

**EKURHULENI METROPOLITAN MUNICIPALITY
COUNCIL MEETING
2015.01.29**

ITEM A-F (12-2015)

SDBIP, CAPITAL AND OPERATING ADJUSTMENTS BUDGET FOR 2014/2015

PURPOSE

To recommend adjustments to be made to the 2014/2015 SDBIP, Capital and Operating Budgets of Council.

STRATEGIC OBJECTIVE

Promoting good governance

WARDS AFFECTED

All wards

IDP LINKAGE

Good Governance.

EXECUTIVE SUMMARY

Section 28 of the Municipal Finance Management Act deals with adjustments budgets. In terms of the Act, an adjustments budget is intended to do the following:

Sub-Section 2

- a) *Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year*
- b) *May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for*
- c) May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality
- d) *May authorise the utilisation of projected savings in one vote towards spending under another vote*
- e) May authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council
- f) May correct any errors in the annual budget; and
- g) May provide for any other expenditure within a prescribed framework

Cognisance should also be taken of the requirements as set out in Chapter 4 of the Municipal Budget and Reporting Regulations, which addresses the following principles:

- Section 21: Formats of adjustment budget
Section 22: Funding of adjustment budget
Section 23: Timeframes for tabling of adjustment budget
Section 24: Submission of tabled adjustment budget
Section 25: Approval of adjustment budget

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Section 26: Publication of approved adjustment budget
Section 27: Submission of approved adjustment budget

The following Annexures are provided:

- Adjustments of the Capital Budget (**Annexure A**)
- Adjustments of the Operating Budget (**Annexure B**)
- Adjustment of the SDBIP (**Annexure C**)
- Amended NT schedules (**Annexure D**) (To be tabled)

DISCUSSION

All departments submitted their respective requests for adjustments of the Capital and Operating budget and the SDBIP to the Finance Department and Strategy and Corporate Planning Department.

The various requests were considered by the IDP, Budget, Assets and Liability Committee (IBALCO) and subsequently presented to the Budget Steering Committee. The Budget Steering Committee held numerous meetings between the 04th December 2014 and 19 January 2015 to analyse and scrutinise proposed adjustments and to finalise the adjustments.

In terms of the report on the key deadlines of the budget process for the coming financial year, as approved in August 2014 by Council, the adjustment budget have to be considered and approved by Council in January 2015.

Legislative also prescribed that the adjustment budget has to be approved by not later than the end of February of each financial year.

ADJUSTMENTS TO THE CAPITAL BUDGET

The actual expenditure as at 31 December 2014 is R 788, 242, 915 against the August 2014 Adjusted Budget of R 3, 963, 168, 528. This represents a spending level of 19.89% which is significantly lower when compared with the same period in 2013/14 which was 33.59%.

The spending pattern is still not at the ideal levels considering that the expenditure projections until 31 December 2014 was 41.11%. It is concerning that the year to date expenditure for this financial year in terms of percentages and monetary value has decreased as compared to the same period in the previous financial years. In addition to the above poor performance, it is also a concern that the current year's budget is almost R1bn more than last financial year's budget.

The proposed adjustments to the capital budget resulted in a reduction of R 136,218,906 of the Budget adjusted in August 2014.

The proposed adjustments budget is a combination of:

- ❖ Re-allocations of funds between projects based on final bids amounts being known,

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- ❖ Projects that were not sufficiently planned for and
- ❖ Budgets being re-scheduled over the MTREF period in line with the activity based project plans.(Roll overs)
- ❖ Refinanced projects

The total project list with detailed motivations (per project) for all of the recommended adjustments is attached as **Annexure A**. This list excludes all the projects where refinancing between sources is proposed. The Re-financed projects are discussed later in this report.

