<u>17,000</u>
	<u>436,132</u>

In accordance with a National Treasury directive, the fuel levy has been transferred from operational grants to other revenue.

In relation to stadium events recoveries, an equivalent expenditure is reflected in the Adjustments Budget. Expenditure, such as security, event hire, etc, is recovered from the respective events organisers.

Expenditure

4. Total expenditure amounts to R6,9 billion in the 2011/12 Adjustments Budget, compared to the amount of R6,6 billion in the original 2011/12 Budget. This represents an increase of R329,8 million or 5%.

5. The significant variations in expenditure, compared to the original budget, are as follows:

5.1 Employee Related Costs

Employee related costs decreased by R10 million, compared to the original budget. The decrease is mainly attributable to the final negotiated salary increase, being lower than the budgeted increase.

5.2 Debt Impairment

Debt impairment decreased by R5,9 million, compared to the original budget. The decrease is attributable to a reduction in service charges, requiring a reduced budget provision for debt impairment.

5.3 Depreciation

Depreciation increased by R30,9 million, compared to the original budget. This increase is attributable to a review of assets' useful lives, influencing the budget provision for depreciation.

5.4 Bulk Purchases

Bulk Purchases increased by R12,4 million, compared to the original budget. This increase is mainly attributable to an increased budget provision being required for electricity bulk purchases, in line with current expenditure trends.

5.5 Contracted Services

Below is an analysis of contracted services:

	Original Budget R'000	Adjustments Budget R'000	Variance R'000
All contracted services	269,675	194,461	(75,214)
Less: IPTS – Operations	<u>140,000</u>	<u>21,349</u>	<u>118,651</u>
Sub-Total	129,675	173,112	R43,437
Add: Contracted Security Services (previously included under General Expenses)	<u>9,482</u>	<u>-</u>	<u>(9,482)</u>
Adjusted Budget Provision	<u>139,157</u>	<u>173,112</u>	<u>33,955</u>

Upon exclusion of the expenditure associated with the IPTS and the transfer of the contract security services budget provision from the general expenses category, the effective increase in contracted services amounted to R33.9 million, compared to the original 2011/12 budget. This amount is mainly made up as follows:

Increase in contract security services	<u>8,315</u>
Increase in Nelson Mandela Bay Stadium Operational and Maintenance Costs	<u>7,690</u>
Nelson Mandela Bay Stadium events expenditure	<u>17,000</u>
	<u>33,005</u>

In relation to contract security services, the Management Team has resolved that:

- The Executive Directors concerned implement measures to limit expenditure on contract security services to the available budgetary provisions.
- The Acting Executive Director: Safety and Security undertake a detailed assessment of the Municipality's actual need for contract security services, and the associated financial implications.
- The Acting Executive Director: Safety and Security upon request by the Directorate concerned for specific security services, determine the level of security required, including the associated financial implications and advise the Directorate concerned accordingly.

5.6 Transfer and Grants

Transfers and grants decreased by R47 million, compared to the original budget. This decrease is attributable to a reduction in the number of households receiving free basic services, in view of the ongoing verification of ATTP beneficiaries and free basic electricity now only being provided to qualifying ATTP households.

5.7 General Expenses

General expenses increased by R420,7 million, compared to the original budget. This increase is mainly attributable to the following:

	<u>R'000</u>
Provision for housing top structures	350,000
Electricity Demand Side Management Initiatives (unspent grant from previous financial year)	38,288
Capital spending moved to Operating Budget (General Valuation Project, Land Asset Management Systems)	15,100
Provision for sports development	<u>11,815</u>
	<u>415,203</u>

An amount of R350 million has been included for housing top structures, based on a written confirmation received from the Provincial Government. At the time of preparing the 2011/12 Operating Budget, such confirmation had not been received and accordingly no provision was made in the original 2011/12 Operating Budget.

In accordance with the relevant accounting practices, the spending associated with the General Valuation Project and Financial Asset Management Project, should be treated as operating expenditure.

The budget provision of R11.8 million for sports development relates to funding the hosting of soccer matches at the Nelson Mandela Bay Stadium. This expenditure was incurred to establish the stadium as a football venue, so as to possibly attract a PSL anchor tenant for the stadium.

The following graphs explain the revenue and expenditure components in more detail:

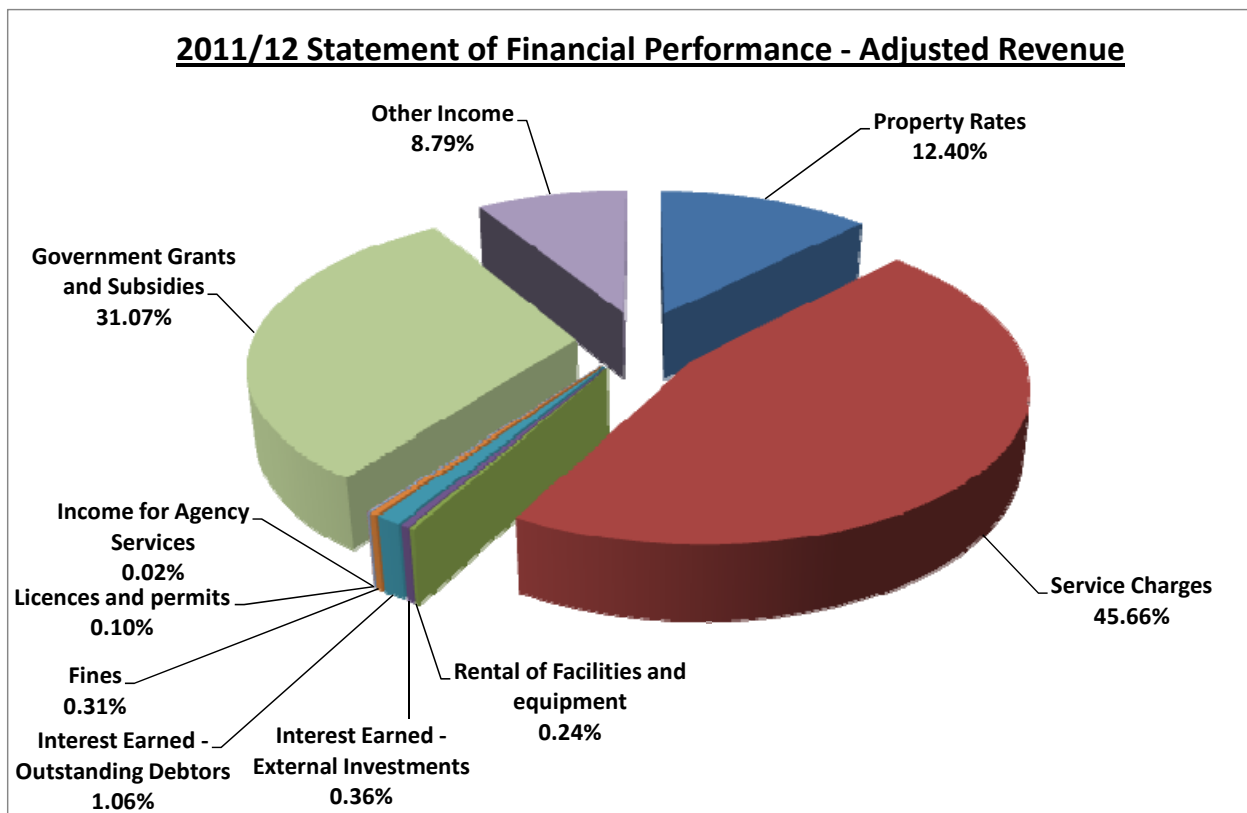
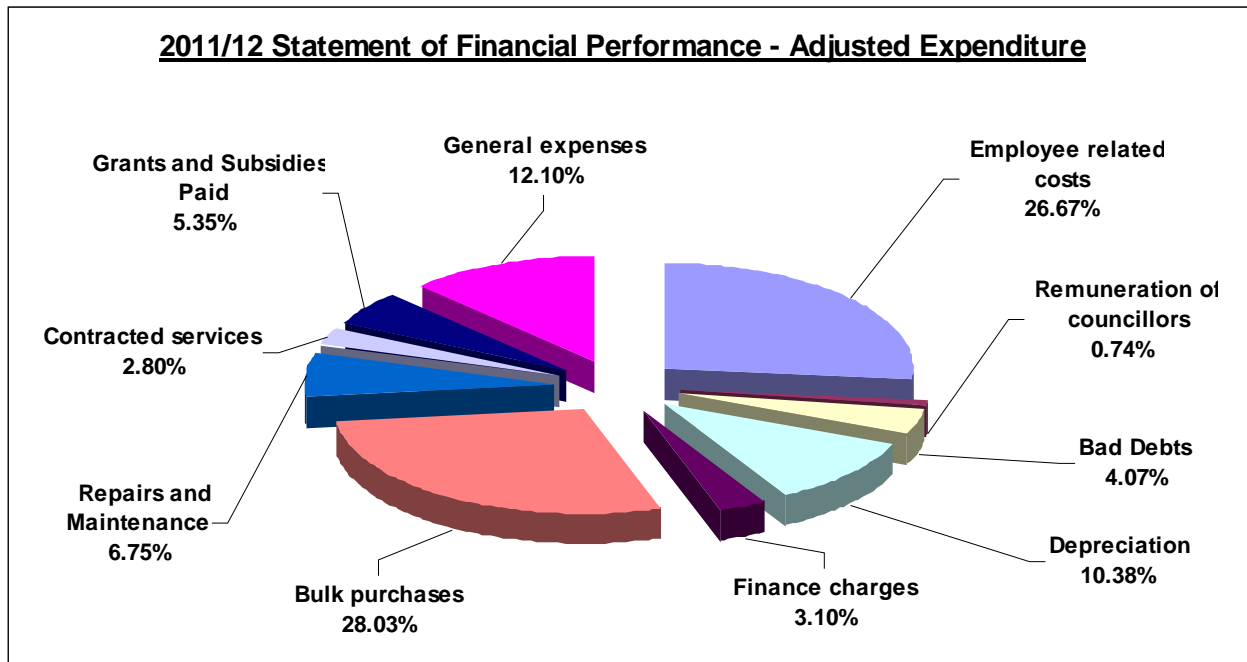


