

uMLALAZI
MUNICIPALITY



ADJUSTMENTS BUDGET
FOR THE
2011/2012 BUDGET YEAR
24 JANUARY 2012

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ABBREVIATIONS AND ACRONYMS

COGTA	-	Co-Operative Governance and Traditional Affairs
CPI	-	Consumer Price Index
DORA	-	Division of Revenue Act
GRAP	-	Generally Recognised Accounting Practice
IBT	-	Inclining Block Tariff
IDP	-	Integrated Development Plan
KDS	-	King Dinuzulu Suburb
KWH	-	Kilowatt Hour
LED	-	Local Economic Development
LG	-	Local Government
MIG	-	Municipal Infrastructure Grant
MFMA	-	Municipal Finance Management Act
MPRA	-	Municipal Property Rates Act
MSIG	-	Municipal Systems Improvement Grant
MTREF	-	Medium Term Revenue and Expenditure Framework
NERSA	-	National Electricity Regulator of South Africa
PMU	-	Project Management Unit
PPE	-	Property Plant and Equipment
SALGA	-	South African Local Government Association
SALGBC	-	South African Local Government Bargaining Council
SBD	-	Small Business Development
SDBIP	-	Service Delivery and Budget Implementation Plan
VAT	-	Value Added Tax

1. MAYOR'S REPORT

2011/2012 Adjustments budget presentation by his Worship the Mayor, Councillor TB Zulu, at the uMlalazi Council Meeting held in the Eshowe Council Chambers, on Tuesday 24 January 2012.

Mr Speaker, I wish to present an overview of the Adjustments Budget for the 2011/2012 budget year. This Adjustments Budget document is prepared in terms of the Municipal Budget and Reporting Regulations, promulgated in the Government Gazette No. 32141, dated 17 April 2009.

In his budget speech to parliament on 17 February 2011, the Minister of Finance said: "We cannot expect to do the same old things and expect different results." In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short lived and that the world economy may yet experience a second recessionary wave. uMlalazi Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things the increasing pressure on the cashflow of the man in the street; historic expenditure patterns and a general lack of "doing business smarter".

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

In his 2011 State of the Nation Address, the President signaled that government is primarily concerned about the continuing high levels of unemployment and poverty in the country.

To address these concerns, 2011 has been declared a year of job creation. Every sector and every business entity, regardless of size, is urged to focus on job creation. Every contribution counts in this national effort. All government departments will align their programmes with the job creation imperative. The provincial and local government spheres are requested to do the same.

As the President concluded:

Our goal is clear. We want to have a country where millions more South Africans have decent employment opportunities, which has a modern infrastructure and a vibrant economy and where the quality of life is high.

We all have a responsibility to work hard to make this a reality.

Everyone must think of how they can contribute to the jobs campaign through creating opportunities for themselves and others.

In drafting the 2011/2012 budget and MTREF, the municipality explored opportunities to mainstream labour intensive approaches to deliver services, and more particularly to participate fully in the Extended Public Works Programme.

However the municipality will not just employ more people without any reference to the level of staffing required to deliver effective services, and what is financially sustainable over the medium term. The municipality focused on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;

- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Extended Public Works Programme; and
- Implementing interns programmes to provide young people with on-the-job training.

With reference to employment creation, provision is made for the following:

- Contractors that are appointed for Municipal Infrastructure Grant (MIG) projects, are encouraged to make use of local labour;
- R4 800 000 from the equitable share is allocated for LED projects;
- R6 804 770 from the equitable share is allocated for work creation projects;
- The Director: Engineering Services has investigated the participation in the Extended Public Works Programme, and
- The Council has appointed five financial interns.

The adjustments budget depicts a total expenditure growth of R9 508 million or 4.49 %, which is made up as follows:

Capital adjustments Budget (increase) from	R 33 318 million to R 39 237 million
Operating adjustments budget (increase) from	R178 565 million to R182 154 million
	R211 883million to R221 391million or R9 508million (4.49%)

1.1 CAPITAL ADJUSTMENTS BUDGET

The components of the capital adjustments budget are as follows:

Capital requirements for municipal departments	-	R 5 949 000
Administration offices (alpha control)	-	R 500 000
Small business development: Eshowe Taxi Rank	-	R 3 100 000
Municipal Infrastructure grant projects	-	R29 028 000
Electrification of Sunnysdale housing	-	<u>R 660 000</u>
		R39 237 000

The capital adjustments budget will be spent on the following categories of assets:

Furniture & Equipment	R 1 654 000
Vehicles	R 751 000
Cemeteries	R 300 000
Sunnysdale Swimming Pool	R 820 000
Buildings	R 1 255 000
Urban Roads, Sidewalks, Stormwater	R21 788 000
SBD: Eshowe Taxi Rank	R 3 100 000
Testing Station	R 300 000
Creches	R 1 878 000
Sportsfields	R 2 427 000
Rural Roads, Bridges and Causeways	R 3 461 000
Electrification and Electrical Equipment	R 1 289 000
Eshowe Transfer Station	R 120 000
Total Capital Adjustments Budget	R39 237 000

The Capital adjustments budget will be funded as follows:

Equitable Share Grant	-	R 9 549 000
Municipal Infrastructure Grant	-	R21 609 000
Department of Minerals & Energy	-	R 660 000
Municipal Infrastructure Grant: VAT	-	<u>R 7 419 000</u>
		<u>R39 237 000</u>

1.2 OPERATING ADJUSTMENTS BUDGET

With specific reference to the Adjustments Budget Financial Performance table in the agenda item, the Adjustments Budget depicts a projected surplus of R115 790, against the projected surplus of R170 700 of the approved Budget for the 2011/2012 budget year.

After all the projected decreases and increase of the revenue and expenditure up to 30 June 2012 were captured, the adjustments budget reflected a deficit of R11 509 500.

To finance the deficit of R11 509 500, it is suggested to utilize the following funding:

Deficit	(R11 509 500)
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Operating funds:

Naickerville top-up	R 2 000 000
Increase in Eskom Supply	R 4 000 000
Savings on employee related costs	R 3 425 290
Increase on fair value of municipal properties	R 700 000

Capital Funds:

Decrease Alpha control building expenditure	<u>R 1 500 000</u>
	<u>R 115 790</u>

The option to utilize Naickerville top up, increase in Eskom supply and the Alpha control building funds, is a short term solution to address the deficit. These amounts will be placed again on the 2012/2013 budget.

The explanations of the projected decreases and increases of the revenue and expenditure, are reflected under the executive summary of the detailed adjustments budget documents.

1.3 UNFORESEEN AND UNAVOIDABLE EXPENDITURE

The following unforeseen and unavoidable expenditure was approved since July 2011:

<u>Description</u>	<u>Amount</u>
• Tractor loader backhoe(TLB) For Eshowe Waste Transfer Station	R405 347.39
• Strike Action: Cleaning and Removal of Refuse	R 74 890.46
• Security for Office Bearers	R203 821.04 pm
• Transportation required for Councillors and Ward Committee Members for the inauguration of ward committee members	R 50 200.00

1.4 ALLOCATIONS AND GRANT ADJUSTMENTS

The additional amount of R8 359 250 for government grants and subsidies is made up as follows:

Equitable Share grant	-	R6 593 270
Groundnut activities grant	-	R 500 000
Municipal systems improvement grant	-	R 529 440
Tourism information grant	-	R 6 450
Gratuity payment: non returning councilors	-	R 793 890
Financial management grant	-	R 283 600
Museum subsidy (Reduction)	-	(R 95 000)
Library cyber cadet grant	-	R 115 360
UDM environmental health subsidy (Reduction)	-	<u>(R 367 760)</u>
		<u>R8 359 250</u>

Taking the abovementioned explanations of the variances of the adjustments budget into account, I hereby recommend that the Council:

- approves the adjustments budget
- approves the revision to the service delivery targets and performance indicators in the service delivery and budget implementation plan.

Mr Speaker, I would like to take this opportunity to express my gratitude and appreciation to the following people:

- the Acting Municipal Manager, Directors and staff of the various departments, for their efforts to achieve their service delivery targets.
- The community in the municipal area for their support and co-operation, to make our municipality a pleasant area to stay in.

I accordingly table the adjustments budget as detailed in the document with recommendations 1 to 9 for final adoption by Council.

I thank you.

2. **BUDGET RELATED RESOLUTIONS**

RECOMMENDED

1. That the adjustments budget for the 2011/2012 budget year be approved as set-out in the following schedules:

	<i>Table</i>	<i>Pages</i>
1.1 Adjustments Budget Summary (Financial Performance, Capital Expenditure and Fund sources, Financial Position, Cash Flows & Asset Management)	B1	17
1.2 Adjustments Budgeted Financial Performance (Revenue and Expenditure by Standard classification)	B2	18
1.3 Adjustments Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)	B3	19
1.4 Adjustments Budgeted Financial Performance (Revenue and Expenditure)	B4	20
1.5 Adjustments Budgeted Capital Expenditure by Vote, Standard classification and funding	B5	23

2. That the financial position, cash flows, cash-backed reserve/ accumulated surplus, asset management and basic service delivery measurements are adopted as set out in the following tables:

2.1 Adjustments Budgeted Financial Position.	B6	25
2.2 Adjustments Budgeted Cash Flows.	B7	26
2.3 Cash backed reserves & accumulated surplus Reconciliation.	B8	27
2.4 Asset Management	B9	28
2.5 Basic Service Delivery Measurement	B10	30

3. That the adjusted distribution of the Equitable Share Grant be approved as follows:

DETAILS	BUDGET 2011/2012	ADJUSTED 2011/2012
International Relations	100 000	100 000
Community halls maintenance (Rural)	300 000	300 000
Community halls maintenance (Urban)	1 000 000	1 000 000
Rural Community Halls	855 000	855 000
Care Taking: rural buildings	300 000	
Youth development	400 000	400 000
Rural education (Creches)	314 640	314 640
Community support Programme	456 690	456 690
Local economic development (LED)	2 000 000	4 800 000
Ceremonial events	100 000	100 000
Commemorative celebrations	150 000	150 000
Rates relief	24 364 920	31 403 790
Depreciation on asset contribution	3 201 600	3 201 600
Poverty alleviation	1 500 000	1 500 000
Ward committee expenses	100 000	100 000
Councillors remuneration	3 128 000	3 128 000
Disaster assistance	700 000	700 000
Capacity building Fire station		130 030
Humanitarian Assistance	400 000	950 000
Sports Development	400 000	400 000
Cultural Development	100 000	100 000
HIV Relief	500 000	500 000
Clinics subsidy contribution	1 612 770	1 612 770
Work creation projects	1 292 020	1 292 020
Sportsfield security	350 000	512 750
Sportsfield maintenance	1 800 000	1 800 000
Rural grounds maintenance	400 000	400 000
Rural roads and causeways	2 900 000	2 900 000
Rehabilitation of urban roads	3 550 000	3 550 000
Free refuse	1 024 800	1 085 450
Solid waste relief	1 189 180	1 189 180
Naickerville housing top up	2 000 000	
Free electricity	1 065 000	922 700
Increase in Eskom Supply	4 000 000	
Eskom meter reading adjustment		2 293 270
New administration offices (alpha control)	2 000 000	500 000
Capital projects contributions	5 960 380	5 960 380
TOTAL	69 515 000	74 608 270

4. That all amended votes listed in Annexure Pages , on the Council's ABAKUS Financial System be approved and attached to the signed minutes.
5. That the revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, be approved.
6. That the Council consider to stop all catering expenses at functions and meetings.
7. That all subsistence and travel claims for Councillors and staff be approved on a prescribed application form, by the Mayor and Municipal Manager respectively, before Councillors and staff attend a workshop or meetings.
8. That the Director: Protection Services submit an action plan on how the revenue target on traffic fines will be achieved.
9. That the Director: Engineering Services submit an action plan on how the revenue for the use of the weigh bridges at the refuse transfer stations will improve.

3. EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were received as part of this year's planning and budget process. Where appropriate, funds were transferred from low to high priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The following table is a consolidated overview of the proposed 2011/2012 adjustments budget and medium term revenue and expenditure framework:

3.1 Consolidated Overview of the 2011/2012 Adjustments Budget and MTREF

Details	Original Budget 2011/2012	Adjusted Budget 2011/2012	Budget 2012/2013	Budget 2013/2014
Total operating revenue	178 736 000	182 270 000	196 555 000	218 546 000
Total operating expenditure	178 565 000	182 154 000	196 522 000	218 474 000
(Surplus)/Deficit for the year	(171 000)	(116 000)	(33 000)	(72 000)
Total Capital Expenditure	33 318 000	39 237 000	34 432 000	40 006 000

Total adjusted operating revenue has grown by 1.98 per cent or R3 534 000 for the 2011/2012 financial year. For the two outer years, operational revenue will increase by 9.97 and 22.27 per cent respectively, equating to a total revenue growth of R39 810 000 over the MTREF when compared to the 2011/2012 financial year.