The proposed capital adjustment per department are summarised as per the table below:

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DEPARTMENTAL SUMMARIES FOR CAPEX ADJUSTMENT

Department	Original Budget	Adjusted Budget 2014/15 (as at 31 Dec 2014)	Exp incl. commitments (as at 31 Dec 2014)	% Spent	Amount to be Reduced (Reductions) (-)	Additional amount requested (Additions) (+)	Net Adjustments	Budget after Adjustment
Chief Operating Officer	130,000	130,000	80,584	61.99%	-	-	-	130,000
City Manager	270,000	270,000	119,509	44.26%	-	-	-	270,000
City Planning	4,150,000	4,150,000	601,703	14.50%	-	-	-	4,150,000
Communication and Brand Management	290,000	290,000	239,665	82.64%	-	-	-	290,000
Corporate Legal Services	4,932,600	4,932,600	1,326,815	26.90%	-	-	-	4,932,600
*** Council General	10,000,000	10,000,000	3,085,000	30.85%	(10,000,000)	-	(10,000,000)	-
*** Customer Relations Management	43,700,000	53,621,616	24,388,398	45.48%	(10,000,000)	21,200,000	11,200,000	64,821,616
Disaster & Emergency Management Services	104,619,920	105,119,920	52,809,947	50.24%	(12,500,000)	12,500,000	-	105,119,920
Economic Development	59,300,000	59,300,000	11,397,761	19.22%	(8,000,000)	6,200,000	(1,800,000)	57,500,000
EMPD	130,330,000	136,246,066	102,326,941	75.10%	(4,000,000)	12,700,000	8,700,000	144,946,066
Energy	578,150,000	578,150,000	171,032,115	29.58%	(121,000,000)	87,500,000	(33,500,000)	544,650,000
Environmental Resources Management	11,295,000	11,495,000	5,629,283	48.97%	(2,500,000)	500,000	(2,000,000)	9,495,000
EPMO	9,180,000	9,180,000	168,903	1.84%	(6,000,000)	-	(6,000,000)	3,180,000
Executive Office	2,663,000	2,663,000	494,945	18.59%	-	-	-	2,663,000

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Department	Original Budget	Adjusted Budget 2014/15 (as at 31 Dec 2014)	Exp incl. commitments (as at 31 Dec 2014)	% Spent	Amount to be Reduced (Reductions) (-)	Additional amount requested (Additions) (+)	Net Adjustments	Budget after Adjustment
Finance	20,351,000	20,351,000	8,720,745	42.85%	-	-	-	20,351,000
Fleet Management	10,435,000	30,181,262	2,461,920	8.16%	(15,384,406)	5,235,000	(10,149,406)	20,031,856
Health & Social Development	96,600,000	96,600,000	39,811,538	41.21%	(7,150,000)	7,150,000	-	96,600,000
Human Resources Management & Development	850,000	850,000	249,723	29.38%	-	-	-	850,000
*** Human Settlements	329,992,435	411,848,780	107,516,252	26.11%	(124,300,000)	41,200,000	(83,100,000)	328,748,780
*** ICT	176,938,000	176,938,000	23,310,047	13.17%	-	43,500,000	43,500,000	220,438,000
Internal Audit	606,400	606,400	472,115	77.86%	-	-	-	606,400
Legislature	4,300,000	4,300,000	1,617,701	37.62%	-	-	-	4,300,000
Real Estate	265,605,000	269,451,314	64,456,597	23.92%	(1,800,000)	7,645,000	5,845,000	275,296,314
Risk Management	290,000	290,000	24,820	8.56%	-	-	-	290,000
Roads and Stormwater	608,100,000	608,100,000	54,644,776	8.99%	(189,391,000)	189,391,000	-	608,100,000
SRAC	122,250,000	124,626,084	42,424,607	34.04%	(8,810,000)	2,410,000	(6,400,000)	118,226,084
Strategy & Corporate Planning	310,000	310,000	12,422	4.01%	-	-	-	310,000
Transport	607,093,244	651,595,721	189,219,450	29.04%	(56,300,000)	21,935,500	(34,364,500)	617,231,221
Waste Management	126,916,800	128,745,308	49,928,058	38.78%	(39,030,000)	11,580,000	(27,450,000)	101,295,308
Water & Sanitation	460,517,455	462,826,457	175,733,154	37.97%	(79,359,627)	88,659,627	9,300,000	472,126,457
Grand Total	3,790,165,854	3,963,168,528	1,134,305,493	28.62%	(695,525,033)	559,306,127	(136,218,906)	3,826,949,622