Table B5 - Adjustments Capital Expenditure Budget by vote, standard classification and funding source

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Capital expenditure - Vote									
<u>Multi-year expenditure to be adjusted</u>									
Vote 1 - Budget and Treasury	54,965	-	-	-	-	-	(27,100)	(27,100)	27,865
Vote 2 - Public Health	25,094	-	-	-	-	-	16,612	16,612	41,706
Vote 3 - Housing and Land	90,000	-	-	-	-	-	12,000	12,000	102,000
Vote 4 - Economic Development and Recreational Services	32,000	-	-	-	-	-	29,318	29,318	61,318
Vote 5 - Corporate Services	30,500	-	-	-	-	-	5,839	5,839	36,339
Vote 6 - Rate and General Engineers	395,300	-	-	-	-	-	(96,138)	(96,138)	299,162
Vote 7 - Water Service	473,000	-	-	-	-	-	(63,000)	(63,000)	410,000
Vote 8 - Sanitation	116,373	-	-	-	-	-	2,350	2,350	118,723
Vote 9 - Electricity and Energy	86,000	-	-	-	-	-	-	-	86,000
Vote 10 - Executive and Council	12,000	-	-	-	-	-	-	-	12,000
Vote 11 - Safety and Security	6,500	-	-	-	-	-	(1,691)	(1,691)	4,809
Vote 12 - Nelson Mandela Bay Stadium	-	-	-	-	-	-	-	-	-
Vote 13 - Strategic Programs Directorate	38,275	-	-	-	-	-	(3,595)	(3,595)	34,680
Capital multi-year expenditure sub-total	1,360,007	-	-	-	-	-	(125,405)	(125,405)	1,234,602
<u>Single-year expenditure to be adjusted</u>									
Vote 1 - Budget and Treasury	-	-	-	-	-	-	-	-	-
Vote 2 - Public Health	-	-	-	-	-	-	-	-	-
Vote 3 - Housing and Land	-	-	-	-	-	-	-	-	-
Vote 4 - Economic Development and Recreational Services	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services	-	-	-	-	-	-	-	-	-
Vote 6 - Rate and General Engineers	-	-	-	-	-	-	-	-	-
Vote 7 - Water Service	-	-	-	-	-	-	-	-	-
Vote 8 - Sanitation	-	-	-	-	-	-	-	-	-
Vote 9 - Electricity and Energy	-	-	-	-	-	-	-	-	-
Vote 10 - Executive and Council	-	-	-	-	-	-	-	-	-
Vote 11 - Safety and Security	-	-	-	-	-	-	-	-	-
Vote 12 - Nelson Mandela Bay Stadium	-	-	-	-	-	-	-	-	-
Vote 13 - Strategic Programs Directorate	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	1,360,007	-	-	-	-	-	(125,405)	(125,405)	1,234,602
<u>Capital Expenditure - Standard</u>									
<i>Governance and administration</i>	97,465	-	-	-	-	-	(21,261)	(21,261)	76,204
Executive and council	12,000	-	-	-	-	-	-	-	12,000
Budget and treasury office	54,965	-	-	-	-	-	(27,100)	(27,100)	27,865
Corporate services	30,500	-	-	-	-	-	5,839	5,839	36,339
<i>Community and public safety</i>	112,094	-	-	-	-	-	31,604	31,604	143,698

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Community and social services	3,000						-	-	3,000
Sport and recreation	9,000						19,225	19,225	28,225
Public safety	6,500						(1,691)	(1,691)	4,809
Housing	90,000						12,000	12,000	102,000
Health	3,594						2,070	2,070	5,664
<i>Economic and environmental services</i>	464,575	-	-	-	-	-	(87,549)	(87,549)	377,026
Planning and development	58,275						6,497	6,497	64,772
Road transport	395,300						(96,138)	(96,138)	299,162
Environmental protection	11,000						2,092	2,092	13,092
<i>Trading services</i>	685,873	-	-	-	-	-	(48,200)	(48,200)	637,673
Electricity	86,000						-	-	86,000
Water	473,000						(63,000)	(63,000)	410,000
Waste water management	116,373						2,350	2,350	118,723
Waste management	10,500						12,450	12,450	22,950
<i>Other</i>								-	-
Total Capital Expenditure - Standard	1,360,007	-	-	-	-	-	(125,405)	(125,405)	1,269,602
Funded by:									
National Government	1,246,467						(208,961)	(208,961)	1,037,506
Provincial Government								-	-
District Municipality								-	-
Other transfers and grants	3,000						-	-	3,000
Total Capital transfers recognised	1,249,467	-	-	-	-	-	(208,961)	(208,961)	1,040,506
Public contributions & donations	38,000						-	-	38,000
Borrowing	-						-	-	-
Internally generated funds	122,540						33,555	33,555	156,095
Total Capital Funding	1,410,007	-	-	-	-	-	(175,405)	(175,405)	1,234,602

Explanatory notes to Table B5 – Adjustments Capital Expenditure Budget by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The Adjustments budgeted capital expenditure was arrived at, taking into account budget adjustments and unspent funds as at the end of the 2010/11 financial year (refer Annexure "B" for the relevant project details).
- The reduction in the capital grant funding is mainly attributable to the projected spending on grant funded projects being lower than initially anticipated. Furthermore, the increase in internal funding is attributable to the planned spending of funds, which remained unspent as at the end of the 2010/11 financial year.