Total adjusted operating expenditure for the 2011/2012 financial year has been appropriated at R182 154 000 and translates into a budgeted surplus of R116 000. When compared to the 2011/2012 Budget, the adjusted operational expenditure has grown by 2.01 per cent in the 2011/2012 adjusted budget and by 10.06 and 22.35 per cent for each of the respective outer years of the MTREF.

The adjusted capital budget of R39 237 000 for 2011/2012 is 17.77 per cent more when compared to the 2011/2012 original Budget. The increase is due to additional funding that became available from MIG:VAT monies to top-up municipal infrastructure grant projects.

3.2 Adjusted Operating Revenue Framework

For uMlalazi Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices has been made in balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2011/2012 Adjustments Budget and MTREF (classified by main revenue source):

3.2.1 Summary of revenue classified by main revenue source

Description	Budget 2011/2012			Budget 2012/2013	Budget 2013/2014
	Original Budget	Total Adjusts	Adjusted Budget	Budget	Budget
R thousands					
Property rates	38 920	(543)	38 378	40 442	42 059
Property rates-penalties & collection charges	1 116	(450)	667	1 049	997
Service charges-electricity revenue	48 171	(4 129)	44 042	56 896	67 043
Service charges refuse revenue	7 165	171	7 336	8 399	9 238
Rental facilities and equipment	1 335	206	1 540	1 412	1 494
Interest earned external investments	350	300	650	350	350
Fines	3 904	(508)	3 396	4 100	4 306
Licenses & permits	3 060	238	3 298	3 212	3 373
Transfers recognized-operating	70 778	8 359	79 137	76 664	85 530
Other revenue	3 738	(499)	3 240	3 832	3 955
Gains on disposal of PPE	200	388	588	200	200
Total revenue	178 736	3 534	182 270	196 555	218 546

Hereunder follows explanations of material variances to the adjusted revenue budget:

- Service charges-electricity revenue

The municipality implemented an inclining block tariff (IBT) structure for domestic customers since July 2011. When the 2011/2012 budget was drawn up, there were no reliable history available on inclining block consumptions. Therefore, it was extremely difficult to calculate an accurate revenue figure for electricity. Since now there are five months statistics available for the inclining block tariff structure, a more accurate revenue figure could be calculated. Therefore, the electricity revenue was decreased by R4 129 000.

- Fines

The actual payment of fines as at 31 December 2011, reflects an under recovery of outstanding fines. There is a concern that the adjusted budgeted amount will not be achieved. It is suggested that the Director: Protection Services submit an action plan on the issuing of fines and the recovery of outstanding fines.

- Transfers recognized –operating

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Other revenue

Under other revenue is a line item for revenue raised for the use of the weigh bridges at the refuse transfer stations. Up to 31 December 2011, **no revenue** was raised compared to the projected figure of R196 248. The expenditure to lease the weigh bridges will be R313 000 for the 2011/2012 budget year. It is suggested that the Director: Engineering Services submit an action plan on how this unsatisfactory situation will be rectified.

3.3 Adjusted Operating Expenditure Framework

The Municipality's expenditure framework for the 2011/2012 adjustments budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash backed reserves to fund any deficit;
- Funding of the budget over the medium term as informed by Section 18 and 19 of the MFMA;
- The Capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2011/2012 adjustments budget and MTREF (Classified per main type of operating expenditure):

3.3.1 Summary of operating expenditure by standard classification item

Description	Budget 2010/2011			Budget 2012/2013	Budget 2013/2014
	Original Budget	Total Adjusts	Adjusted Budget	Budget	Budget
Expenditure by Type					
Employee related costs	55 755	(3425)	52 330	59 841	64 141
Remuneration of councillors	11 798	253	12 051	12 506	13 256
Depreciation & asset impairment	8 004		8 004	8 804	9 685
Finance charges	892	(36)	856	854	818
Bulk purchases	26 231	3 461	29 692	33 024	41 280
Contracted services	15 204	2 050	17 254	15 448	16 107
Transfers and grants	437		437	461	485
Other expenditure	60 245	1 284	61 529	65 584	72 791
Total Expenditure	178 565	3 589	182 154	196 522	218 474

Hereunder follows explanations of material variances to the adjusted expenditure budget:

- Employee related costs

The savings of R3 425 000 are due to the following:

- Senior positions that are vacant such as:-
 - The Municipal Manager
 - Director: Community Services
 - Human Resources Practitioner
 - Secretary: Municipal Manager
 - Superintendent Community Services
 - Controller Finance (Budget)
 - Environmental Health Practitioner
 - Driver: Parks & Gardens
- General workers: six (6) vacancies
- Savings also incurred on the salary increases of 4.08% for section 57 employees, compared to the budgeted increase of 8%.

- Bulk Purchases

On 6 June 2011, a letter was received from Eskom informing the municipality that in January 2011, during a routine re-commissioning, a discrepancy was identified in relation to k-factor on site versus what was being billed. The k-factor on site was found to be 60 whereas the billed consumption was calculated at a k-factor of 40. When the budget amount for bulk purchases was calculated in February 2011, it was done with the electricity consumption calculated at a k-factor of 40 instead of 60. The wrong k-factor caused the under budgeting of R3 461 000.

- Contracted services

The following table gives a breakdown of the additional amount of R2 050 000:

Description	Budget 2011/2012		Adjusted Budget 2011/2012	Budget 2012/2013	Budget 2013/2014
Animal pound facility		600 000	600 000	552 810	585 980
Archive storage	42 400		42 400	44 950	47 640
Bank collections	191 200		191 200	200 760	210 800
Cleaning	386 080	275 000	661 080	408 790	432 890
Computer Maintenance	980 230	-106 000	874 230	1 043 710	1 133 330
Establishment of Pound	1 000 000	-1 000 000			
Grass cutting	1 187 000	41 750	1 228 750	1 246 350	1 308 670
Insurance	572 560	100	572 660	606 930	640 940
Internal Audit	660 000	278 000	938 000	660 000	660 000
Mailing of monthly statements		175 000	175 000		
Medical Waste	30 600		30 660	32 190	33 800
Pauper burials	20 000		20 000	23 000	25 000
Performance management system	150 000		150 000	100 000	100 000
Pre paid electricity vending management system	82 850		82 850	86 990	91 340
Pre paid electricity vending: commission	245 000	-98 850	146 150	251 500	258 000
Post employment report	22 800	2 200	25 000	24 200	25 620
Refuse removal contracts	4 066 240	-176 820	3 889 420	4 329 170	4 609 130
Rental of land	294 190		294 190	316 200	74 060
Rental of office equipment	345 640	5 150	350 790	363 050	381 330
Security	1 872 970	2 374 080	4 247 050	1 972 590	2 077 600
Town planning	462 000		462 000	508 200	559 020

Traffic violation system	1 935 310	-377 560	1 557 750	1 996 460	2 057 610
Valuation costs	300 000	102 000	402 000	300 000	300 000
Weigh bridge	356 820	-43 820	313 000	380 020	404 720
	15 203 950	2 050 230	17 254 180	15 447 870	16 017 480

The largest category that contributed towards the additional amount for contracted services, was security which is made up as follows:

Mayor	-	R 188 100
Other office bearers	-	R1 750 210
Municipal buildings	-	R 264 000
Sports field	-	R <u>171 770</u>
		<u>R2 374 080</u>

- Other Expenditure comprises of the following:

Description	2011/2012	Adjustments	Adjusted budget	2012/2013	2013/2014
Provision for bad debts	564 250	700 000	1 264 250	592 460	622 090
Repairs & maintenance	12 373 780	-71 830	12 301 950	10 524 260	11 923 190
Post retirement medical benefits & long service awards	1 061 900		1 061 900	1 114 990	1 170 740
General expenses	46 326 960	-473 720	45 853 240	52 975 460	58 675 840
Contribution to staff leave	355 580	1 130 000	1 485 580	376 910	399 520
Total	60 682 470	1 284 450	61 966 920	65 584 080	72 791 380

Provision for Bad debts

An additional amount of R700 000 is budgeted for to bring the total amount in line with the actual amount of R1 225 733 for the 2010/2011 budget year.

Repairs and Maintenance

The reduction of R71 830 is made up as follows:

Description	Budget 2011/2012		Adjust Budget 2011/2012	Budget 2012/2013	Budget 2013/2014
Air-conditioning	30 000		30 000	35 000	40 000
Buildings	495 660	-19 530	476 130	343 680	413 450
Electricity mains	821 480	-40 000	781 480	898 620	983 490
Electricity sub stations	25 010		25 010	27 520	30 270
Fire extinguishers	40 000		40 000	50 000	60 000
Fuel and oil	1 535 630	-65 360	1 470 270	1 612 400	1 693 010
Furniture, plant and equipment	144 210	-2 940	141 270	127 050	153 520
Government grants expenditure	7 050 000		7 050 000	5 258 730	6 400 000
Grounds	331 170		331 170	132 720	62 190
Information signs	7 000		7 000	8 000	9 000
Office equipment	64 900	-5 900	59 000	68 150	71 540
Roads & Streets	686 300		686 300	689 120	723 570
Small plant and equipment	139 650		139 650	146 640	153 970
Speed testing equipment	20 920		20 920	20 920	20 920
Street lights	207 570		207 570	228 330	251 160
Traffic signs	27 700		27 700	29 090	30 540
Transport	716 740	69 310	786 050	754 770	792 670
Other	29 840	-7 410	22 430	93 520	33 890
TOTAL	12 373 780	-71 830	12 301 950	10 524 260	11 923 190

General expenses

The reduction of R473 720 is made up as follows:

Description	Budget 2011/2012		Adjust Budget 2011/2012	Budget 2012/2013	Budget 2013/2014
Advertising	360 000		360 000	381 600	400 000
Audit fees (Auditor General)	1 370 070		1 370 070	1 497 370	1 636 830
Bank charges	290 510	38 430	328 940	305 040	320 290
Bargaining Council levies	16 710		16 710	17 710	18 780
Bursaries	70 000		70 000	80 000	90 000
Chemicals	29 750	-23 440	6 310	31 240	52 800
Civic expenses	120 000	10 000	130 000	126 000	132 300
Cleaning material	79940	11 060	91 000	81 280	86 380
Conference and delegations	39 000	18 230	57 230	40 000	41 000
Community library services grant expenditure	193000		193 000	205 000	297 000
Council's communications	240 000	-10 000	230 000	260 000	280 000
Entertainment expenses	151 820	-26 000	125 820	160 420	169 550
Eskom other accounts		406 200	406 200		
Establishment of pound grant expenditure		1 000 000	1 000 000		
Finance management grant	1 450 000	283 600	1 733 600	1 500 000	1 750 000
Free electricity	1 064 550	-141 850	922 700	1 116 150	1 173 310
Free refuse	1 024 730	60 720	1 085 450	1 257 430	1 383 170
Equitable share grant expenditure	18568350	-2819 970	15 748 380	2 505 000	28 926 810
Grants in aid	437450		437 450	461 070	484 880
Gratuity payment non returning Councillors		793 890	793 890		
Greenest Municipality grant Expenditure	400 000		400 000		
Groundnut activities grant expenditure		500 000	500 000		
Information signs: tourism		6 450	6 450		
Integrated development plan review	100 000		100 000	120 000	120 000
Legal expenses	1 105 470	-110 750	994 720	1 160 750	1 218 780
Library books	23 000		23 000	25 000	27 000
Library cyber cadet grant		115 360	115 360		
Licence fees	58 580		58 580	60 880	63 320
Loose tools	71 700		71 700	28 030	29 410
Medical supplies	168 000		168 000	176 400	185 220
Membership fees	352 330	1 200	353 530	399 920	453 440
Municipal systems improvement grant expenditure	790 000	529 440	1 319 440	800 000	900 000
Periodicals and publications	58 540	-10 000	48 540	61 460	64 540
Postage	157 110	-25 000	132 110	164 970	173 220
Printing and stationery	775 560	-122 580	652 980	814 300	856 040
Project management unit cost (MIG projects)	950000		950 000	980 000	1 200 000
Publicity	66 300		66 300	71 620	76 950
Rates rebate	11 726 510	-1296 510	10 430 000	11 795 030	12 206 770
Refuse bin liners	304 520	100 000	404 520	334 970	368 470
Rental of buildings	29 040		29 040	29 040	29 040
Road marking	68 440	10 000	78 440	71 860	75 460
SABS:3% charge	36 970		36 970	38 820	40 760
Staff relocation costs	20 000		20 000	20 000	20 000
Subsistence & travel	604 500	305 080	909 580	634 720	666 460

Telephones costs	1 298 340	- 109 450	118 890	1 363 260	1 431 420
Training	612 000		612 000	612 000	412 000
Ward committees	150 000		150 000	156 000	182 000
Water & sanitation costs	634 040	25 390	659 430	673 390	829 110
Weed eradication	220 500		220 500	231 530	243 100
Others	39 630	6 780	46 410	42 270	45 110
TOTAL	46 326 960	-473 720	45 853 240	53 436 530	591 60 720

- The line item of subsistence and travel under general expenses should be highlighted. This line item is increased by R305 080 to over R900 000. For the size of this municipality, this excessive amount is unacceptable.
- Another line item which is a concern, is civic expenses. Amongst this budgeted amount is an alarming increase on catering expenses for functions and meetings.
- National Treasury has issued a warning to municipalities to eliminate non-priority spending on:
 - Unnecessary travelling and luxurious hotel accommodation
 - Excessive catering for meetings and other events.
- The following is suggested to address the non-priority spending:
 - That Council consider to stop all catering at meetings and events
 - That all subsistence and travel claims for Councillors and staff be approved on a prescribed application form, by the Mayor and Municipal Manager respectively, before Councillors and staff attend a workshop or meetings.