*** Council General – Transfer of R10m to the implementing department which is ICT (ERP Phase 1)

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*** Customer Relations Management – Included is the reduction is an amount of R10m being transferred to ICT. (Unified Command Centre)

*** Human Settlements – Included in the reductions is an amount of R54,3m being transfer to the Operating Budget for the project implementation by EDC (Social Housing Units)

*** ICT – Included in the additions is an amount of R20m being transferred from CRM and Council General. (Unified Command Centre and ERP Phase 1)

Per Sources of Finance:

2014/15 PROPOSED CAPITAL BUDGET ADJUSTMENTS								Refinancing			
Sources of Finance	Original Budget	Adjusted Budget 2014/15 (as at December 2014)	Expenditure Year to Date (as at 31 Dec 2014)	Amount to be Reduced (Reductions) (-)	Additional amount requested (Additions) (+)	Net Adjustments	Budget after Adjustment	Refinancing between HSDG and USDG	Refinancing between USDG and Municipal Bonds	Refinancing between Revenue and USDG	Budget after Adjustment
Developer's contributions	5,500,000	5,500,000	1,413,225	(1,000,000)	-	(1,000,000)	4,500,000				4,500,000
HSDG	75,000,000	156,856,345	71,327,304	-	-	-	156,856,345	(152,030,000)			4,826,345
INEP	61,000,000	61,000,000	33,921,312	-	-	-	61,000,000				61,000,000
Municipal Bonds	1,234,110,000	1,269,202,713	252,133,745	(269,439,406)	212,269,000	(57,170,406)	1,212,032,307		50,000,000		1,262,032,307
Other National Grants	290,000,000	331,288,248	100,389,827	(50,000,000)	26,435,500	(23,564,500)	307,723,748				307,723,748
Other Provincial Grants	1,700,000	1,700,000	-	(700,000)	-	(700,000)	1,000,000				1,000,000
Revenue	552,874,720	553,074,720	385,281,834	(13,035,000)	96,015,000	82,980,000	636,054,720			(114,900,632)	521,154,088
USDG	1,569,981,134	1,584,546,502	289,838,248	(361,350,627)	224,586,627	(136,764,000)	1,447,782,502	152,030,000	(50,000,000)	114,900,632	1,664,713,134
Grand Total	3,790,165,854	3,963,168,528	1,134,305,493	(695,525,033)	559,306,127	(136,218,906)	3,826,949,622	-	-	-	3,826,949,622

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****An amount of R114,9m in respect of the Water Loss Eradication Programme will be refinanced from the Revenue to USDG.

****In line with USDG framework, an amount of R50m in respect of Brownfield Acquisition is being re-financed from USDG to Municipal Bonds

****An amount of R152m in respect of HSDG is been refinanced to USDG. Of that, an amount of R77m relates to the 2013/14 unspent funds not approved for retention. This amount has since been repaid to Provincial Treasury. R75m relates to 2014/15 HSDG which is being refinanced to USDG as a result of the HSDG budget that is not gazetted by the Provincial Treasury, there is no certainty that the allocation will be received in this financial year.

Projects being Re-financed

An amount of R180, 586,282 in respect of USDG grant remained unspent as at 30 June 2014 (2013/14). The allocation for 2014/15 amounts to R1,804, 532, 000 which brings the total to R 1,985, 130 282 of which R 320,417,148 is allocated on the Operating Budget. The total allocation on capex must thus be R 1,664,713,134. The proposed capital adjustments will result in the USDG budget totalling R 1,447,782,502 which requires that some projects amounting to R 216,930,632 must be refinanced to enable the total USDG budget to be allocated. The 2014/15 HSDG allocation has not been gazetted and will therefore not be received, hence it is necessary to re-finance the projects funded from HSDG.