Table B6 - Adjustments Budget Financial Position

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
ASSETS									
Current assets									
Cash	200,000						-	-	200,000
Call investment deposits	242,619	-	-	-	-	-	321,316	321,316	563,935
Consumer debtors	761,585	-	-	-	-	-	(215,217)	(215,217)	546,368
Other debtors	180,000						210,715	210,715	390,715
Current portion of long-term receivables	20						-	-	20
Inventory	100,000						14,700	14,700	114,700
Total current assets	1,484,224	-	-	-	-	-	331,514	331,514	1,815,738
Non current assets									
Long-term receivables	63,499						-	-	63,499
Investments	20								20
Investment property	-						71,231	71,231	71,231
Investment in Associate	-								-
Property, plant and equipment	12,400,545	-	-	-	-	-	(40,940)	(40,940)	12,359,605
Agricultural	-								-
Biological	-								-
Intangible	401,071						30,328	30,328	431,399
Other non-current assets	-								-
Total non current assets	12,865,135	-	-	-	-	-	(60,619)	(60,619)	12,925,753
TOTAL ASSETS	14,349,358	-	-	-	-	-	392,133	392,133	14,741,491
LIABILITIES									
Current liabilities									
Bank overdraft	-								-
Borrowing	98,682	-	-	-	-	-	(1,238)	(1,238)	97,444
Consumer deposits	82,585								82,585
Trade and other payables	1,240,000	-	-	-	-	-	325,604	325,604	1,565,604
Provisions	53,600								53,600
Total current liabilities	1,474,867	-	-	-	-	-	324,366	324,366	1,799,233
Non current liabilities									
Borrowing	1,729,021	-	-	-	-	-	5,151	5,151	1,734,172
Provisions	1,217,376	-	-	-	-	-			1,217,376
Total non current liabilities	2,946,397	-	-	-	-	-	5,151	5,151	2,951,548
TOTAL LIABILITIES	4,421,264	-	-	-	-	-	329,517	329,517	4,750,781
NET ASSETS	9,928,094	-	-	-	-	-	62,616	62,616	9,990,710
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	3,535,230	-	-	-	-	-	715,864	715,864	4,251,094

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Proceeds on disposal of PPE	-							-	-
Decrease (Increase) in non-current debtors								-	-
Decrease (increase) other non-current receivables	1,297						-	-	1,297
Decrease (increase) in non-current investments	-							-	-
Payments									
Capital assets	(1,364,466)						71,748	71,748	(1,292,718)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,363,169)	-	-	-	-	-	71,748	71,748	(1,291,421)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans								-	-
Borrowing long term/refinancing	-							-	-
Increase (decrease) in consumer deposits	2,515							-	2,515
Payments									
Repayment of borrowing	(92,211)						152	152	(92,058)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(89,696)	-	-	-	-	-	152	152	(89,543)
NET INCREASE/ (DECREASE) IN CASH HELD	164,626	-	-	-	-	-	152,036	152,036	316,662
Cash/cash equivalents at the year begin:	277,992						169,281	169,281	447,273
Cash/cash equivalents at the year end:	442,619	-	-	-	-	-	321,317		763,935

Explanatory notes to Table B7 – Adjustments Budget Cash Flow Statement

1. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
2. It reflects the expected cash in-flows versus cash out-flows that is likely to result from the implementation of the budget.
3. The cash position of the Municipality increased by R321.3 million from R442,6 million in the original 2011/12 Budget, to R763.9 million in the 2011/12 Adjustments Budget. This increase is mainly attributable to the projected under-spending on grant funded projects.
4. The Municipality will have to maintain its efforts of enforcing strict cash flow management and monitoring on an ongoing basis.

Table B8 - Cash backed reserves/accumulated surplus reconciliation

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Cash and investments available									
Cash/cash equivalents at the year end	442,619	-	-	-	-	-	321,316	321,316	763,934
Other current investments > 90 days	0	-	-	-	-	-	-	0	0
Non current assets - Investments	20	-	-	-	-	-	-	-	20
Cash and investments available:	442,639	-	-	-	-	-	321,316	321,316	763,934
Applications of cash and investments									
Unspent conditional transfers	-	-	-	-	-	-	-	-	-
Unspent borrowing									
Statutory requirements									
Other working capital requirements	393,731	-					293,727	293,727	687,458
Other provisions									
Long term investments committed	-	-							
Reserves to be backed by cash/investments	47,000	-							47,000
Total Applications of cash and investments:	440,731	-	-	-	-	-	293,727	293,727	734,458
Surplus(shortfall)	1,908	-	-	-	-	-	27,590	27,590	29,497

Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The table assesses the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 Budget, the end objective was to ensure that the budget is funded as required in accordance with section 18 of the MFMA.
4. It is to be noted that the original 2011/12 Budget reflected a funding surplus of R1,9 million, which has increased to R29.5 million in the 2011/12 Adjustments Budget.
5. The Adjustments Budget funding position indicates that the Municipality must exercise strict fiscal discipline to improve its funding position. The funding position is influenced by the declining trends in electricity and water consumption and increases in cost drivers, such as contract security services and electricity bulk purchases.

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
<i>Minimum Service Level and Above sub-total</i>	271	-	-	-	-	-	-	-	271
Electricity (< min.service level)									-
Electricity - prepaid (< min. service level)									-
Other energy sources									-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	271	-	-	-	-	-	-	-	271
<u>Refuse:</u>									
Removed at least once a week (min.service)	275								275
Minimum Service Level and Above sub-total	275	-	-	-	-	-	-	-	275
Removed less frequently than once a week									-
Using communal refuse dump									-
Using own refuse dump									-
Other rubbish disposal									-
No rubbish disposal	1								1
<i>Below Minimum Service Level sub-total</i>	1	-	-	-	-	-	-	-	1
Total number of households	276	-	-	-	-	-	-	-	276
<u>Households receiving Free Basic Service</u>									
Water (6 kilolitres per household per month)	85						(10)	(10)	75
Sanitation (free minimum level service)	85						(10)	(10)	75
Electricity/other energy (50kwh per household per month)	85						(17)	(17)	68
Refuse (removed at least once a week)	79						(9)	(9)	70
<u>Cost of Free Basic Services provided (R'000)</u>									
Water (6 kilolitres per household per month)	20						40	40	60
Sanitation (free sanitation service)	56						(1)	(1)	55
Electricity/other energy (50kwh per household per month)	49						(7)	(7)	42
Refuse (removed once a week)	53						-	-	53
Total cost of FBS provided (minimum social package)	178	-	-	-	-	-	32	32	210
<u>Highest level of free service provided</u>									
Property rates (R'000 value threshold)	15								15
Water (kilolitres per household per month)	8								8
Sanitation (kilolitres per household per month)	11								11
Sanitation (Rand per household per month)	86						(24)	(24)	62
Electricity (kw per household per month)	75								75
Refuse (average litres per week)							-	-	-
<u>Revenue cost of free services provided (R'000)</u>									
Property rates (R15 000 threshold rebate)	18						2	2	20
Property rates (other exemptions, reductions and rebates)	50						(23)	(23)	27
Water	68						(8)	(8)	60
Sanitation	56						21	21	77
Electricity/other energy	49						(6)	(6)	43
Refuse	53						-	-	53
Municipal Housing - rental rebates									-
Housing - top structure subsidies									-
Other							5	5	5

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
Total revenue cost of free services provided (total social package)	294	-	-	-	-	-	(9)	(9)	284

Explanatory notes to Table B10 - Basic Service Delivery Measurement

- Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

1.5 Consolidated Budget Tables

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's and the Entity's 2011/12 Adjustments Budget to be noted by Council.