Contributions to staff leave

An additional amount of R1 130 000 is budgeted for to bring the total amount in line with the actual amount of R1 485 580 for the 2010/2011 budget year.

3.4 Adjusted Capital Budget

With specific reference to the Adjustments Budget Capital Expenditure Table (Table B5), the increase of R5 919 000 is mainly due to the two following items:

• Additional projects due to MIG: VAT funding	7 419 000
• Reduction of alpha control building budget	<u>(1 500 000)</u>
	<u>R5 919 000</u>

The adjusted capital expenditure of R39 237 000 will be funded as follows:

• Equitable Share Grant	9 549 000
• Municipal Infrastructure Grant	21 609 000
• Department of Minerals and Energy	660 000
• Municipal Infrastructure Grant: VAT	<u>7 419 000</u>
	<u>R39 237 000</u>

3.5 Financial position of Council

To provide basic services and complete the capital projects, the Council's financial position as at 31 December 2011 is as follows:

➤ Current account with overdraft balance	(64 000)
➤ Investment at Absa Bank	6 787 210
➤ Investments at First National Bank	28 584 450
➤ Investments at Standard Bank	2 193 520

3.6 The adjustments in the adjustments budget will enhance the service delivery and budget implementation plan, service delivery agreements, medium term revenue and expenditure framework and long term financial sustainability of the municipality.

4. ADJUSTMENTS BUDGET TABLES

- B1 – Adjustments Budget Summary
- B2 – Adjustments Budget Financial Performance (Standard Classification)
- B3 – Adjustments Budget Financial Performance (Revenue & Expenditure by Municipal Vote)
- B4 – Adjustments Budget Financial Performance (Revenue & Expenditure)
- Chart B4 - Adjustments Budget Financial Performance (Revenue)
- Chart B4 - Adjustments Budget Financial Performance (Expenditure)
- B5 – Adjustments Budget Capital Expenditure Budget by Vote and Funding
- Chart B5- Adjustments Budget Capital Expenditure Budget by Vote and Funding
- B6 – Adjustments Budget Financial Position
- B7 – Adjustments Budget Cash Flows
- B8 – Cash Back Reserves/ Accumulated Surplus Reconciliation
- B9 – Asset Management
- Chart B9- Asset Management
- B10 – Basic Service Delivery Measurement

KZN284 uMlalazi - Table B1 Adjustments Budget Summary - 31/01/2012

Description	Budget Year 2011/12						Budget Year +1	Budget Year +2
	Original Budget	Multi-year capital	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	3 C	5 E	6 F	7 G	8 H		
R thousands								
Financial Performance								
Property rates	40 036	-	-	(992)	(992)	39 044	41 491	43 056
Service charges	55 335	-	-	(3 958)	(3 958)	51 378	65 294	76 282
Investment revenue	350	-	-	300	300	650	350	350
Transfers recognised - operationa	70 778	-	8 359	-	8 359	79 137	76 664	85 530
Other own revenue	12 236	-	-	(176)	(176)	12 061	12 756	13 328
Total Revenue (excluding capital transfers and contributions)	178 736	-	8 359	(4 826)	3 534	182 270	196 555	218 546
Employee costs	55 755	-	-	(3 425)	(3 425)	52 330	59 841	64 141
Remuneration of councillor:	11 798	-	-	253	253	12 051	12 506	13 256
Depreciation & asset impairment	8 004	-	-	-	-	8 004	8 804	9 685
Finance charges	892	-	-	(36)	(36)	856	854	818
Materials and bulk purchases:	26 231	-	-	3 461	3 461	29 692	33 024	41 280
Transfers and grants	437	-	-	-	-	437	461	485
Other expenditure	75 449	-	-	3 335	3 335	78 784	81 032	88 809
Total Expenditure	178 565	-	-	3 589	3 589	182 154	196 522	218 474
Surplus/(Deficit)	171	-	8 359	(8 414)	(55)	116	33	72
Transfers recognised - capita	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed asset	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	171	-	8 359	(8 414)	(55)	116	33	72
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	171	-	8 359	(8 414)	(55)	116	33	72
Capital expenditure & funds sources								
Capital expenditure	33 318	5 919	-	-	5 919	39 237	34 432	40 006
Transfers recognised - capita	33 318	5 919	-	-	5 919	39 237	34 432	40 006
Total sources of capital funds	33 318	5 919	-	-	5 919	39 237	34 432	40 006
Financial position								
Total current assets	26 433	-	-	1 626	1 626	28 059	26 631	27 122
Total non current assets	308 367	-	-	148 774	148 774	457 141	483 250	514 076
Total current liabilities:	16 815	-	-	(443)	(443)	16 372	15 211	13 850
Total non current liabilities:	14 745	-	-	(498)	(498)	14 247	13 733	13 473
Community wealth /Equity	303 239	-	-	151 341	151 341	454 580	480 937	513 875
Cash flows								
Net cash from (used) operating	33 309	-	14 433	(14 670)	(237)	33 072	35 118	30 881
Net cash from (used) investin	(33 098)	-	-	348	348	(32 750)	(34 267)	(31 150)
Net cash from (used) financin	(336)	-	-	-	-	(336)	(340)	(342)
Cash/cash equivalents at the year end	297	-	14 433	(10 827)	3 606	3 903	4 414	3 803
Cash backing/surplus reconciliation								
Cash and investments availabl	11 442	-	-	3 289	3 289	14 731	15 350	14 849
Application of cash and investment	2 059	-	-	12 032	12 032	14 090	15 041	14 482
Balance - surplus (shortfall)	9 384	-	-	(8 743)	(8 743)	641	310	367
Asset Management								
Asset register summary (WDV)	33 318	5 919	-	-	5 919	39 237	34 432	40 006
Depreciation & asset impairmen	8 004	-	-	-	-	8 004	8 804	9 685
Renewal of Existing Assets	20 120	(16 923)	-	-	(16 923)	3 197	3 818	1 833
Repairs and Maintenance	12 374	-	-	(72)	(72)	12 302	10 524	11 923
Free services								
Cost of Free Basic Services provide	-	-	-	2 007	2 007	2 007	-	-
Revenue cost of free services provide	11 237	-	-	1 283	1 283	12 520	11 846	11 331
Households below minimum service level								
Energy:	584	-	-	-	-	584	584	584

KZN284 uMlalazi - Table B2 Adjustments Budget Financial Performance (standard classification) - 31/01/2012

Standard Description	Ref	Budget Year 2011/12					Budget Year +1	Budget Year
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	2012/13	+2 2013/14
R thousands	1, 4	A	E	F	G	H		
Revenue - Standard								
<i>Governance and administration</i>		81 226	11 952	(710)	11 243	92 468	86 861	90 351
Executive and council		78 472	11 669	(355)	11 314	89 786	84 101	87 370
Budget and treasury office		2 607	284	(435)	(151)	2 455	2 593	2 793
Corporate services		147	-	80	80	227	168	188
<i>Community and public safety</i>		22 563	(1 805)	(315)	(2 120)	20 444	25 168	32 331
Community and social services		4 379	(280)	(10)	(290)	4 089	3 921	6 157
Sport and recreation		4 599	163	208	371	4 969	4 080	4 524
Public safety		5 430	130	(500)	(370)	5 061	5 979	6 017
Housing		2 160	(2 000)	(13)	(2 013)	147	4 367	8 575
Health		5 996	182	-	182	6 178	6 820	7 057
<i>Economic and environmental services</i>		11 380	-	381	381	11 761	11 278	12 306
Planning and development		1 481	-	143	143	1 624	1 118	1 345
Road transport		9 899	-	238	238	10 136	10 160	10 961
<i>Trading services</i>		63 567	(1 788)	(4 182)	(5 970)	57 597	73 249	83 559
Electricity		53 714	(1 849)	(4 030)	(5 879)	47 834	62 513	72 193
Waste water management		1	-	1	1	2	1	1
Waste management		9 852	61	(152)	(91)	9 761	10 735	11 364
<i>Other</i>		-	-	-	-	-	-	-
Total Revenue - Standard	2	178 736	8 359	(4 826)	3 534	182 270	196 555	218 546
Expenditure - Standard								
<i>Governance and administration</i>		62 802	-	4 701	4 701	67 503	68 060	71 842
Executive and council		50 186	-	4 705	4 705	54 891	54 636	57 350
Budget and treasury office		8 231	-	123	123	8 354	8 732	9 471
Corporate services		4 386	-	(127)	(127)	4 259	4 692	5 021
<i>Community and public safety</i>		41 841	-	(525)	(525)	41 315	45 723	52 859
Community and social services		6 343	-	40	40	6 384	5 869	6 864
Sport and recreation		10 443	-	(223)	(223)	10 221	10 352	11 332
Public safety		14 861	-	1 957	1 957	16 817	16 130	16 648
Housing		2 144	-	(2 000)	(2 000)	144	4 347	8 550
Health		8 049	-	(300)	(300)	7 750	9 026	9 465
<i>Economic and environmental services</i>		17 208	-	(506)	(506)	16 702	17 434	18 850
Planning and development		3 025	-	(84)	(84)	2 941	2 756	3 086
Road transport		14 183	-	(421)	(421)	13 762	14 678	15 764
<i>Trading services</i>		56 175	-	(64)	(64)	56 111	64 835	74 417
Electricity		44 294	-	(340)	(340)	43 954	51 993	60 680
Waste water management		407	-	1	1	408	433	461
Waste management		11 474	-	275	275	11 749	12 408	13 275
<i>Other</i>		539	-	(17)	(17)	522	471	507
Total Expenditure - Standard	3	178 565	-	3 589	3 589	182 154	196 522	218 474
Surplus/ (Deficit) for the year		171	8 359	(8 414)	(55)	116	33	72

KZN284 uMlalazi - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 31/01/2012