Department	Original Source of finance	New Source of finance after the proposed adjustment	Project Name	Refinancing	Comments
Human Settlements	HSDG	USDG	Germiston Fire Station Social Housing Project-Buildings	20,000,000	Refinanced to USDG as a result of the HSDG budget that is not gazetted by the province, there is no certainty that the allocation to this project will be received in this financial year
Human Settlements	HSDG	USDG	Delville Social Housing Project-construction of buildings	15,000,000	Refinanced to USDG as a result of the HSDG budget that is not gazetted by the province, there is no certainty that the allocation to this project will be received in this financial year
Human Settlements	HSDG	USDG	Human Settlements, Pre Planning Fees	40,000,000	Refinanced to USDG as a result of the HSDG budget that is not gazetted by the province, there is no certainty that the allocation to this project will be received in this financial year
Human Settlements	HSDG	USDG	Driefontein 85-IR	77,030,000	2013/14 unspent grant not approved for retention. Must be re-financed to USDG
Water & Sanitation	Revenue	USDG	Water Loss Eradication Programme	114,900,632	
Real Estate	USDG	Municipal Bonds	Brownfield Property Acquisition	(50,000,000)	Refinanced from USDG to Municipal bonds to be in line with the USDG Framework
				216,930,632	

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ADJUSTMENTS OF THE OPERATING BUDGET

Annexure B of the report contains the detailed motivations for adjustment of the Operating Budget. The following table is a summary of the Operating Budget requests per department:

Summary of Adjustment Budget Requests			
Department	ADJUSTMENT - OPEX		Additional Funding Required
	Additional Amount Recommended	Reductions identified by Departments	
CRM	4,000,000	-	4,000,000
Economic Development	30,390,639	(13,900,000)	16,490,639
DEMS	11,000,000	-	11,000,000
EMPD	4,200,000	(4,200,000)	-
Legislature	3,000,000	-	3,000,000
Executive Office	5,000,000	-	5,000,000
Finance	9,024,683	(4,024,683)	5,000,000
EPMO	-	-	-
Health	10,735,000	(1,730,461)	9,004,539
Human Settlements	2,149,661	(2,149,661)	-
Internal Audit	1,200,000	-	1,200,000
Real Estate (Parks)	1,031,659	-	1,031,659
Risk Management	1,500,000	-	1,500,000
Roads and Stormwater	17,720,000	(17,720,000)	-
SRAC	15,000,000	-	15,000,000
Waste Management	112,105,446	(28,128,220)	83,977,226
Water and Sanitation	216,797,472	-	216,797,472
TOTAL	444,854,560	(71,853,025)	373,001,535

The total amount of requests amounted to R444, 9m.

Each department has to identify reductions within their budget allocation to accommodate the additional requests. A total of R71, 9m was identified by departments, leaving a balanced amount of R373m to be funded.

FUNDING OF THE ADDITIONAL REQUESTS

According to the Section 71 Report for December 2014, the **Sanitation Income Budget** is reflecting the following results:

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	YTD Budget	YTD Actuals	% Variance
Sanitation Income	610,524,049	645,996,099	5.81%
Departmental Usage	13,910,662	6,188,193	-55.51%
Less: Income foregone	134,952,498	131,741,118	-2.38%
Sub-total: NET SANITATION SALES	489,482,213	520,443,174	6.33%

During the compilation of the budget for 2014/15 the income from the levying basic service charges was incorrectly calculated. The basic service charges is reflecting the following results:

	R
Income Budgeted for Basic Service Charges	11,840,000
Actual Income until December 2014	42,034,907
Projected Income for the Full Financial Year	85,038,379
Amount the Projected Income exceeding the Budget	73,198,379

According to the Section 71 Report for December 2014, the **Interest Received on Investments** is reflecting the results:

	R
Income Budgeted for Interest Earned	220,042,500
Actual Income until December 2014	182,220,217
Projected Income for the Full Financial Year	281,998,177
Amount the Projected Income exceeding the Budget	61,955,677

Decrease in the Expenditure Budget:

- a. The amount required to borrow (municipal bond or external loan) for the funding of the Capital Budget is R1.269 billion. During the compilation of the budget provision is made for the interest payable at 10.15% p.a. for a period of 6 months. It is only anticipated that Council will obtain the capital funds in April/May 2015. The interest provided can therefore be reduced R42.9m.