Table B1 –Consolidated Budget Summary

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Financial Performance									
Property rates	961,565	-	-	-	-	-	-	-	961,565
Service charges	3,648,779	-	-	-	-	-	(108,525)	(108,525)	3,540,253
Investment revenue	102,750	-	-	-	-	-	9,743	9,743	112,493
Transfers recognised - operational	1,384,487	-	-	-	-	-	(150,393)	(150,393)	1,234,094
Other own revenue	269,374	-	-	-	-	-	461,204	461,204	730,578
Total Revenue (excluding capital transfers and contributions)	6,366,955						212,030	212,030	6,578,984
Employee costs	1,866,226	-	-	-	-	-	(16,357)	(16,357)	1,849,869
Remuneration of councillors	51,084	-	-	-	-	-	-	-	51,084
Depreciation & asset impairment	689,301	-	-	-	-	-	30,980	30,980	720,280
Finance charges	221,117	-	-	-	-	-	(5,805)	(5,805)	215,312
Materials and bulk purchases	2,390,218	-	-	-	-	-	22,314	22,314	2,412,532
Transfers and grants	417,961	-	-	-	-	-	(47,000)	(47,000)	370,961
Other expenditure	985,213	-	-	-	-	-	339,490	339,490	1,324,703
Total Expenditure	6,621,119						323,621	323,621	6,944,741
Surplus/(Deficit)	(254,165)						(111,592)	(111,592)	(365,757)
Transfers recognised - capital	1,249,467	-	-	-	-	-	(224,036)	(224,036)	1,025,431
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	995,302						(335,627)	(335,627)	659,675

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Sanitation/sewerage:	22	-	-	-	-	-	-	-	22
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	1	-	-	-	-	-	-	-	1

Table B2 –Consolidated Budget Financial Performance

Standard Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Revenue - Standard									
<i>Governance and administration</i>	1,689,573	-	-	-	-	-	57,444	57,444	1,747,018
Executive and council	1,237	-	-	-	-	-	31	31	1,268
Budget and treasury office	1,670,069	-	-	-	-	-	56,840	56,840	1,726,908
Corporate services	18,268	-	-	-	-	-	574	574	18,841
<i>Community and public safety</i>	189,745	-	-	-	-	-	365,742	365,742	555,488
Community and social services	14,917	-	-	-	-	-	9,468	9,468	24,386
Sport and recreation	42,316	-	-	-	-	-	9,741	9,741	52,057
Public safety	27,700	-	-	-	-	-	(880)	(880)	26,820
Housing	5,899	-	-	-	-	-	350,551	350,551	356,450
Health	98,913	-	-	-	-	-	(3,138)	(3,138)	95,775
<i>Economic and environmental services</i>	868,893	-	-	-	-	-	(194,169)	(194,169)	674,724
Planning and development	436,428	-	-	-	-	-	(86,184)	(86,184)	350,244
Road transport	411,096	-	-	-	-	-	(119,579)	(119,579)	291,517
Environmental protection	21,369	-	-	-	-	-	11,594	11,594	32,963
<i>Trading services</i>	4,855,650	-	-	-	-	-	(235,896)	(235,896)	4,619,754
Electricity	2,958,915	-	-	-	-	-	(33,088)	(33,088)	2,925,827
Water	1,094,200	-	-	-	-	-	(172,209)	(172,209)	921,991
Waste water management	554,189	-	-	-	-	-	(9,082)	(9,082)	545,107
Waste management	248,347	-	-	-	-	-	(21,517)	(21,517)	226,830
<i>Other</i>	12,559	-	-	-	-	-	(5,127)	(5,127)	7,431
Total Revenue - Standard	7,616,421	-	-	-	-	-	(12,006)	(12,006)	7,604,415
Expenditure - Standard									
<i>Governance and administration</i>	978,127	-	-	-	-	-	92,995	92,995	1,071,122
Executive and council	172,195	-	-	-	-	-	(16,888)	(16,888)	155,308
Budget and treasury office	563,805	-	-	-	-	-	5,953	5,953	569,748
Corporate services	242,127	-	-	-	-	-	93,157	93,157	335,284
<i>Community and public safety</i>	930,311	-	-	-	-	-	239,342	239,342	1,169,653

Standard Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Community and social services	211,283	-	-	-	-	-	(74,414)	(74,414)	136,869
Sport and recreation	146,248	-	-	-	-	-	(26,273)	(26,273)	119,975
Public safety	338,366	-	-	-	-	-	(263)	(263)	338,103
Housing	34,328	-	-	-	-	-	355,622	355,622	389,950
Health	200,086	-	-	-	-	-	(15,330)	(15,330)	184,756
<i>Economic and environmental services</i>	1,013,800	-	-	-	-	-	(148,749)	(148,749)	865,051
Planning and development	534,853	-	-	-	-	-	(54,914)	(54,914)	479,939
Road transport	215,246	-	-	-	-	-	(67,158)	(67,158)	148,087
Environmental protection	263,701	-	-	-	-	-	(26,676)	(26,676)	237,025
<i>Trading services</i>	3,647,871	-	-	-	-	-	137,723	137,723	3,785,594
Electricity	2,490,120	-	-	-	-	-	41,515	41,515	2,531,635
Water	491,633	-	-	-	-	-	(7,954)	(7,954)	483,679
Waste water management	433,987	-	-	-	-	-	46,335	46,335	480,322
Waste management	232,132	-	-	-	-	-	57,827	57,827	289,959
<i>Other</i>	51,008	-	-	-	-	-	13,095	13,095	64,103
Total Expenditure - Standard	6,621,116	-	-	-	-	-	323,624	323,624	6,944,741
Surplus/ (Deficit) for the year	995,304	-	-	-	-	-	(335,630)	(335,630)	659,674

Table B3 –Consolidated Budget Financial Performance by Vote

Vote Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Revenue by Vote									
Vote 1 - Budget and Treasury	1,670,081	-	-	-	-	-	56,840	56,840	1,726,921
Vote 2 - Public Health	371,447	-	-	-	-	-	(13,312)	(13,312)	358,135
Vote 3 - Housing and Land	115,661	-	-	-	-	-	357,551	357,551	473,212
Vote 4 - Economic Development and Recreational Services	183,656	-	-	-	-	-	(8,106)	(8,106)	175,550
Vote 5 - Corporate Services	11,933	-	-	-	-	-	1,640	1,640	13,574
Vote 6 - Rate and General Engineers	538,358	-	-	-	-	-	(228,781)	(228,781)	309,577
Vote 7 - Water Service	1,094,200	-	-	-	-	-	(172,209)	(172,209)	921,991
Vote 8 - Sanitation	554,189	-	-	-	-	-	(9,082)	(9,082)	545,107
Vote 9 - Electricity and Energy	2,958,915	-	-	-	-	-	(33,088)	(33,088)	2,925,827
Vote 10 - Executive and Council	1,636	-	-	-	-	-	138	138	1,774
Vote 11 - Safety and Security	45,540	-	-	-	-	-	(880)	(880)	44,661
Vote 12 - Nelson Mandela Bay Stadium	-	-	-	-	-	-	62,000	62,000	62,000
Vote 13 - Strategic Programmes Directorate	70,805	-	-	-	-	-	(24,718)	(24,718)	46,087

Vote Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Total Revenue by Vote	7,616,422	-	-	-	-	-	(12,007)	(12,007)	7,604,415
Expenditure by Vote									
Vote 1 - Budget and Treasury	541,437	-	-	-	-	-	7,362	7,362	548,799
Vote 2 - Public Health	712,821	-	-	-	-	-	15,340	15,340	728,161
Vote 3 - Housing and Land	137,041	-	-	-	-	-	350,983	350,983	488,024
Vote 4 - Economic Development and Recreational Services	479,484	-	-	-	-	-	(65,306)	(65,306)	414,178
Vote 5 - Corporate Services	237,239	-	-	-	-	-	118,473	118,473	355,712
Vote 6 - Rate and General Engineers	472,828	-	-	-	-	-	(152,368)	(152,368)	320,459
Vote 7 - Water Service	491,633	-	-	-	-	-	(9,802)	(9,802)	481,831
Vote 8 - Sanitation	385,192	-	-	-	-	-	2,087	2,087	387,279
Vote 9 - Electricity and Energy	2,491,320	-	-	-	-	-	40,315	40,315	2,531,635
Vote 10 - Executive and Council	202,171	-	-	-	-	-	(7,328)	(7,328)	194,843
Vote 11 - Safety and Security	346,276	-	-	-	-	-	(925)	(925)	345,351
Vote 12 Nelson Mandela Bay Stadium	88,939	-	-	-	-	-	31,769	31,769	120,708
Vote 13 - Strategic Programmes Directorate	34,739	-	-	-	-	-	(6,979)	(6,979)	27,761
Total Expenditure by Vote	6,621,118	-	-	-	-	-	323,622	323,622	6,944,740
Surplus/ (Deficit) for the year	995,303	-	-	-	-	-	(335,628)	(335,628)	659,675