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2011/12					Budget Year +1 2012/13	Budget Year +2 2013/14
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 E	8 F	9 G	10 H		
R thousands								
Revenue by Vote	1							
Vote 1 - EXECUTIVE AND COUNCIL		78 472	11 669	(355)	11 314	89 786	84 101	87 370
Vote 2 - BUDGET AND TREASURY OFFICE		2 607	284	(435)	(151)	2 455	2 593	2 793
Vote 3 - CORPORATE SERVICES		2 701	(300)	80	(220)	2 481	2 171	2 896
Vote 4 - PLANNING AND DEVELOPMENT		1 481	-	143	143	1 624	1 118	1 345
Vote 5 - HEALTH		5 996	182	-	182	6 178	6 820	7 057
Vote 6 - COMMUNITY AND SOCIAL SERVICES		1 825	20	(10)	10	1 836	1 918	3 449
Vote 7 - HOUSING		2 160	(2 000)	(13)	(2 013)	147	4 367	8 575
Vote 8 - PUBLIC SAFETY		5 430	130	(500)	(370)	5 061	5 979	6 017
Vote 9 - SPORTS AND RECREATION		4 599	163	208	371	4 969	4 080	4 524
Vote 10 - WASTE MANAGEMENT		9 853	61	(151)	(91)	9 763	10 736	11 365
Vote 11 - ROAD TRANSPORT		9 899	-	238	238	10 136	10 160	10 961
Vote 12 - ELECTRICITY		53 714	(1 849)	(4 030)	(5 879)	47 834	62 513	72 193
Vote 13 - AIR TRANSPORT		-	-	-	-	-	-	-
Vote 14 - WORKSHOP		-	-	-	-	-	-	-
Total Revenue by Vote	2	178 736	8 359	(4 826)	3 534	182 270	196 555	218 546
Expenditure by Vote	1							
Vote 1 - EXECUTIVE AND COUNCIL		50 186	-	4 705	4 705	54 891	54 636	57 350
Vote 2 - BUDGET AND TREASURY OFFICE		8 231	-	123	123	8 354	8 732	9 471
Vote 3 - CORPORATE SERVICES		8 215	-	(401)	(401)	7 813	8 067	9 205
Vote 4 - PLANNING AND DEVELOPMENT		3 025	-	(84)	(84)	2 941	2 756	3 086
Vote 5 - HEALTH		8 049	-	(300)	(300)	7 750	9 026	9 465
Vote 6 - COMMUNITY AND SOCIAL SERVICES		2 514	-	315	315	2 829	2 494	2 680
Vote 7 - HOUSING		2 144	-	(2 000)	(2 000)	144	4 347	8 550
Vote 8 - PUBLIC SAFETY		14 861	-	1 957	1 957	16 817	16 130	16 648
Vote 9 - SPORTS AND RECREATION		10 443	-	(223)	(223)	10 221	10 352	11 332
Vote 10 - WASTE MANAGEMENT		11 881	-	276	276	12 157	12 841	13 737
Vote 11 - ROAD TRANSPORT		14 183	-	(421)	(421)	13 762	14 678	15 764
Vote 12 - ELECTRICITY		44 294	-	(340)	(340)	43 954	51 993	60 680
Vote 13 - AIR TRANSPORT		11	-	-	-	11	12	12
Vote 14 - WORKSHOP		528	-	(17)	(17)	511	459	494
Total Expenditure by Vote	2	178 565	-	3 589	3 589	182 154	196 522	218 474
Surplus/ (Deficit) for the year	2	171	8 359	(8 414)	(55)	116	33	72

KZN284 uMlalazi - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 31/01/2012

Description	Ref	Budget Year 2011/12					Budget Year +1	Budget Year +2
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	2012/13	2013/14
R thousands	1	A	7 E	8 F	9 G	10 H		
Revenue By Source								
Property rates	2	38 920	-	(543)	(543)	38 378	40 442	42 059
Property rates - penalties & collection charges		1 116		(450)	(450)	667	1 049	997
Service charges - electricity revenue	2	48 171	-	(4 129)	(4 129)	44 042	56 896	67 043
Service charges - refuse revenue	2	7 165	-	171	171	7 336	8 399	9 238
Rental of facilities and equipment		1 335		206	206	1 540	1 412	1 494
Interest earned - external investments		350		300	300	650	350	350
Fines		3 904		(508)	(508)	3 396	4 100	4 306
Licences and permits		3 060		238	238	3 298	3 212	3 373
Transfers recognised - operating		70 778	8 359		8 359	79 137	76 664	85 530
Other revenue	2	3 738	-	(499)	(499)	3 240	3 832	3 955
Gains on disposal of PPE		200		388	388	588	200	200
Total Revenue (excluding capital transfers and contributions)		178 736	8 359	(4 826)	3 534	182 270	196 555	218 546
Expenditure By Type								
Employee related costs		55 755	-	(3 425)	(3 425)	52 330	59 841	64 141
Remuneration of councillors		11 798		253	253	12 051	12 506	13 256
Depreciation & asset impairment		8 004	-	-	-	8 004	8 804	9 685
Finance charges		892		(36)	(36)	856	854	818
Bulk purchases		26 231	-	3 461	3 461	29 692	33 024	41 280
Contracted services		15 204	-	2 050	2 050	17 254	15 448	16 017
Transfers and grants		437		-	-	437	461	485
Other expenditure		60 245	-	1 284	1 284	61 529	65 584	72 791
Total Expenditure		178 565	-	3 589	3 589	182 154	196 522	218 474
Surplus/(Deficit)		171	8 359	(8 414)	(55)	116	33	72
Transfers recognised - capital								
Contributions								
Contributed assets								
Surplus/(Deficit) before taxation		171	8 359	(8 414)	(55)	116	33	72
Taxation								
Surplus/(Deficit) after taxation		171	8 359	(8 414)	(55)	116	33	72
Attributable to minorities								
Surplus/(Deficit) attributable to municipality		171	8 359	(8 414)	(55)	116	33	72
Share of surplus/ (deficit) of associate								
Surplus/ (Deficit) for the year		171	8 359	(8 414)	(55)	116	33	72

2011/2012 Adjustments Budget	
DESCRIPTION	BUDGET YEAR 2011/2012 R'000
REVENUE BY SOURCE	
PROPERTY RATES	38378
SERVICE CHARGES : ELECTRICITY	44042
SERVICE CHARGES : REFUSE	7336
TRANSFERS RECOGNISED	79137
OTHER REVENUE	13377
TOTAL REVENUE	182270

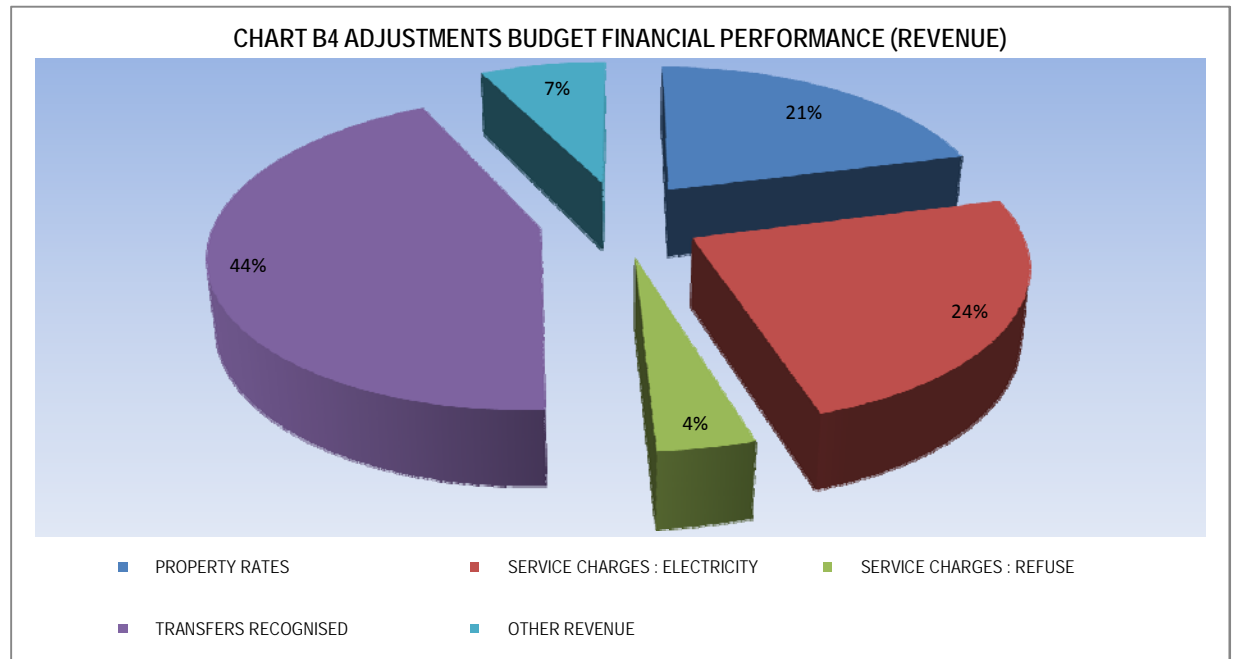
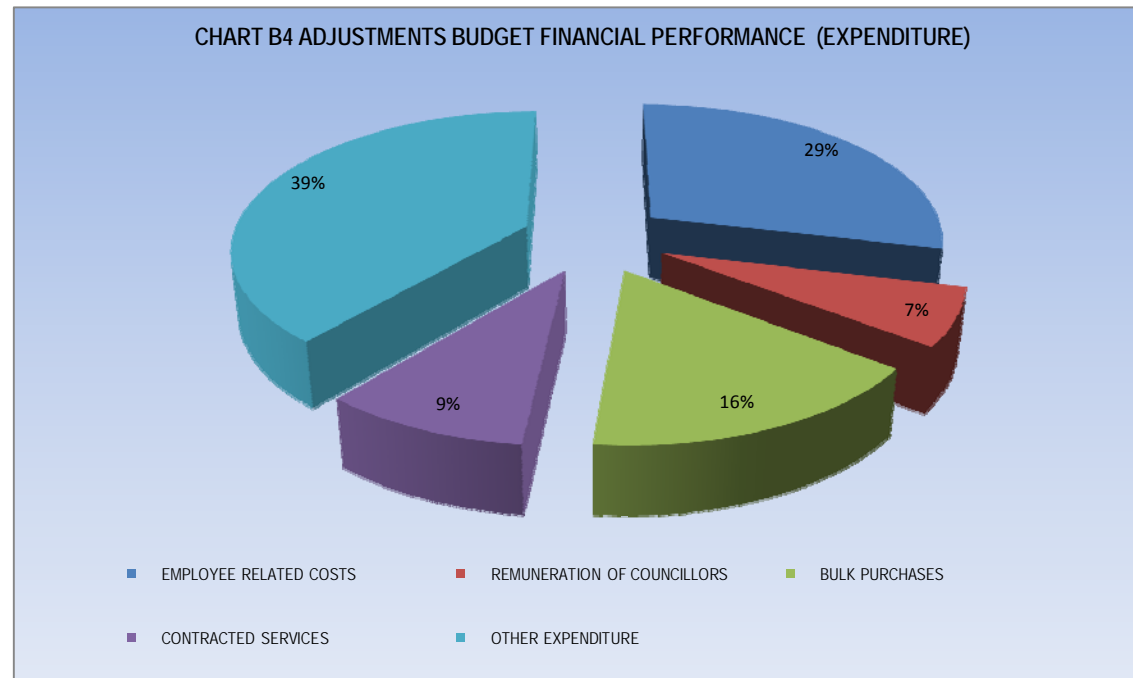


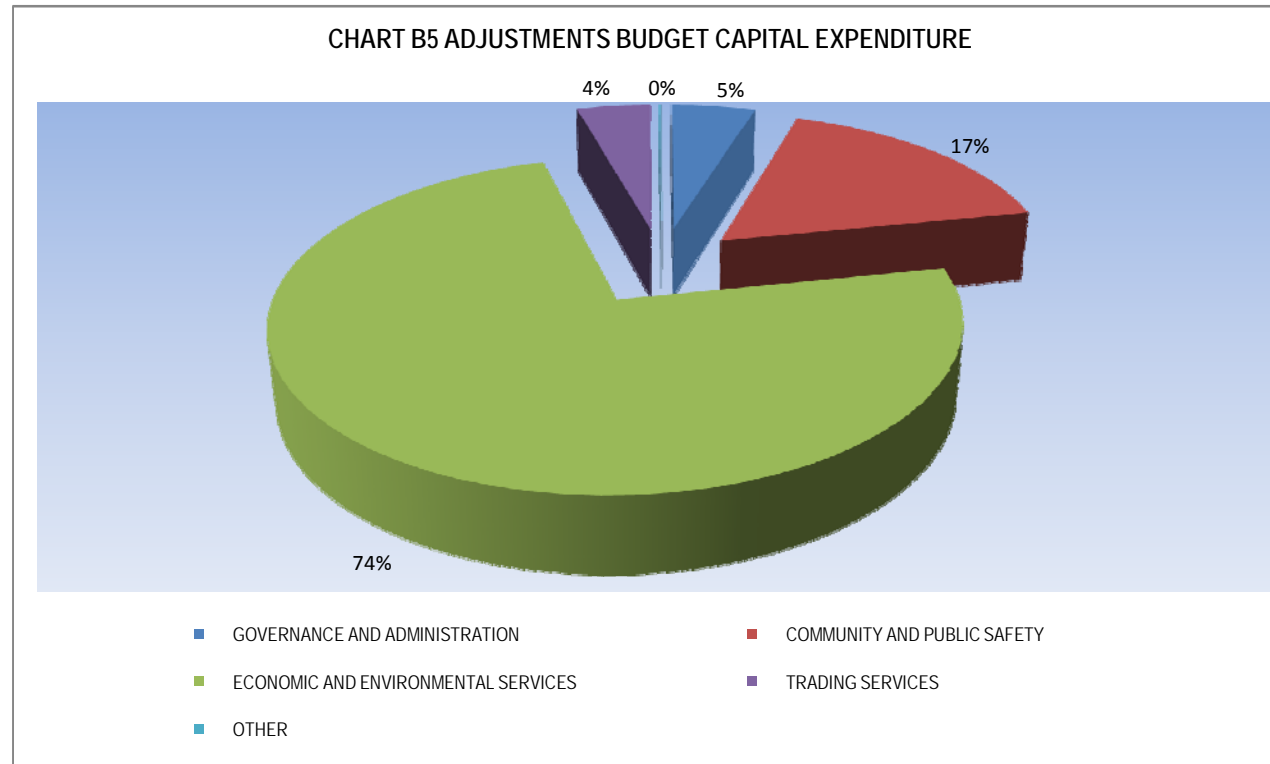
CHART B4 ADJUSTMENTS BUDGET FINANCIAL PERFORMANCE (EXPENDITURE)	
2011/2012 Adjustments Budget	
DESCRIPTION	BUDGET YEAR 2011/2012 R'000
EXPENDITURE BY TYPE	
EMPLOYEE RELATED COSTS	52330
REMUNERATION OF COUNCILLORS	12051
BULK PURCHASES	29692
CONTRACTED SERVICES	17254
OTHER EXPENDITURE	70827
TOTAL EXPENDITURE	182154