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- b. According the Section 71 Report for Quarter 1 (ending September 2014) the following results on the **salary budget** were realized :

FINANCIAL PERIOD	FULL YEAR Budget	Budget: 1st Quarter of 2014/15	Actuals: 1st Quarter of 2014/15	% Variance: 1st Quarter of 2014/15
METRO	R	R	R	%
EXPENDITURE				
Employee Related Costs - Salaries & Allowances	4,625,960,930	1,146,706,896	1,034,735,187	-9.76%
Employee Related Costs - Overtime	361,678,180	90,215,019	116,577,337	29.22%
Employee Related Costs - Social Contributions	1,168,164,414	292,049,570	259,695,682	-11.08%
Subtotal	6,155,803,524	1,528,971,484	1,411,008,206	7.72%

The savings on Salaries is actual savings realized in the first quarter. It does not affect the filling of vacancies in the period after the first quarter. The total amount saved on salaries in the first quarter amounts to R117,963,279.

- c. According the Section 71 Report for Quarter 1 (ending September 2014) the following results on the **general expenditure** were realized :

FINANCIAL PERIOD	FULL YEAR Budget	Budget: 1st Quarter of 2014/15	Actuals: 1st Quarter of 2014/15	% Variance: 1st Quarter of 2014/15
METRO EXPENDITURE	R	R	R	%
GENERAL EXPENSES	1,568,674,206	280,330,458	203,362,258	-27.46%

The actual expenditure was R76,968,200 less than the planned expenditure. Based on the principles of Quarterly Budgets this amount was saved in the first quarter and therefore could be utilized as savings for the Adjustment Budget. A detail list of amounts per vote is available and the amounts per department are as follows:

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Department Name	Savings / Reductions
CHIEF OPERATING OFFICER: DELIVERY CO-ORDINATION	41,836
CITY MANAGER	161,333
CITY PLANNING	3,001
COMMUNICATION & BRANDING	18,750
CORPORATE LEGAL	445,491
COUNCIL GENERAL	14,478,525
CUSTOMER RELATIONS MANAGEMENT	221,157
DISASTER AND EMERGENCY MANAGEMENT SERVICES	148,844
ECONOMIC DEVELOPMENT	2,147,567
EKURHULENI METRO POLICE DEPARTMENT	3,644,531
ENERGY	22,083,065
ENVIRONMENTAL RESOURCE MANAGEMENT	411,149
FINANCE	9,593,716
FLEET MANAGEMENT	248,659
HEALTH AND SOCIAL DEVELOPMENT	1,464,399
HUMAN RESOURCES	3,284,378
INTERNAL AUDIT	1,110,253
LEGISLATURE	376,157
PARKS & CEMETERIES	1,287,943
REAL ESTATE	2,209,559
RISK MANAGEMENT	20,851
ROADS AND STORMWATER	383,641
SPORTS, RECREATION, ARTS AND CULTURE	2,718,059
STRATEGY & CORPORATE PLANNING	806,323
TRANSPORT	1,602,088
WASTE MANAGEMENT	2,281,860
WATER AND SANITATION	5,775,061
TOTAL	76,968,200

IMPACT OF THE OPERATING ADJUSTMENT BUDGET ON THE CURRENT APPROVED BUDGET OF COUNCIL

The impact of the adjustments as contained in the report on the approved budget is reflected in the following summary of Council's budget.