Table B4 –Consolidated Budget Financial Performance Revenue and Expenditure

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Revenue By Source									
Property rates	961,565	-	-	-	-	-	-	-	961,565
Property rates - penalties & collection charges									-
Service charges - electricity revenue	2,753,364	-	-	-	-	-	(35,000)	(35,000)	2,718,364
Service charges - water revenue	465,383	-	-	-	-	-	(63,315)	(63,315)	402,068
Service charges - sanitation revenue	295,170	-	-	-	-	-	(12,076)	(12,076)	283,094
Service charges - refuse revenue	134,861	-	-	-	-	-	1,866	1,866	136,727
Service charges - other									-
Rental of facilities and equipment	18,791						(360)	(360)	18,431
Interest earned - external investments	23,757						6,743	6,743	30,500
Interest earned - outstanding debtors	78,993						3,000	3,000	81,993
Dividends received									-
Fines	24,998						(879)	(879)	24,119
Licences and permits	7,399						-	-	7,399
Agency services	1,402						-	-	1,402

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Transfers recognised - operating	1,384,487						(150,393)	(150,393)	1,234,094
Other revenue	216,784	-	-	-	-	-	462,443	462,443	679,227
Gains on disposal of PPE								-	-
Total Revenue (excluding capital transfers and contributions)	6,366,955	-	-	-	-	-	212,030	212,030	6,578,984
<u>Expenditure By Type</u>									
Employee related costs	1,866,226	-	-	-	-	-	(16,357)	(16,357)	1,849,869
Remuneration of councillors	51,084						-	-	51,084
Debt impairment	288,147						(5,995)	(5,995)	282,151
Depreciation & asset impairment	689,301	-	-	-	-	-	30,980	30,980	720,280
Finance charges	221,117						(5,805)	(5,805)	215,312
Bulk purchases	1,931,746	-	-	-	-	-	12,382	12,382	1,944,128
Other materials	458,472						9,932	9,932	468,404
Contracted services	269,675	-	-	-	-	-	(75,214)	(75,214)	194,461
Transfers and grants	417,961						(47,000)	(47,000)	370,961
Other expenditure	427,391	-	-	-	-	-	420,700	420,700	848,091
Loss on disposal of PPE								-	-
Total Expenditure	6,621,119	-	-	-	-	-	323,621	323,621	6,944,741
Surplus/(Deficit)	(254,165)	-	-	-	-	-	(111,592)	(111,592)	(365,757)
Transfers recognised - capital	1,249,467						(224,036)	(224,036)	1,025,431
Contributions								-	-
Contributed assets								-	-
Surplus/(Deficit) before taxation	995,302	-	-	-	-	-	(335,627)	(335,627)	659,675
Taxation								-	-
Surplus/(Deficit) after taxation	995,302	-	-	-	-	-	(335,627)	(335,627)	659,675
Attributable to minorities								-	-
Surplus/(Deficit) attributable to municipality	995,302	-	-	-	-	-	(335,627)	(335,627)	659,675
Share of surplus/ (deficit) of associate								-	-
Surplus/ (Deficit) for the year	995,302	-	-	-	-	-	(335,627)	(335,627)	659,675

Table B5 – Consolidated Budget Capital Expenditure – Standard Classification

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Capital expenditure - Vote									
<u>Multi-year expenditure to be adjusted</u>									
Vote 1 - Budget and Treasury	54,965	-	-	-	-	-	(27,100)	(27,100)	27,865
Vote 2 - Public Health	25,094	-	-	-	-	-	16,612	16,612	41,706
Vote 3 - Housing and Land	90,000	-	-	-	-	-	12,000	12,000	102,000
Vote 4 - Economic Development and Recreational Services	78,725	-	-	-	-	-	73,818	73,818	152,543
Vote 5 - Corporate Services	30,500	-	-	-	-	-	5,839	5,839	36,339
Vote 6 - Rate and General Engineers	395,300	-	-	-	-	-	(96,138)	(96,138)	299,162
Vote 7 - Water Service	473,000	-	-	-	-	-	(63,000)	(63,000)	410,000
Vote 8 - Sanitation	116,373	-	-	-	-	-	2,350	2,350	118,723
Vote 9 - Electricity and Energy	86,000	-	-	-	-	-	-	-	86,000
Vote 10 - Executive and Council	12,000	-	-	-	-	-	-	-	12,000
Vote 11 - Safety and Security	6,500	-	-	-	-	-	(1,691)	(1,691)	4,809
Vote 12 – Nelson Mandela Bay Stadium	-	-	-	-	-	-	-	-	-
Vote 13 - Strategic Programs Directorate	38,275	-	-	-	-	-	(3,595)	(3,595)	34,680
Capital multi-year expenditure sub-total	1,406,732	-	-	-	-	-	(80,905)	(80,905)	1,325,827
<u>Single-year expenditure to be adjusted</u>									
Vote 1 - Budget and Treasury	-	-	-	-	-	-	-	-	-
Vote 2 - Public Health	-	-	-	-	-	-	-	-	-
Vote 3 - Housing and Land	-	-	-	-	-	-	-	-	-
Vote 4 - Economic Development and Recreational Services	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services	-	-	-	-	-	-	-	-	-
Vote 6 - Rate and General Engineers	-	-	-	-	-	-	-	-	-
Vote 7 - Water Service	-	-	-	-	-	-	-	-	-
Vote 8 - Sanitation	-	-	-	-	-	-	-	-	-
Vote 9 - Electricity and Energy	-	-	-	-	-	-	-	-	-
Vote 10 - Executive and Council	-	-	-	-	-	-	-	-	-
Vote 11 - Safety and Security	-	-	-	-	-	-	-	-	-
Vote 12 – Nelson Mandela Bay Stadium	-	-	-	-	-	-	-	-	-
Vote 13 - Strategic Programs Directorate	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	1,406,732	-	-	-	-	-	(80,905)	(80,905)	1,325,827
<u>Capital Expenditure - Standard</u>									
<i>Governance and administration</i>	97,465	-	-	-	-	-	(21,261)	(21,261)	76,204
Executive and council	12,000	-	-	-	-	-	-	-	12,000
Budget and treasury office	54,965	-	-	-	-	-	(27,100)	(27,100)	27,865
Corporate services	30,500	-	-	-	-	-	5,839	5,839	36,339
<i>Community and public safety</i>	112,094	-	-	-	-	-	31,604	31,604	143,698
Community and social services	3,000	-	-	-	-	-	-	-	3,000
Sport and recreation	9,000	-	-	-	-	-	19,225	19,225	28,225

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Public safety	6,500						(1,691)	(1,691)	4,809
Housing	90,000						12,000	12,000	102,000
Health	3,594						2,070	2,070	5,664
<i>Economic and environmental services</i>	511,300	-	-	-	-	-	(43,049)	(43,049)	468,251
Planning and development	105,000						13,997	13,997	118,997
Road transport	395,300						(59,138)	(59,138)	336,162
Environmental protection	11,000						2,092	2,092	13,092
<i>Trading services</i>	685,873	-	-	-	-	-	(48,200)	(48,200)	637,673
Electricity	86,000						-	-	86,000
Water	473,000						(63,000)	(63,000)	410,000
Waste water management	116,373						2,350	2,350	118,723
Waste management	10,500						12,450	12,450	22,950
<i>Other</i>								-	-
Total Capital Expenditure - Standard	1,406,732	-	-	-	-	-	(80,905)	(80,905)	1,325,827
Funded by:									
National Government	1,246,467						(208,961)	(208,961)	1,037,506
Provincial Government								-	-
District Municipality								-	-
Other transfers and grants	3,000						-	-	3,000
Total Capital transfers recognised	1,249,467	-	-	-	-	-	(208,961)	(208,961)	1,040,506
Public contributions & donations	38,000						5,000	5,000	43,000
Borrowing	-						-	-	-
Internally generated funds	169,265						73,055	73,055	242,320
Total Capital Funding	1,456,732	-	-	-	-	-	(130,905)	(130,905)	1,325,827