KZN284 uMlalazi - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 31/01/2012

Description	Ref	Budget Year 2011/12				Budget Year +1	Budget Year +2
		Original Budget	Multi-year capital	Total Adjusts.	Adjusted Budget	2012/13	2013/14
		A	7 C	11 G	12 H	Adjusted Budget	Adjusted Budget
R thousands							
Capital expenditure - Vote							
Multi-year expenditure to be adjusted	2						
Vote 1 - EXECUTIVE AND COUNCIL		79	2	2	81	74	406
Vote 2 - BUDGET AND TREASURY OFFICE		609	100	100	709	373	411
Vote 3 - CORPORATE SERVICES		2 685	(1 597)	(1 597)	1 088	2 940	1 880
Vote 4 - PLANNING AND DEVELOPMENT		225	(61)	(61)	164	80	-
Vote 5 - HEALTH		120	-	-	120	50	-
Vote 6 - COMMUNITY AND SOCIAL SERVICES		1 673	565	565	2 238	355	370
Vote 7 - HOUSING		-	-	-	-	-	-
Vote 8 - PUBLIC SAFETY		892	-	-	892	580	935
Vote 9 - SPORTS AND RECREATION		2 728	719	719	3 447	640	841
Vote 10 - WASTE MANAGEMENT		280	92	92	372	80	1 445
Vote 11 - ROAD TRANSPORT		22 693	6 115	6 115	28 808	27 360	30 980
Vote 12 - ELECTRICITY		1 289	-	-	1 289	1 860	2 738
Vote 13 - AIR TRANSPORT		-	-	-	-	-	-
Vote 14 - WORKSHOP		45	(16)	(16)	30	40	-
Total Capital Expenditure - Vote		33 318	5 919	5 919	39 237	34 432	40 006
Capital Expenditure - Standard							
Governance and administration		3 373	(1 495)	(1 495)	1 878	3 387	2 697
Executive and council		79	2	2	81	74	406
Budget and treasury office		609	100	100	709	373	411
Corporate services		2 685	(1 597)	(1 597)	1 088	2 940	1 880
Community and public safety		5 413	1 284	1 284	6 697	1 625	2 146
Community and social services		1 673	565	565	2 238	355	370
Sport and recreation		2 728	719	719	3 447	640	841
Public safety		892	-	-	892	580	935
Housing		-	-	-	-	-	-
Health		120	-	-	120	50	-
Economic and environmental services		22 918	6 054	6 054	28 972	27 440	30 980
Planning and development		225	(61)	(61)	164	80	-
Road transport		22 693	6 115	6 115	28 808	27 360	30 980
Trading services		1 569	92	92	1 660	1 940	4 183
Electricity		1 289	-	-	1 289	1 860	2 738
Waste management		280	92	92	372	80	1 445
Other		45	(16)	(16)	30	40	-
Total Capital Expenditure - Standard	3	33 318	5 919	5 919	39 237	34 432	40 006
Funded by:							
National Government		33 318	5 919	5 919	39 237	34 432	40 006
Provincial Government		-	-	-	-	-	-
District Municipality		-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-
Total Capital transfers recognised	4	33 318	5 919	5 919	39 237	34 432	40 006
Public contributions & donations		-	-	-	-	-	-
Borrowing		-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-
Total Capital Funding		33 318	5 919	5 919	39 237	34 432	40 006

CHART B5 ADJUSTMENTS BUDGET CAPITAL EXPENDITURE BY STANDARD CLASSIFICATION	
2011/2012 Adjustments Budget	
DESCRIPTION	BUDGET YEAR 2011/2012 R'000
GOVERNANCE AND ADMINISTRATION	1 878
COMMUNITY AND PUBLIC SAFETY	6 697
ECONOMIC AND ENVIRONMENTAL SERVICES	28 972
TRADING SERVICES	1 660
OTHER	30
TOTAL EXPENDITURE	39 237



KZN284 uMlalazi - Table B6 Adjustments Budget Financial Position - 31/01/2012

Description	Ref	Budget Year 2011/12				Budget Year +1	Budget Year +2
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	2012/13	2013/14
		A	8 F	9 G	10 H		
R thousands							
ASSETS							
Current assets							
Cash		614	3 289	3 289	3 903	4 414	3 803
Call investment deposits	1	10 827	-	-	10 827	10 935	11 045
Consumer debtors	1	12 025	(1 238)	(1 238)	10 787	8 836	9 924
Other debtors		422	-	-	422	426	431
Current portion of long-term receivables		19	-	-	19	19	20
Inventory		2 525	(425)	(425)	2 100	2 000	1 900
Total current assets		26 433	1 626	1 626	28 059	26 631	27 122
Non current assets							
Long-term receivables		989	-	-	989	999	1 009
Investments		1	-	-	1	1	1
Investment property		9 425	-	-	9 425	9 896	10 391
Property, plant and equipment	1	297 924	148 774	148 774	446 698	472 325	502 646
Intangible		28	-	-	28	29	29
Total non current assets		308 367	148 774	148 774	457 141	483 250	514 076
TOTAL ASSETS		334 800	150 400	150 400	485 200	509 881	541 198
LIABILITIES							
Current liabilities							
Borrowing		346	-	-	346	350	353
Consumer deposits		1 017	-	-	1 017	1 027	1 038
Trade and other payables		12 943	(443)	(443)	12 500	11 300	9 900
Provisions		2 509	-	-	2 509	2 534	2 559
Total current liabilities		16 815	(443)	(443)	16 372	15 211	13 850
Non current liabilities							
Borrowing	1	6 233	(751)	(751)	5 482	5 136	4 790
Provisions	1	8 512	253	253	8 766	8 597	8 683
Total non current liabilities		14 745	(498)	(498)	14 247	13 733	13 473
TOTAL LIABILITIES		31 560	(941)	(941)	30 620	28 944	27 323
NET ASSETS	2	303 239	151 341	151 341	454 580	480 937	513 875
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)		198 270	18 535	18 535	216 805	232 912	255 600
Reserves		104 969	132 806	132 806	237 775	248 025	258 275
TOTAL COMMUNITY WEALTH/EQUITY		303 239	151 341	151 341	454 580	480 937	513 875

KZN284 uMlalazi - Table B7 Adjustments Budget Cash Flows - 31/01/2012

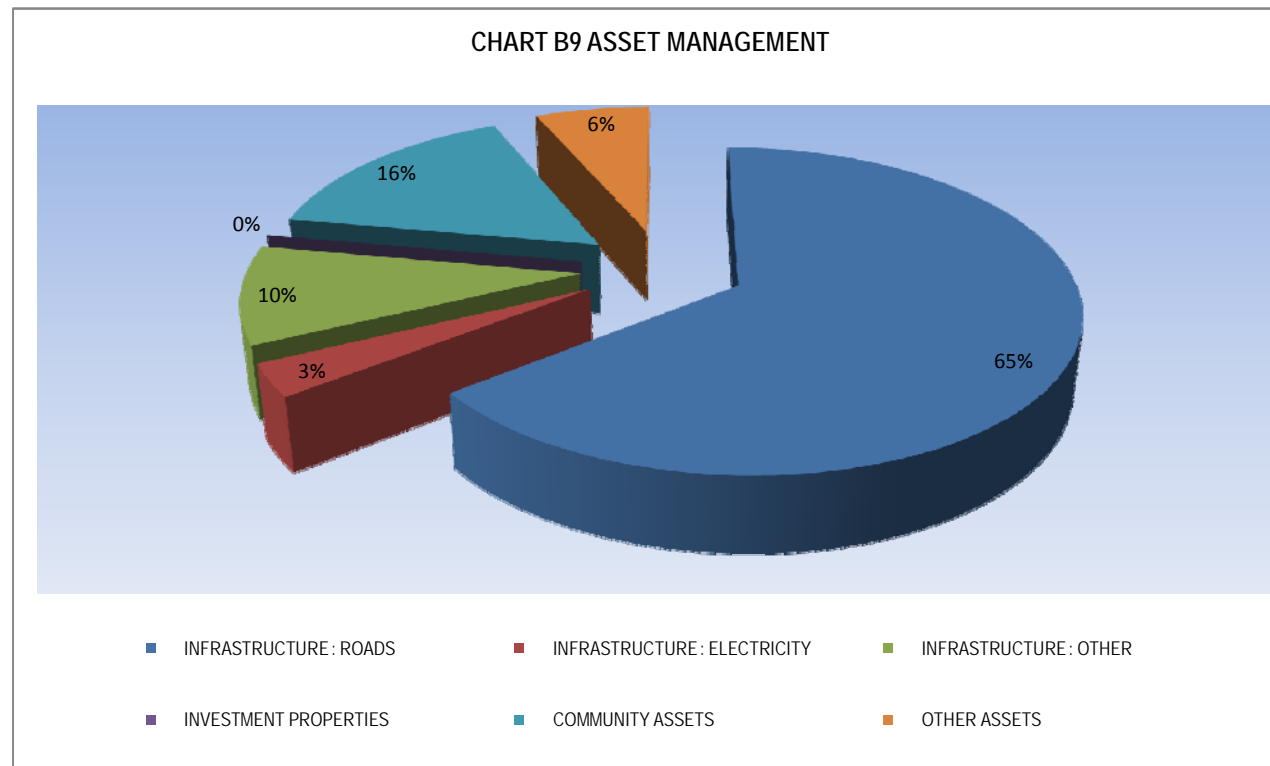
Description	Ref	Budget Year 2011/12					Budget Year +1	Budget Year +2
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 E	8 F	9 G	10 H	2012/13	2013/14
R thousands								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other		148 942		(56 087)	(56 087)	92 855	110 799	121 725
Government - operating	1	75 738	3 399		3 399	79 137	76 664	85 658
Government - capital	1	22 284	11 034		11 034	33 318	34 432	31 314
Interest		350		300	300	650	350	350
Dividends					-	-		
Payments								
Suppliers and employees		(212 696)		40 664	40 664	(172 032)	(186 273)	(207 348)
Finance charges		(892)		36	36	(856)	(854)	(818)
Transfers and Grants	1	(417)		417	417	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		33 309	14 433	(14 670)	(237)	33 072	35 118	30 881
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE		200		388	388	588	200	200
Decrease (Increase) in non-current debtors					-	-		
Decrease (Increase) other non-current receivables		(10)		(10)	(10)	(20)	(35)	(36)
Decrease (Increase) in non-current investments					-	-		
Payments								
Capital assets		(33 288)		(30)	(30)	(33 318)	(34 432)	(31 314)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(33 098)	-	348	348	(32 750)	(34 267)	(31 150)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans					-	-		
Borrowing long term/refinancing					-	-		
Increase (decrease) in consumer deposits		10		-	-	10	10	11
Payments								
Repayment of borrowing		(346)		-	-	(346)	(350)	(353)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(336)	-	-	-	(336)	(340)	(342)
NET INCREASE/ (DECREASE) IN CASH HELD								
Cash/cash equivalents at the year begin	2	422	14 433	3 495	3 495	3 917	3 903	4 414
Cash/cash equivalents at the year end	2	297	14 433	(10 827)	3 606	3 903	4 414	3 803