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Category	Description	Original Budget 2014/15	Budget After Virements to Date 2014/15	Proposed Adjustment Budget	After Adjustment Budget
101 Total	Property Rates	(4,701,134,508)	(4,701,134,508)	-	(4,701,134,508)
102 Total	Interest Earned Outstanding Accounts	(108,988,649)	(108,988,649)	-	(108,988,649)
105 Total	User Charges: Electricity	(518,618,785)	(518,618,785)	-	(518,618,785)
106 Total	User Charges: Refuse Removal	(1,231,349,159)	(1,260,028,554)	-	(1,260,028,554)
107 Total	User Charges: Sanitation	(1,265,216,140)	(1,276,700,140)	(73,198,379)	(1,338,414,519)
108 Total	User Charges: Water	(3,225,161,207)	(3,225,161,207)	-	(3,225,161,207)
109 Total	User Charges: Market	(19,472,811)	(19,472,811)	-	(19,472,811)
110 Total	User Charges: Minor Services	(58,859,942)	(58,859,942)	-	(58,859,942)
115 Total	Fuel Levy	(1,469,674,000)	(1,469,674,000)	-	(1,469,674,000)
117 Total	Rental From Produced Assets	(65,730,354)	(65,730,354)	-	(65,730,354)
118 Total	Rental From Non-Produced Assets	(215,000)	(215,000)	-	(215,000)
122 Total	Interest Earned; Investments	(220,042,500)	(220,042,500)	(61,955,677)	(281,998,177)
125 Total	Interest Earned: Outstanding Debtors	(219,921,038)	(219,921,038)	-	(219,921,038)
133 Total	Fines	(253,115,614)	(253,115,614)	-	(253,115,614)
135 Total	Licenses And Permits	(45,416,893)	(45,416,893)	-	(45,416,893)
137 Total	Agency Services	(258,556,762)	(258,556,762)	-	(258,556,762)
139 Total	Operating Grants	(2,683,115,344)	(2,759,179,314)	(53,786,382)	(2,812,965,696)
140 Total	Capital Grants	(2,003,181,134)	(2,136,064,750)	92,301,523	(2,043,763,227)
142 Total	Other Income	(64,850,150)	(64,850,150)	(1,730,461)	(66,580,611)
145 Total	Profit On Sale Of Assets	(5,000,000)	(5,000,000)	-	(5,000,000)
155 Total	Income Foregone	1,302,618,747	1,302,618,747	-	1,302,618,747
Grand Total	TOTAL INCOME	(28,313,881,896)	(28,563,946,284)	(98,369,376)	(28,650,831,660)

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201 Total	Employee Costs - Salaries	5,182,860,593	5,181,920,593	(116,370,441)	5,065,550,152
202 Total	Employee Costs - Social Contribution	1,168,164,414	1,168,164,414	(10,192,838)	1,157,971,576
203 Total	Internal Labour Costed To Capital	(179,042,764)	(179,042,764)	20,000,000	(159,042,764)
204 Total	Internal Labour Costed To Operations	(725,194,591)	(725,395,384)	-	(725,395,384)
206 Total	Remuneration Of Councillors	101,918,572	101,918,572	-	101,918,572
210 Total	Bad Debt Provision	1,230,204,146	1,230,204,146	-	1,230,204,146
215 Total	Collection Costs	178,237,901	178,149,901	-	178,149,901
220 Total	Depreciation	2,044,296,457	2,044,296,457	-	2,044,296,457
222 Total	Amortisation Of Intangible Assets	7,166,250	7,166,250	-	7,166,250
225 Total	Repairs And Maintenance	1,630,018,935	1,639,001,523	126,662,252	1,754,179,775
226 Total	Repairs And Maintenance: Internal Cost	725,194,591	725,395,384	-	725,395,384
230 Total	Interest: External Loans	706,964,374	705,736,374	(35,916,000)	670,458,374
240 Total	Bulk Purchases	10,290,877,077	10,290,867,077	86,135,220	10,377,002,297
245 Total	Contracted Services	902,139,256	901,388,856	(4,639,398)	896,749,458
250 Total	Grants And Subsidies	1,048,821,207	1,047,321,207	2,623,600	1,049,944,807
255 Total	General Expenditure	1,564,001,248	1,571,972,467	68,582,122	1,639,916,589
256 Total	Operational Grants	369,783,866	445,847,836	53,786,382	499,634,218
260 Total	Loss On Sale Of Assets	25,000,000	25,000,000	-	25,000,000
285 Total	Internal Charges	543,048,402	571,727,797	-	571,727,797
Grand Total	TOTAL EXPENDITURE	26,814,459,934	26,931,640,706	190,670,899	27,110,827,605
350 Total	Transfers To Cash-Backed Reserves	113,000,000	113,000,000	-	113,000,000
355 Total	Offset Depreciation	(619,642,452)	(619,642,452)	-	(619,642,452)
360 Total	Capital Grants	2,003,181,134	2,136,064,750	(92,301,523)	2,043,763,227
Grand Total	TOTAL APPROPRIATIONS	1,496,538,682	1,629,422,298	(92,301,523)	1,537,120,775
TOTAL	TOTAL OPERATING BUDGET	(2,883,280)	(2,883,280)	-	(2,883,280)