Table B6 –Consolidated Budget Financial Position

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
ASSETS									
Current assets									
Cash	200,000						130	130	200,130
Call investment deposits	258,748	-	-	-	-	-	328,633	328,633	587,381
Consumer debtors	761,585	-	-	-	-	-	(215,217)	(215,217)	546,368
Other debtors	180,000						210,715	210,715	390,715
Current portion of long-term receivables	20						-	-	20
Inventory	100,000						14,700	14,700	114,700
Total current assets	1,500,353	-	-	-	-	-	338,961	338,961	1,839,314
Non current assets									
Long-term receivables	63,499						-	-	63,499
Investments	20								20
Investment property	-						71,231	71,231	71,231
Investment in Associate	-								-
Property, plant and equipment	12,447,162	-	-	-	-	-	4,459	4,459	12,451,620
Agricultural	-								-
Biological	-								-
Intangible	401,071						30,328	30,328	431,399
Other non-current assets	-								-
Total non current assets	12,911,751	-	-	-	-	-	106,018	106,018	13,017,769
TOTAL ASSETS	14,412,104	-	-	-	-	-	444,979	444,979	14,857,083
LIABILITIES									
Current liabilities									
Bank overdraft	-								-
Borrowing	98,682	-	-	-	-	-	(1,238)	(1,238)	97,444
Consumer deposits	82,585								82,585
Trade and other payables	1,240,000	-	-	-	-	-	325,604	325,604	1,565,604
Provisions	53,600								53,600
Total current liabilities	1,474,867	-	-	-	-	-	324,366	324,366	1,799,233
Non current liabilities									
Borrowing	1,729,021	-	-	-	-	-	5,151	5,151	1,734,172
Provisions	1,217,376	-	-	-	-	-			1,217,376
Total non current liabilities	2,946,397	-	-	-	-	-	5,151	5,151	2,951,548
TOTAL LIABILITIES	4,421,264	-	-	-	-	-	329,517	329,517	4,750,781
NET ASSETS	9,990,840	-	-	-	-	-	115,462	115,462	10,106,302
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	3,597,976	-	-	-	-	-	668,184	668,184	4,266,160
Reserves	6,392,864	-	-	-	-	-	(552,722)	(552,722)	5,840,142
TOTAL COMMUNITY WEALTH/EQUITY	9,990,840	-	-	-	-	-	115,462	115,462	10,106,302

Table B7 – Consolidated Budgeted Cash Flows

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	4,270,130						386,825	386,825	4,656,955
Government - operating	1,371,306						(88,899)	(88,899)	1,282,407
Government - capital	1,246,467						3,301	3,301	1,249,768
Interest	23,757						6,743	6,743	30,500
Dividends								-	-
Payments									
Suppliers and employees	(5,019,328)						(206,419)	(206,419)	(5,225,746)
Finance charges	(208,791)						(4,546)	(4,546)	(213,337)
Transfers and Grants	(23,315)						(3,177)	(3,177)	(26,492)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,660,226	-	-	-	-	-	93,828	93,828	1,754,054
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	-							-	-
Decrease (Increase) in non-current debtors								-	-
Decrease (increase) other non-current receivables	1,297						-	-	1,297
Decrease (increase) in non-current investments	-							-	-
Payments									
Capital assets	(1,411,191)						27,248	27,248	(1,383,943)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,409,894)	-	-	-	-	-	27,248	27,248	(1,382,646)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans								-	-
Borrowing long term/refinancing	-							-	-
Increase (decrease) in consumer deposits	2,515							-	2,515
Payments									
Repayment of borrowing	(92,211)						152	152	(92,058)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(89,696)	-	-	-	-	-	152	152	(89,543)
NET INCREASE/ (DECREASE) IN CASH HELD	160,636	-	-	-	-	-	121,228	121,228	281,864
Cash/cash equivalents at the year begin:	298,112						207,535	207,535	505,647
Cash/cash equivalents at the year end:	458,748						328,763	328,763	787,511

Table B8 –Consolidated Cash backed Reserves

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Cash and investments available									
Cash/cash equivalents at the year end	458,748	-	-	-	-	-	328,763	328,763	787,511
Other current investments > 90 days	0	-	-	-	-	-	0	0	0
Non current assets - Investments	20	-	-	-	-	-	-	-	20
Cash and investments available:	458,768	-	-	-	-	-	328,763	328,763	787,511
Applications of cash and investments									
Unspent conditional transfers	-	-	-	-	-	-	325,604	325,604	325,604
Unspent borrowing								-	-
Statutory requirements								-	-
Other working capital requirements	397,456	-					(33,981)	(33,981)	363,475
Other provisions								-	-
Long term investments committed	-	-						-	-
Reserves to be backed by cash/investments	47,000	-						-	47,000
Total Applications of cash and investments:	444,456	-	-	-	-	-	291,623	291,623	736,079
Surplus(shortfall)	14,312	-	-	-	-	-	37,140	37,140	51,452

Table B9 – Consolidated Asset Management

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
CAPITAL EXPENDITURE									
<u>Total New Assets to be adjusted</u>	1,072,472	-	-	-	-	-	(343,162)	(343,162)	729,310
<i>Infrastructure - Road transport</i>	248,800	-	-	-	-	-	(116,989)	(116,989)	131,811
<i>Infrastructure - Electricity</i>	60,400	-	-	-	-	-	(56,300)	(56,300)	4,100
<i>Infrastructure - Water</i>	435,000	-	-	-	-	-	(62,550)	(62,550)	372,450
<i>Infrastructure - Sanitation</i>	38,073	-	-	-	-	-	(35,573)	(35,573)	2,500
<i>Infrastructure - Other</i>	-	-	-	-	-	-	29,295	29,295	29,295
Infrastructure	782,273	-	-	-	-	-	(242,117)	(242,117)	540,156
Community	90,369	-	-	-	-	-	(43,557)	(43,557)	46,812
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	120,000	-	-	-	-	-	(18,000)	(18,000)	102,000
Other assets	14,865	-	-	-	-	-	(2,688)	(2,688)	12,177
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	64,965	-	-	-	-	-	(36,800)	(36,800)	28,165
<u>Total Renewal of Existing Assets to be adjusted</u>	334,260	-	-	-	-	-	262,257	262,257	596,517
<i>Infrastructure - Road transport</i>	112,500	-	-	-	-	-	52,190	52,190	164,690
<i>Infrastructure - Electricity</i>	25,600	-	-	-	-	-	56,300	56,300	81,900
<i>Infrastructure - Water</i>	45,000	-	-	-	-	-	(7,450)	(7,450)	37,550
<i>Infrastructure - Sanitation</i>	78,300	-	-	-	-	-	37,923	37,923	116,223
<i>Infrastructure - Other</i>	56,860	-	-	-	-	-	54,273	54,273	111,133
Infrastructure	318,260	-	-	-	-	-	193,236	193,236	511,496
Community	-	-	-	-	-	-	41,801	41,801	41,801
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	16,000	-	-	-	-	-	15,458	15,458	31,458
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	11,762	11,762	11,762
<u>Total Capital Expenditure to be adjusted</u>									
<i>Infrastructure - Road transport</i>	361,300	-	-	-	-	-	(64,800)	(64,800)	296,500
<i>Infrastructure - Electricity</i>	86,000	-	-	-	-	-	-	-	86,000
<i>Infrastructure - Water</i>	480,000	-	-	-	-	-	(70,000)	(70,000)	410,000
<i>Infrastructure - Sanitation</i>	116,373	-	-	-	-	-	2,350	2,350	118,723
<i>Infrastructure - Other</i>	56,860	-	-	-	-	-	83,568	83,568	140,428
Infrastructure	1,100,533	-	-	-	-	-	(48,881)	(48,881)	1,051,652
Community	90,369	-	-	-	-	-	(1,755)	(1,755)	88,614
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	120,000	-	-	-	-	-	(18,000)	(18,000)	102,000