KZN284 uMlalazi - Table B8 Cash backed reserves/accumulated surplus reconciliation - 31/01/2012

Description	Ref	Budget Year 2011/12					Budget Year +1 2012/13	Budget Year +2 2013/14
		Original Budget A	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands								
<u>Cash and investments available</u>								
Cash/cash equivalents at the year end	1	297	14 433	(10 827)	3 606	3 903	4 414	3 803
Other current investments > 90 days		11 144	(14 433)	14 116	(317)	10 827	10 935	11 045
Non current assets - Investments	1	1	-	-	-	1	1	1
Cash and investments available:		11 442	-	3 289	3 289	14 731	15 350	14 849
<u>Applications of cash and investments</u>								
Unspent conditional transfers		5 825	-	(325)	(325)	5 500	5 000	4 500
Other working capital requirements	2	(9 966)		16 557	16 557	6 590	6 041	4 982
Other provisions		6 200		(4 200)	(4 200)	2 000	4 000	5 000
Total Applications of cash and investments:		2 059	-	12 032	12 032	14 090	15 041	14 482
Surplus(shortfall)		9 384	-	(8 743)	(8 743)	641	310	367

Description	Ref	Budget Year 2011/12					Budget Year +1	Budget Year +2
		Original Budget	Multi-year capital	Other Adjus.	Total Adjus.	Adjusted Budget	2012/13	2013/14
		A	9 C	12 F	13 G	14 H		
R thousands								
CAPITAL EXPENDITURE								
Total New Assets to be adjusted	1	13 198	22 842	-	22 842	36 041	30 614	38 173
Infrastructure - Road transport		2 606	21 678	-	21 678	24 284	21 149	22 289
Infrastructure - Electricity		1 149	-	-	-	1 149	1 560	2 598
Infrastructure - Other		3 550	225	-	225	3 775	5 006	6 734
Infrastructure		7 304	21 903	-	21 903	29 208	27 715	31 621
Community		3 441	1 184	-	1 184	4 625	300	3 091
Investment properties		220	(220)	-	(220)	-	-	-
Other assets	6	2 233	(25)	-	(25)	2 208	2 599	3 461
Total Renewal of Existing Assets to be adjusted	2	20 120	(16 923)	-	(16 923)	3 197	3 818	1 833
Infrastructure - Road transport		16 533	(15 473)	-	(15 473)	1 060	1 065	1 087
Infrastructure - Electricity		140	-	-	-	140	100	140
Infrastructure - Other		200	(70)	-	(70)	130	80	-
Infrastructure		16 873	(15 543)	-	(15 543)	1 330	1 245	1 227
Community		2 900	(1 380)	-	(1 380)	1 520	2 200	200
Investment properties		-	-	-	-	-	-	-
Other assets	6	347	-	-	-	347	373	406
Total Capital Expenditure to be adjusted	4	19 138	6 205	-	6 205	25 344	22 214	23 376
Infrastructure - Road transport		1 289	-	-	-	1 289	1 660	2 738
Infrastructure - Electricity		3 750	155	-	155	3 905	5 086	6 734
Infrastructure - Other		24 177	6 360	-	6 360	30 537	28 960	32 848
Infrastructure		6 341	(196)	-	(196)	6 145	2 500	3 291
Community		220	(220)	-	(220)	-	-	-
Investment properties		2 580	(25)	-	(25)	2 555	2 972	3 867
Other assets		33 318	5 919	-	5 919	39 237	34 432	40 006
TOTAL CAPITAL EXPENDITURE to be adjusted	2	33 318	5 919	-	5 919	39 237	34 432	40 006
ASSET REGISTER SUMMARY - PPE (WDV)								
Infrastructure - Road transport	5	19 138	6 205	-	6 205	25 344	22 214	23 376
Infrastructure - Electricity		1 289	-	-	-	1 289	1 660	2 738
Infrastructure - Other		3 750	155	-	155	3 905	5 086	6 734
Infrastructure		24 177	6 360	-	6 360	30 537	28 960	32 848
Community		6 341	(196)	-	(196)	6 145	2 500	3 291
Investment properties		220	(220)	-	(220)	-	-	-
Other assets		2 580	(25)	-	(25)	2 555	2 972	3 867
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	33 318	5 919	-	5 919	39 237	34 432	40 006
EXPENDITURE OTHER ITEMS								
Depreciation & asset impairment	3	8 004	-	-	-	8 004	8 804	9 685
Repairs and Maintenance by asset class		12 374	-	(72)	(72)	12 302	10 524	11 923
Infrastructure - Road transport		5 003	-	(19)	(19)	4 984	5 332	5 927
Infrastructure - Electricity		1 205	-	(40)	(40)	1 165	1 313	1 431
Infrastructure - Other		451	-	-	-	451	474	497
Infrastructure		6 659	-	(59)	(59)	6 600	7 119	7 856
Community		5 060	-	(97)	(97)	4 963	2 821	3 452
Other assets	6	655	-	84	84	739	585	615
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		20 378	-	(72)	(72)	20 306	19 329	21 608
% of capital exp on renewal of assets		60.4%				8.1%	11.1%	4.6%
Renewal of existing assets as % of deprecn		251.4%				39.9%	43.4%	18.9%
R&M as a % of PPE		37.1%				31.4%	30.6%	29.8%
Renewal and R&M as a % of PPE		97.5%				39.5%	41.7%	34.4%

CHART B9 ASSET MANAGEMENT	
2011/2012 Adjustments Budget	
DESCRIPTION	BUDGET YEAR 2011/2012 R'000
ASSET REGISTER SUMMARY	
INFRASTRUCTURE : ROADS	25344
INFRASTRUCTURE : ELECTRICITY	1289
INFRASTRUCTURE : OTHER	3905
INVESTMENT PROPERTIES	0
COMMUNITY ASSETS	6145
OTHER ASSETS	2555
TOTAL CAPITAL EXPENDITURE	39237



KZN284 uMlalazi - Table B10 Basic service delivery measurement - 31/01/2012

Description	Ref	Budget Year 2011/12				Budget Year +1	Budget Year +2
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	2012/13	2013/14
		A	12 F	13 G	14 H	Adjusted Budget	Adjusted Budget
Household service targets (000)	1						
Energy:							
Electricity (at least min. service level)		1 707	64	64	1 771	1 878	1 880
Electricity - prepaid (> min.service level)		4 115	832	832	4 947	4 115	4 115
<i>Minimum Service Level and Above sub-total</i>		5 822	896	896	6 718	5 993	5 995
Other energy sources		584	-	-	584	584	584
<i>Below Minimum Servic Level sub-total</i>		584	-	-	584	584	584
Total number of households	5	6 406	896 000	896 000	7 302	6 577	6 579
Refuse:							
Removed at least once a week (min.service)		929	3 424	3 424	4 353	1 015	1 015
Minimum Service Level and Above sub-total		929	3 424	3 424	4 353	1 015	1 015
<i>Below Minimum Servic Level sub-total</i>		-	-	-	-	-	-
Total number of households	5	929	3 424	3 424	4 353	1 015	1 015
Households receiving Free Basic Service	15						
Electricity/other energy (50kwh per household per month)		2 404	87	87	2 491	2 404	2 404
Refuse (removed at least once a week)		929	59	59	988	1 015	1 015
Cost of Free Basic Services provided (R'000)	16						
Electricity/other energy (50kwh per household per month)			922	922	922		
Refuse (removed once a week)			1 085	1 085	1 085		
Total cost of FBS provided (minimum social package)		-	2 007	2 007	2 007	-	-
Highest level of free service provided							
Property rates (R'000 value threshold)		50		-	50	50	50
Electricity (kw per household per month)		50		-	50	50	50
Revenue cost of free services provided (R'000)	17						
Property rates (R15 000 threshold rebate)		672	17	17	689	699	727
Property rates (other exemptions, reductions and rebates)		8 475	1 266	1 266	9 741	8 774	8 048
Electricity/other energy		1 065		-	1 065	1 116	1 173
Refuse		1 025		-	1 025	1 257	1 383
Total revenue cost of free services provided (total social package)		11 237	1 283	1 283	12 520	11 846	11 331

5. ADJUSTMENTS TO BUDGET ASSUMPTIONS

5.1 Given the constraints on the revenue side, the Council took very tough decisions on the expenditure side. Priority was given to:

- Protecting the poor from the worst impacts of the economic downturn;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of the asset base (especially the Council's revenue generating assets) by increasing spending on repairs and maintenance; and
- Expediting spending on capital projects that are funded by conditional grants.

5.2 In preparing the adjustments budget, the following priorities were taken into account:

- Deliver more and better services in a caring and efficient manner;
- Hold political office bearers and public servants accountable;
- Shift resources to new priorities;
- Move from debate to effective implementation and decisive action; and
- Work in partnership with communities, labour and business to achieve our shared objectives.

The challenge for the municipality is to do more within its existing resource envelope.

5.3 Over the next few years, the municipality must deliver more services- and deliver them more efficiently-within a tight resource envelope. Achieving this objective requires a new way of working:

- The adjustments budget has been reprioritized so that money is moved from low-priority programmes to high priority programmes.
- A performance culture where people are held accountable for their actions, accompanied by clear, measurable outcomes related to key development priorities.
- The municipality will manage growth in its consumption expenditure (wages, and goods and services) and obtain better value for money.

5.4 The following budget assumptions have a major influence on the adjustments budget:

- It will take some time for the economic upturn to flow through to increased municipal revenues and better cash flows.
- The revenue stream of the Council will stay under pressure for the next three to four quarters in 2012.
- The high cost to move waste from the refuse transfer stations, to the regional refuse site.
- The excessive increases in the tariffs of bulk electricity purchases in the next three budget years, are putting pressure on the Council's operating expenditure budget.
- The increases in property rates and other tariffs are counter productive, resulting in higher levels of non payment and increased bad debts.

6. ADJUSTMENTS TO BUDGET FUNDING

6.1 Hereunder follows an explanation of how the adjustments budget is funded:

6.1.1 *Adjusted Operating Expenditure*

The adjusted operating expenditure is funded as follows:

• Revenue form tariffs	-	90 423 000
• Rental of facilities	-	1 540 000
• Interest earned	-	650 000
• Fines, licences and permits	-	6 694 000
• Transfers recognized	-	79 137 000
• Other direct revenue	-	<u>3 826 000</u>
Total		R182 270 000

6.1.2 *Adjusted Capital Expenditure*

The adjusted capital expenditure is funded as follows:

• Equitable Share Grant	-	9 549 000
• Municipal Infrastructure Grant	-	21 609 000
• Department of Minerals and Energy	-	660 000
• Municipal Infrastructure Grant: VAT	-	<u>7 419 000</u>
Total		<u>R39 237 000</u>

6.1.3 There are no cash backed reserves at this stage to fund future capital projects

6.1.4 The future fiscal sustainability of the Council is not very positive. The following are contributing factors for this situation:

- The continued inability of consumers to settle outstanding accounts.
- The continued dependency on grant funding from the national government.

6.2 Reconciliation showing that the adjusted operating and capital budget remain funded in accordance with Section 18 of the Municipal Finance Management Act.