ADJUSTMENT OF THE SDBIP

PROPOSED ADJUSTMENT OF THE SDBIP

During the planning for 2014/15 SDBIP, the Metro went through a process of rationalising the SDBIP in order to reflect the most important results the Metro wants to achieve. The Metro wide SDBIP was reduced from 427 to 103 results/indicators (results based management). As part of this process there was emphasis on also improving the technical craft of the indicators to ensure SMARTNESS.

These amendments were discussed in detail in planned sessions with all the Departments and Entities on the Metro in the last 2 weeks of November 2014.

The proposed SDBIP adjustment has been discussed with both Internal Audit and the Auditor-General.

Details on the changes are reflected in **Annexure C** of the report.

**EKURHULENI METROPOLITAN MUNICIPALITY
COUNCIL MEETING
2015.01.29**

ITEM A-F (12-2015)

RECOMMENDATION

1. **That** the report on the Adjustments Budget for the 2014/15 financial year **BE NOTED**.
2. **That** the 2014/15 Budget **BE ADJUSTED** as allowed for in the MFMA Municipal Budget and Reporting Regulations as per the following tables as contained in **Annexure D** (NT schedules) of the report (TO BE TABLED):
 - a. Table B1 – Adjustments Budget Summary
 - b. Table B2 – Adjustments Budget Financial Performance Standard Classification
 - c. Table B3 - Adjustments Budget Financial Performance Revenue and Expenditure by Municipal Vote
 - d. Table B4 - Adjustments Budget Financial Performance Revenue and Expenditure
 - e. Table B5 – Adjustments Capital Budget by Vote and Funding
 - f. Table B6 – Adjustments Budget Financial Position
 - g. Table B7 – Adjustments Budget Cash Flow
 - h. Table B8 – Cash Backed Reserves and Accumulated Surplus Reconciliation
 - i. Table B9 – Asset Management
 - j. Table B10 – Basic Service Delivery Measurement
3. **That** it **BE NOTED** that the revised budget as reflected in the B-tables referred to in **2** above, is a combination of adjustments processed under delegated authority during the year, the adjustment budget changes as approved by Council in August 2014 (roll-overs) and the adjustment budget requests contained in this report.
4. **That** the 2014/15 Capital Budget as reflected in **Annexure A** attached to the report **BE ADJUSTED** downward with an amount of R 136,218,906 as allowed for in the MFMA Municipal Budget and Reporting Regulations.
5. **That** an amount of R 266,930,632 **BE RE-FINANCED** between the Revenue, Municipal Bonds and USDG to allow the full allocation of the USDG budget.
6. **That** the changes of Council's SDBIP for 2014/15 **BE AMENDED** as set out in **Annexure C** attached to the report.