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Removed at least once a week (min.service)	275,083							-	275,083
Minimum Service Level and Above sub-total	275,083	-	-	-	-	-	-	-	275,083
Removed less frequently than once a week								-	-
Using communal refuse dump								-	-
Using own refuse dump								-	-
Other rubbish disposal								-	-
No rubbish disposal	1,191							-	1,191
<i>Below Minimum Servic Level sub-total</i>	1,191	-	-	-	-	-	-	-	1,191
Total number of households	276,274	-	-	-	-	-	-	-	276,274
<u>Households receiving Free Basic Service</u>									
Water (6 kilolitres per household per month)	85,156						(9,915)	(9,915)	75,241
Sanitation (free minimum level service)	85,156						(9,915)	(9,915)	75,241
Electricity/other energy (50kwh per household per month)	85,156						(17,356)	(17,356)	67,800
Refuse (removed at least once a week)	78,705						(8,384)	(8,384)	70,321
<u>Cost of Free Basic Services provided (R'000)</u>									
Water (6 kilolitres per household per month)	20,258						39,576	39,576	59,834
Sanitation (free sanitation service)	56,071						(926)	(926)	55,145
Electricity/other energy (50kwh per household per month)	49,110						(7,228)	(7,228)	41,882
Refuse (removed once a week)	52,618						428	428	53,046
Total cost of FBS provided (minimum social package)	178,057	-	-	-	-	-	31,850	31,850	209,907
<u>Highest level of free service provided</u>									
Property rates (R'000 value threshold)	15,000							-	15,000
Water (kilolitres per household per month)	8							-	8
Sanitation (kilolitres per household per month)	11							-	11
Sanitation (Rand per household per month)	86						(24)	(24)	62
Electricity (kw per household per month)	75							-	75
Refuse (average litres per week)							200	200	200
<u>Revenue cost of free services provided (R'000)</u>									
Property rates (R15 000 threshold rebate)	18,419						2,180	2,180	20,599
Property rates (other exemptions, reductions and rebates)	49,717						(22,775)	(22,775)	26,942
Water	67,728						(8,427)	(8,427)	59,301
Sanitation	56,071						21,272	21,272	77,343
Electricity/other energy	49,110						(6,407)	(6,407)	42,703
Refuse	52,618						169	169	52,787

Description	Budget Year 2011/12								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands									
Municipal Housing - rental rebates								-	-
Housing - top structure subsidies								-	-
Other							4,800	4,800	4,800
Total revenue cost of free services provided (total social package)	293,663	-	-	-	-	-	(9,188)	(9,188)	284,475

PART 2 – SUPPORTING DOCUMENTATION

2.1 Adjustments to Budget Assumptions

The budget assumptions which informed the approved 2011/12 Budget have been maintained, except for the assumption impacting on employee related costs.

The 2011/12 Budget provided for a 8% increase in employee related costs. The negotiated settlement resulted in a 6,08% increase. The lower actual salary increase has resulted in the 2011/12 Adjustments Budget for employee related costs being R10 million lower than the original budget.

2.2 Adjustments to Budget Funding

2.2.1 Funding the Adjustments Budget

2.2.1.1 Funding of Operating Expenditure

The Municipality's operating expenditure is mainly funded from sources such as property rates, service charges and government grants. The table below reflects the funding sources:

Description	2011/12 Original Budget	2011/12 Adjustments Budget	Variance
	R	R	R
Revenue By Source			
Property rates	961,565	961,565	-
Service charges – electricity revenue	2,753,364	2,718,364	(35,000)-
Service charges – water revenue	465,383	402,068	(63,315)-
Service charges – sanitation revenue	295,170	283,094	(12,076)-
Service charges – refuse revenue	134,861	136,727	1,866-
Rental of facilities and equipment	18,791	18,431	(360)-
Interest earned – external investments	21,257	28,000	6,743
Interest earned – outstanding debtors	78,993	81,993	-3,000
Dividends received	-	-	-
Fines	24,998	24,119	(879)
Licences and permits	7,399	7,399	-
Agency services	1,402	1,402	-
Transfers recognized – operating	1,384,487	1,234,094	(150,393)
Other revenue	207,738	656,207	448,469-
Gains on disposal of PPE	-	-	-
Total Revenue (excluding capital transfers and contributions)	6,355,409	6,553,464	-198,056

2.2.1.2 Reconciliation showing that operating and capital expenditure remain funded in accordance with section 18 of the MFMA

Description R thousands	MFMA Section	2011/12	
		Original Budget	Adjustments Budget
Funding measures	-		
Cash/cash equivalents at the year end - R'000	18(1)b	442,619	763,9346
Cash + investments at the yr end less applications - R'000	18(1)b	1,908	29,497
Cash year end/monthly employee/supplier payments	18(1)b	1.1	1.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	999,401	643,608
Cash receipts % of Ratepayer and Other revenue	18(1)a,(2)	87.5%	89.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	6.25%	6.25%
Capital payments % of capital expenditure	18(1)c;19	100.3%	104,7%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0%	0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	(10.6%)	-(28.3)
Long term receivables % change - incr(decr)	18(1)a	(2.0%)	(2.0%)
R&M % of Property Plant & Equipment	20(1)(vi)	3.6%	3.6%
Asset renewal % of capital budget	20(1)(vi)	21.2%	41.6%

The aforementioned table reflects the funding status of the Adjustments Budget.

2.2.2 Adjustments to estimated collection levels

The original 2011/12 Operating Budget was based on a debtors' collection rate of 93.75%. This debtors' collection rate has been maintained in the 2011/12 Adjustments Budget.

2.2.3 Adjustments to NMBM's monetary investments

Below is an analysis of the investments by type and maturity.

INVESTMENT PARTICULARS BY TYPE

INVESTMENT PARTICULARS BY TYPE	Original Budget 2010/11	Adjustments Budget 2010/11
	R	R
<u>Investment Type</u>		
DEPOSITS WITH BANKS	442 619 000	763 934 000
TOTAL INVESTMENTS	442 619 000	763 934 000

INVESTMENT PARTICULARS BY MATURITY

<u>Name of Institution / Investment</u>	Period of Investment	Type of Investment	Expiry date of Investment	Monetary Value
2011/12 Original Budget				R
DEPOSITS WITH BANKS	1 - 3 Months	Fixed Term	Various	442 619 000
				442 619 000
2011/12 Adjustments Budget				
DEPOSITS WITH BANKS	1 - 3 Months	Fixed Term	Various	763 934 000
				763 934 000

2.2.4 Adjustments related to the planned use of previous years' cash backed accumulated surplus

No adjustments have been made pertaining to the planned use of the previous year's cash backed accumulated surplus, in the preparation of the 2011/12 Adjustments Budget.

2.2.5 Adjustments made to proposed new loans to be raised in the budget year

In view of financial affordability considerations, no new loans will be raised in the 2011/12 financial year.

2.2.6 Adjustments related to allocations and grants to the Municipality

2.2.6.1 Adjustments related to capital allocations and grants to the Municipality

Below is a summarised version of the adjustments relating to grant funding, supporting the Municipality's Capital Budget:

Adjustments Capital Expenditure Budget by grant funding			
Description	Budget Year 2011/12		
	Original Budget	Total Adjusts.	Adjustments Budget
R thousands	R	R	R
Funded by:			
National Government	1 196 467	(174 036)	1 022 431
Other transfers and grants	3 000	-	3 000
Total Capital transfers recognised	1 199 467	174 036	1 025 431

The relevant details, reflecting the capital projects in question, are contained in Annexure "A".