PART 1 - Budgeting for Financial Performance			
Description	Budget Year 2011/2012 R'000	Budget Year 2012/2013 R'000	Budget Year 2013/2014 R'000
<u>OPERATING REVENUE</u>			
Property rates	39 045	41 491	43 056
Service charges	51 378	65 295	76 281
Rental of facilities and equipment	1 540	1 412	1 494
Interest earned - external investments	650	350	350
Fines	3 396	4 100	4 306
Licences and permits	3 298	3 212	3 373
Government Grants and subsidies - Operating	79 137	76 664	85 530
Government Grants and subsidies - Capital	33 318	34 432	40 006
Other revenue	3 240	3 832	3 955
Gains on disposal of PPE	588	200	200
Total operating revenue	215 590	230 988	258 551
<u>OPERATING EXPENDITURE</u>			
Employee related costs	52 330	59 841	64 141
Remuneration of councilors	12 051	12 506	13 256
Bad & doubtful debts	1 264	592	622
Collection costs	995	1 161	1 219
Depreciation	8 004	8 804	9 685
Repairs and maintenance	12 301	10 524	11 923
Finance charges	856	854	818
Bulk purchases	29 692	33 024	41 280
Contracted services	33 318	34 432	40 006
Grants and subsidies	437	436	455
General expenditure	64 226	68 781	75 074
Total operating expenditure	215 474	230 955	258 479
Surplus/(Deficit)	116	33	72

PART 2 - Budgeting for Cash Flow			
Description	Budget Year 2011/12 R'000	Budget Year 2012/13 R'000	Budget Year 2013/14 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Ratepayers and other	92 855	110 799	121 725
Government - operating	79 137	76 664	85 658
Government - capital	33 318	34 432	31 314
Interest received	650	350	350
<u>Payments</u>			
Suppliers and employees	(172 032)	(186 273)	(207 348)
Finance charges paid	(856)	(854)	(818)
NET CASH FROM/(USED) OPERATING ACTIVITIES	33 072	35 118	30 881
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Proceeds on disposal of PPE	588	200	200
Decrease (Increase) in current/ non-current debtors			
Decrease in inventory		-	-
Decrease (increase) other non-current receivables	(10)	(10)	(10)
<u>Payments</u>			
(Increase) in inventory	(10)	(25)	(26)
Increase in long term investments			
Purchase of property, plant and equipment	(33 318)	(34 432)	(31 314)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(32 750)	(34 267)	(31 150)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Borrowing long term/refinancing			
Increase (decrease) in consumer deposits	10	10	11
<u>Payments</u>			
Repayment of borrowing	(346)	(350)	(353)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(336)	(340)	(342)
NET INCREASE/ (DECREASE) IN CASH HELD	(14)	511	(611)
Cash/cash equivalents at the year begin:	3 917	3 903	4 414
Cash/cash equivalents at the year end:	3 903	4 414	3 803

PART 3 - Reconciliation of reserves and commitments backed by cash/investments			
Description	Budget Year 2010/2011 R'000	Budget Year 2011/2012 R'000	Budget Year 2012/2013 R'000
Application of cash and investments			
Unspent conditional grants	5 500	5 000	4 500
Creditors unpaid at year end	6 590	6 041	4 982
Other provisions	2 000	4 000	5 000
Total commitments:	14 090	15 041	14 482
Total cash and investments available			
Cash/cash equivalents at the year end	3 903	4 414	3 803
Non-current assets - investments	10 828	10 936	11 046
Cash and investments available	14 731	15 350	14 849

6.3 Debtor's collection levels

The Finance Department endeavors to improve the collection levels of the outstanding debtor accounts by implementing the following:

- To execute termination of electricity supply by looking at the total outstanding account on the premises. This means that the electricity supply will be terminated if property rates is outstanding on the property
- To block the sale of pre paid electricity by looking at the total outstanding account, including property rates on the premises.
- An improved structure for arrangements and extensions of time for payment of outstanding debt.
- Quarterly meetings with the Council's attorneys to discuss problem areas on handed over cases.

6.4 Investments

At present the Council does not have **long term** investments to fund the operating or capital expenditure. The investment portfolio for the Council is **short term** investments for conditional grants received from National Treasury.

6.5 Adjustments in Planned proceeds from the lease of assets

Rental of Facilities			
Description	Original Budget 2011/2012	Adjustments	Adjustments Budget 2011/2012
Zululand Show Society	R 200.00		R 200.00
Sundry rentals	R 56 460.00	R64 960.00	R 121 420.00
Sugar Cane Leases- Eshowe	R 636 700.00	R42 510.00	R 679 210.00
Sugar Cane Leases- Gingindlovu	R 204 430.00		R 204 430.00
Road Reserve	R 190.00		R 190.00
Staff Houses	R 88 510.00	(R12 720.00)	R 75 790.00
Sunnydale House	R 6 610.00		R 6 610.00
Hire of Halls	R 98 370.00		R 98 370.00
Hire of Sports Club	R 7 100.00		R 7 100.00
Mtunzini: Sugarcane Farm	R 236 000.00	R110 850.00	R 346 850.00
Total Budget for Rental of Facilities	R1 334 570.00	R205 600.00	R1 540 170.00

6.6 Planned use of bank overdraft

- The Council's primary bank account is with First National Bank in Eshowe
- The overdraft facility at the bank is R5 000 000.
- It is envisaged that use will be made of the bank overdraft facility from January 2012 to June 2012, due to payment of large amounts for capital projects while waiting for transfer of government grants

6.7 Adjustments to allocations and grants to the municipality

Budget:

Grants and subsidies		
<i>Description</i>	<i>Operating</i>	<i>Capital</i>
National Government	64 745 000	33 318 000
Department of Co operative Governance and Traditional Affairs	1 000 000	
Provincial health subsidies	2 400 000	
Provincial Administration	2 050 000	
uThungulu District Municipality	583 000	
TOTAL	70 778 000	33 318 000

Adjustments Budget:

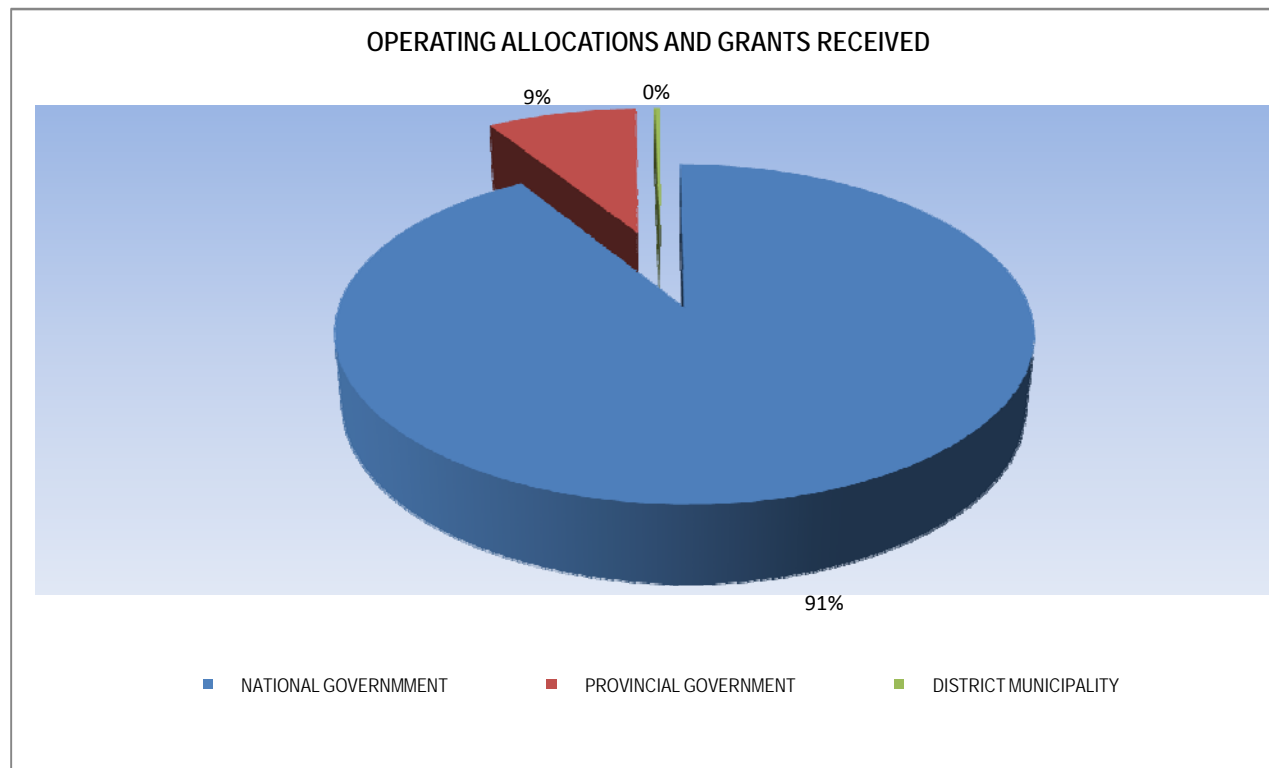
Grants and subsidies		
<i>Description</i>	<i>Operating</i>	<i>Capital</i>
National Government	72 151 000	33 318 000
Department of Co operative Governance and Traditional Affairs	2 294 000	
Provincial health subsidies	2 400 000	
Provincial Administration	2 070 000	
uThungulu District Municipality	222 000	
TOTAL	79 137 000	33 318 000

7. ADJUSTMENTS TO ALLOCATIONS AND GRANT PROGRAMMES

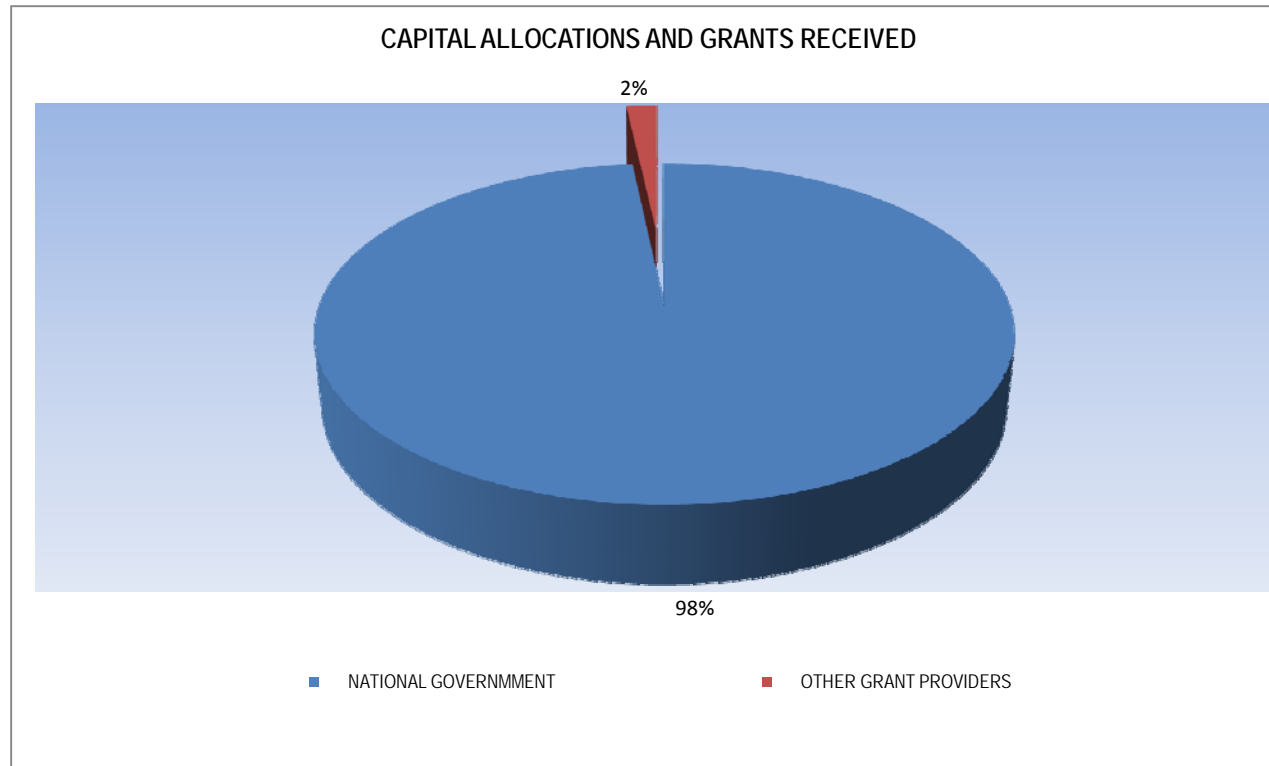
KZN284 uMlalazi - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 31/01/2012

Description	Ref	Budget Year 2011/12				Budget Year +1	Budget Year +2
		Original Budget	Nat. or Prov. Govt	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	9 C	11 E	12 F	2012/13	2013/14
RECEIPTS:	1, 2						
<u>Operating Transfers and Grants</u>							
National Government:		64 745	7 406	7 406	72 151	71 789	78 998
Equitable share		61 555	6 593	6 593	68 148	68 509	75 148
Municipal Systems Improvement	3	790	529	529	1 319	800	900
Finance Management		1 450	284	284	1 734	1 500	1 750
Project Management Unit (MIG Projects)		950	-	-	950	980	1 200
Provincial Government:		5 450	1 314	1 314	6 764	4 257	5 914
Health		2 400	-	-	2 400	2 520	2 646
PT: Community Library Services	5	193	-	-	193	205	297
PT: Provincialisation of Libraries		1 237	-	-	1 237	1 298	2 726
COGTA: Establishment of Pound Grant		1 000	-	-	1 000		
PT: Greenest Municipality		400	-	-	400		
Museum Subsidy		220	(95)	(95)	125	234	245
COGTA : Groundnut Activities		-	500	500	500		
Gratuity Payment: Non-returning councillors		-	794	794	794		
Library Cyber Cadet KDS GR50		-	115	115	115		
District Municipality:		583	(361)	(361)	222	618	618
<i>Uthungulu District Grant : Salary Claims</i>		583	(368)	(368)	215	618	618
<i>Uthungulu District Grant : Information Signs R66</i>		-	6	6	6		
Total Operating Transfers and Grants	6	70 778	8 359	8 359	79 137	76 664	85 530
<u>Capital Transfers and Grants</u>							
National Government:		32 658	5 919	5 919	38 577	34 432	38 006
Municipal Infrastructure (MIG)		21 609	7 419	7 419	29 028	26 115	31 314
Equitable Share		11 049	(1 500)	(1 500)	9 549	8 317	6 692
Other grant providers:		660	-	-	660	-	2 000
<i>Department of Minerals & Energy</i>		660			660		2 000
Total Capital Transfers and Grants	6	33 318	5 919	5 919	39 237	34 432	40 006
TOTAL RECEIPTS OF TRANSFERS & GRANTS		104 096	14 278	14 278	118 374	111 096	125 536