2.2.6.2 Adjustments related to allocations and grants to the Municipality

Below the adjustments pertaining to operating and capital allocations and grants:

Supporting Table SB7 Adjustments Budget - transfers and grant receipts -

Description	Budget Year 2011/12						
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands							
RECEIPTS:							
-							
<u>Operating Transfers and Grants</u>							
National Government:	1,270,578	-	-	-	(442,313)	(442,313)	828,265
DORA					(446,837)	(446,837)	823,741
Equitable Share	656,653					-	656,653
Levy replacement	419,132				(419,132)	(419,132)	-
Finance Management Grant	1,250					-	1,250
Electricity Demand Side Management Grant	20,000					-	20,000
Public Transport Infrastructure & Systems Grant					140,000	140,000	140,000
Urban Settlements Development Grant	-				3,809	3,809	3,809
Expanded Public Works Programme					2,029	2,029	2,029
Other transfers and grants [insert description]	173,543				(173,543)	(173,543)	-
NON-DORA					4,524	4,524	4,524
Skills development					3,924	3,924	3,924
Water Demand Management Grant					600	600	600
Levy replacement					-	-	-
Provincial Government:	100,728	-	-	-	346,753	346,753	447,481
Health	96,228				(5,045)	(5,045)	91,183

Description	Budget Year 2011/12						
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands							
Sports and Recreation	4,500				(4,500)	(4,500)	-
Library					5,747	5,747	5,747
Housing	-				350,000	350,000	350,000
Housing accreditation					551	551	551
Other transfers and grants [insert description]						-	-
District Municipality:	-	-	-	-	-	-	-
<i>[insert description]</i>						-	-
						-	-
Other grant providers:	-	-	-	-	6,770	6,770	6,770
International Donors					1,560	1,560	1,560
HIV / AIDS Columbia project					1,560	1,560	1,560
Other grant providers:					5,210	5,210	5,210
<i>Donar management</i>					5,000	5,000	5,000
<i>Marine and coastal Management Grant</i>					210	210	210
Total Operating Transfers and Grants	1,371,306	-	-	-	(88,791)	(88,791)	1,282,515
Capital Transfers and Grants							
National Government:	1,222,467	-	-	-	12,000	12,000	1,234,467
DORA							
Urban Settlements Development Grant	487,467				12,000	12,000	499,467
Public Transport Infrastructure & Systems Grant	200,000					-	200,000
Integrated National Electrification Programme Grant	25,000					-	25,000
Neighbourhood Development Partnership Grant	60,000					-	60,000
Municipal Drought Relief Grant					450,000	450,000	450,000
Other capital transfers [insert description]	450,000				(450,000)	(450,000)	-
Provincial Government:	-	-	-	-	-	-	-
Other capital grants (insert description)						-	-
						-	-
District Municipality:	-	-	-	-	-	-	-
<i>[insert description]</i>						-	-
						-	-
Other grant providers:	24,000	-	-	-	-	-	24,000
<i>Coega Grant</i>	15,000					-	15,000
<i>Bay West Development Grant</i>	9,000					-	9,000
Total Capital Transfers and Grants	1,246,467	-	-	-	12,000	12,000	1,258,467
TOTAL RECEIPTS OF TRANSFERS & GRANTS	2,617,773	-	-	-	(76,791)	(76,791)	2,540,982

Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programmes

Description	Budget Year 2011/12						
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands							
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:							
<u>Operating expenditure of Transfers and Grants</u>							
National Government:	1,328,260	-	-	-	(559,801)	(559,801)	768,459
DORA					(568,083)	(568,083)	760,177
Equitable share	656,653					-	656,653
Levy replacement	419,132				(419,132)	(419,132)	-
Finance Management	1,250					-	1,250
Electricity Demand Side Management Grant	20,000				38,288	38,288	58,288
Public Transport Infrastructure & Systems Grant					30,000	30,000	30,000
Urban Settlements Development Grant					4,357	4,357	4,357
Expanded Public Works Programme					5,629	5,629	5,629
Neighbourhood Development Partnership Grant					4,000	4,000	4,000
Other transfers and grants [insert description]	231,225				(231,225)	(231,225)	-
					-	-	-
Non-DORA					8,282	8,282	8,282
Skills development					7,682	7,682	7,682
Water Demand Management Grant					600	600	600
Provincial Government:	106,227	-	-	-	350,171	350,171	456,398
Health	96,228				(1,076)	(1,076)	95,152
Sports and Recreation	4,500				(4,500)	(4,500)	-
Library					5,747	5,747	5,747
Housing	5,499				344,501	344,501	350,000
Housing accreditation					5,499	5,499	5,499
Other transfers and grants [insert description]						-	-
District Municipality:	-	-	-	-	-	-	-
[insert description]						-	-
0						-	-
Other grant providers:	-	-	-	-	12,656	12,656	12,656
International Donors					4,256	4,256	4,256
SALA / IDA Swedish Gov					100	100	100
EU Funds					2,597	2,597	2,597
HIV / AIDS Columbia University Project					1,560	1,560	1,560
Other grant providers:					8,399	8,399	8,399
SBSA - HIV & TB Prevention					139	139	139
Marine and Coastal Management Project					210	210	210
Donor Management Services					5,000	5,000	5,000
National Lotteries Grant					3,050	3,050	3,050
Total operating expenditure of Transfers and Grants:	1,434,487	-	-	-	(196,974)	(196,974)	1,237,513
<u>Capital expenditure of Transfers and Grants</u>							

Description	Budget Year 2011/12						
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands							
National Government:	1,172,467	-	-	-	(138,886)	(138,886)	1,033,581
DORA					(141,886)	(141,886)	1,030,581
Urban Settlements Development Grant	487,467				12,301	12,301	499,768
Public Transport Infrastructure & Systems Grant	200,000				(105,000)	(105,000)	95,000
Integrated National Electrification Programme Grant	25,000				-	-	25,000
Neighbourhood Development Partnership Grant	60,000				(3,691)	(3,691)	56,309
Municipal Drought Relief Grant	400,000				(45,496)	(45,496)	354,504
Non-DORA					3,000	3,000	3,000
Other capital transfers [insert description]					3,000	3,000	3,000
Provincial Government:	-	-	-	-	-	-	-
Other capital grants (insert description)						-	-
0						-	-
District Municipality:	-	-	-	-	-	-	-
[insert description]						-	-
0						-	-
Other grant providers:	24,000	-	-	-	-	-	24,000
Coega Grant	15,000					-	15,000
Bay West Development Grant	9,000				-	-	9,000
Total capital expenditure of Transfers and Grants	1,196,467	-	-	-	(138,886)	(138,886)	1,057,581
Total capital expenditure of Transfers and Grants	2,630,954	-	-	-	(335,860)	(335,860)	2,295,094

2.3 Adjustments to expenditure on allocations and grant programmes

2.3.1 The adjustments made to planned capital expenditure of allocations and grants received

The adjustments made to planned capital expenditure, including the capital projects in question, are reflected in Annexure "A".

2.4 Adjustments to Councillors and Employee benefits

Below a summary of the adjustments made to Councillors' Remuneration and Employee Related Costs:

Description	Original Budget 2011/12	Adjustments Budget 2011/12	Variance
R thousands	R	R	R
Councillors' Remuneration	51 084	51 804	0
Employee Related Costs	1 859 569	1 849 569	10 000

It is to be noted that total employee related costs, is below the originally approved budget. The decrease of R10 million is mainly attributable to the final negotiated salary increase, being lower than the budgeted increase.

2.5 Adjustments to Service Delivery and Budget Implementation Plan (SDBIP)

It is to be noted that certain adjustments have been made to the quarterly service delivery targets and performance indicators as reflected in the 2011/12 Mid-Year report considered by Council in January 2012

2.6 Adjustments to Capital Expenditure

Annexure "B" contains a listing of all the adjusted capital programmes and projects of the Municipality, which are aligned to the Integrated Development Plan of the Municipality.

2.7 Acting Municipal Manager's Quality Certification

I, Themba Hani, Acting Municipal Manager of the Nelson Mandela Bay Metropolitan Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Print Name: **THEMBA HANI**

Acting Municipal Manager of Nelson Mandela Bay Municipality (EC000)

Signature _____

Date _____