Operating Allocations & Grants Received	
2011/2012 Adjustments Budget	
DESCRIPTION	BUDGET YEAR 2011/2012 R'000
NATIONAL GOVERNMENT	72151
PROVINCIAL GOVERNMENT	6764
DISTRICT MUNICIPALITY	222
TOTAL EXPENDITURE	79137



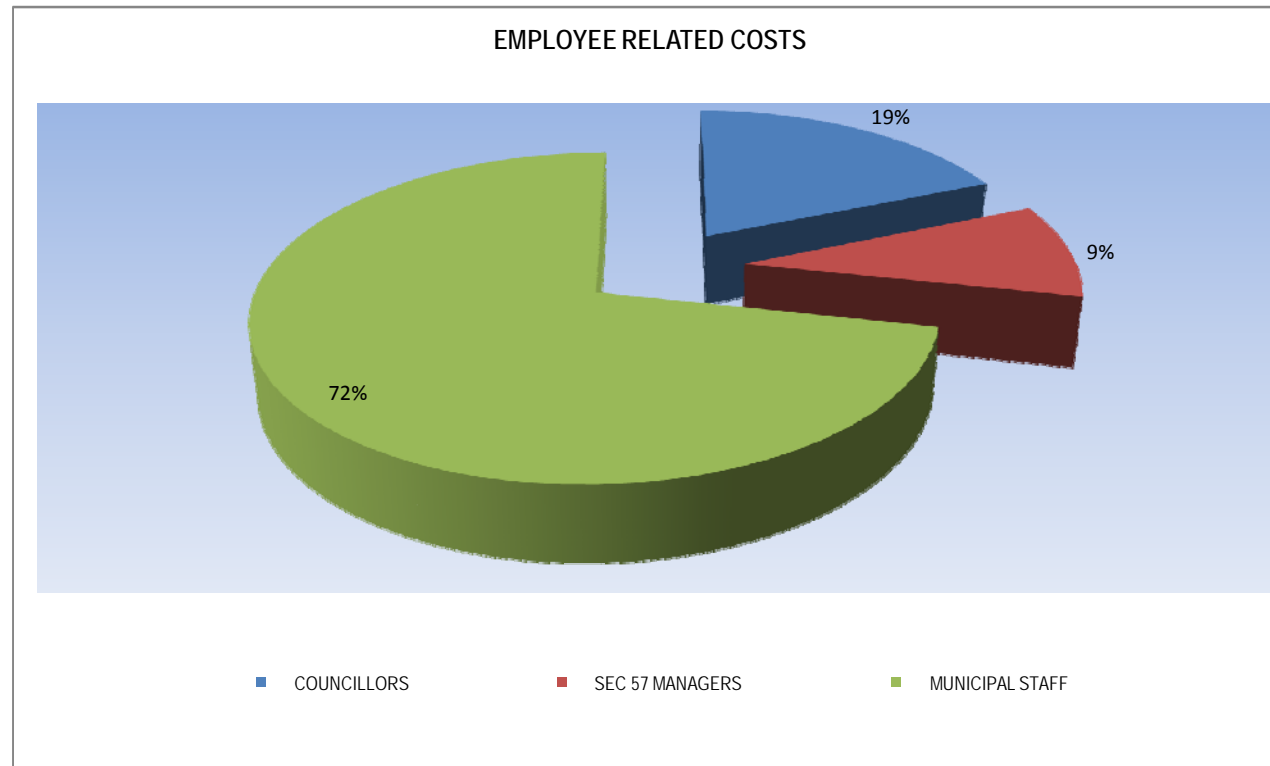
Capital Allocations & Grants Received	
2011/2012 Adjustments Budget	
DESCRIPTION	BUDGET YEAR 2011/2012 R'000
NATIONAL GOVERNMENT	38577
OTHER GRANT PROVIDERS	660
TOTAL EXPENDITURE	39237



8.AJUSTMENTS TO COUNCILLOR ALLOWANCES AND EMPLOYEES BENEFITS

Summary of remuneration	Ref	Budget Year 2011/12				% change
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	
R thousands	1	A	10 F	11 G	12 H	
<u>Councillors (Political Office Bearers plus Other)</u>						
Salary		7 384	121	121	7 506	1.6%
Pension Contributions		816	58	58	874	7.1%
Medical Aid Contributions		128	(26)	(26)	102	-20.3%
Motor vehicle allowance		2 790	100	100	2 890	3.6%
Cell phone allowance		639	-	-	639	
Housing allowance		41	-	-	41	
Sub Total - Councillors		11 798	253	253	12 051	2.1%
% increase					0	
<u>Senior Managers of the Municipality</u>						
Salary	3	3 954	(84)	(84)	3 870	-2.1%
Pension Contributions		677	(14)	(14)	663	-2.1%
Motor vehicle allowance		790	(14)	(14)	777	-1.8%
Cell phone allowance		60	-	-	60	
Performance Bonus		765	-	-	765	0.0%
Other benefits or allowances		45	(1)	(1)	44	-1.6%
Sub Total - Senior Managers of Municipality		6 292	(113)	(113)	6 179	-1.8%
% increase					(0)	
<u>Other Municipal Staff</u>						
Basic Salaries and Wages		34 636	(2 250)	(2 250)	32 386	-6.5%
Pension Contributions		6 157	(773)	(773)	5 384	-12.5%
Medical Aid Contributions		2 176	18	18	2 194	0.8%
Motor vehicle allowance		1 303	337	337	1 640	25.8%
Cell phone allowance		187	-	-	187	0.0%
Housing allowance		163	(25)	(25)	138	-15.3%
Overtime		2 593	(191)	(191)	2 401	-7.4%
Other benefits or allowances		2 248	(428)	(428)	1 820	-19.0%
Sub Total - Other Municipal Staff		49 463	(3 313)	(3 313)	46 150	-6.7%
COUNCILLOR ALLOWANCES, EMPLOYEE REMUNERATION & ENTITY REMUNERATION		67 553	(3 172)	(3 172)	64 380	-4.7%
% increase						
TOTAL MANAGERS AND STAFF	5	55 755	(3 426)	(3 426)	52 330	-6.1%

ADJUSTMENTS BUDGET - EMPLOYEE RELATED COSTS	
2011/2012 Adjustments Budget	
DESCRIPTION	BUDGET YEAR 2011/2012 R'000
COUNCILLORS	12051
SEC 57 MANAGERS	6179
MUNICIPAL STAFF	46150
TOTAL EXPENDITURE	64380



9. Adjustments to Service Delivery and Budget Implementation Plan

Description	Budget	Original date	Revised date
1. Municipal Manager			
1.1 Purchase of furniture	R 52 000	November 2011	March 2011
2. Corporate Services			
2.1 Purchase of Propnet Properties	R220 000	March 2012	Move budget to 2012/2013
2.2 Purchase furniture & fittings	R 20 000	October 2011	February 2012
2.3 Furniture for libraries	R 50 000	October 2011	March 2012
3. Protection Services			
3.1 Fire Arms	R 25 000	October 2011	March 2012
3.2 Equipment for fire stations	R 17 000	July 2011	March 2012
3.3 Planning for new testing station	R300 000	September 2011	March 2012
4. Financial Services			
4.1 Furniture	R 21 000	August 2011	February 2012
4.2 Equipment	R 32 000	October 2011	February 2012
4.3 Upgrade of Buildings	R 40 000	February 2012	March 2012
5. Community Services			
5.1 Playground fencing	R 50 000	September 2011	March 2012
5.2 Sunnyside swimming pool	R860 000	August 2011	June 2012

6. Technical Services			
6.1 Furniture for Mtunzini and Gingindlovu offices (building inspector)	R14 000	October 2011	February 2012
6.2 Creches			
*Imbalenhle (Ward8)	R720 000	November 2011	May 2012
6.3 Sportsfield			
* Hayinyana (Ward6)	R1 378 760	February 2012	April 2012
* Hlohloka (Ward 9)	R914 230	January 2012	April 2012
6.4 Roads and Streets			
* Stormwater management	R340 000	September 2011	March 2012
* Public transport Facilities	R100 000	September 2011	March 2012
*Kwakhoza Road (Ward15)	R830 000		March 2012
*Kangela Road (Ward 11)	R500 000	November 2011	December 2012
*KDS Internal Roads(Ward12)	R5 177 780	November 2011	December 2012
* Sunnydale Ext Roads(Ward12)	R5 071 900	November 2011	December 2012
*Butcher Street (Ward11)	R5 072 800	September 2011	October 2012
*Small Business Development- Taxi Rank	R3 100 000	January 2012	December 2012
6.5 Buildings			
*Admin Offices (Alpha Control)	R2 000 000	February 2012	Move budget to 2012/2013
*Handyman's workshop	R255 000	November 2011	March 2012
6.6 Refuse Skips & Mass containers	R50 000	October 2011	March 2012
6.7 Electricity robot control system	R50 000	September 2011	March 2012

10. Adjustments to Capital Expenditure

Description	Original Budget 2011/2012	Adjustments 2011/2012	Adjustment Budget 2011/2012
Capital expenditure-Municipal vote			
Multi-Year expenditure appropriation			
EXECUTIVE & COUNCIL	79 000	2 000	81 000
Mayoral Office	22 000	2 000	24 000
Municipal Manager	57 000	-	57 000
BUDGET & TREASURY OFFICE	609 000	100 000	709 000
Financial Services	433 000	107 000	540 000
Stores	176 000	-7 000	169 000
CORPORATE SERVICES	2 685 000	-1 597 000	1 088 000
Administration	240 000	-220 000	20 000
Halls & Offices	2 295 000	-1 482 000	813 000
Buildings	150 000	105 000	255 000
PLANNING & DEVELOPMENT	225 000	-61 000	164 000
Engineering Services: Administration	225 000	-61 000	164 000
HEALTH	120 300	-	120 300
Public Health	50 000	-	50 000
Clinics	70 300	-	70 300
COMMUNITY & SOCIAL SERVICES	1 672 977	565 000	2 237 977
Tourism	-	-	-
Creches (Rural)	1 312 977	565 000	1 877 977
Zululand Historical Museum	10 000	-	10 000
Libraries	50 000	-	50 000
Cemetries	300 000	-	300 000
PUBLIC SAFETY	892 000	-	892 000
Traffic	375 000	-	375 000
Fire Fighting	517 000	-	517 000
SPORT & RECREATION	2 727 992	719 000	3 446 992
Recreation Ground	1 827 992	599 000	2 426 992
Parks, Gardens & Estates	160 000	-	160 000
Swimming Pools	740 000	120 000	860 000
WASTE MANAGEMENT	280 000	91 500	371 500
Solid Waste	280 000	91 500	371 500
ROAD TRANSPORT	22 693 219	6 114 880	28 808 099
Testing Station	300 000	-	300 000
Roads & Streets	22 393 219	6 114 880	28 508 099
ELECTRICITY	1 288 500	-	1 288 500
Distribution	1 288 500	-	1 288 500
WORKSHOP	45 000	-15 500	29 500
Municipal Workshop	45 000	-15 500	29 500
Total Capital Expenditure	33 317 988	5 918 880	39 236 868

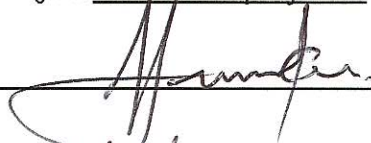
QUALITY CERTIFICATE

I, Simon Mashabane, municipal manager of uMlalazi 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: SIMON MASHABANE

Municipal Manager of uMlalazi Municipality KZ284

Signature: _____



Date: _____

13/01/2012

CONTACT DETAILS

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