

BUDGET AND TREASURY OFFICE



REPORT TO COUNCIL 3RD ADJUSTMENT BUDGET

COMPILED BY:


L. Manjingolo
Acting Chief Financial Officer


SIGNED BY:


S. Tantsi
Municipal Manager

ENDORSED BY:


Cllr. L. Mgandela
Portfolio Head: Budget and Treasury Office

RECOMMENDED BY:


Cllr. B. Ganjana
Executive Mayor

3RD ADJUSTMENT BUDGET 2014-2015 BUDGET AND TREASURY OFFICE
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1. Purpose

The purpose of the report is to present to the 3rd adjustment budget to the council for approval.

2. Legal and or statutory requirement

Section 28(1) of the MFMA 56 of 2003 allows Municipalities to revise approved budgets through an adjustment budget.

Section 28(2)(f) of the same Act states that an adjustment budget may correct any errors in the annual budget.

3. Background exposition, facts and or proposal

The Municipality adopted the MTREF budget for 2014-2015 for the total amount of **R336 165 146** with a capital budget of **R84 082 175** and operating budget of **R252 082 971** on the 30 May 2014. The 1st Adjustment budget was tabled before council on the 29 August 2014 which was meant to include rollovers from 2013/2014 financial year. The 2nd adjustment budget that was meant to correct the A1 Schedule to balance with the budget returns as per the recommendations of the National Treasury was also tabled to council on the 30th October 2014.

The third adjustment budget that is tabled before the council is to adjust for the following:

- To correct exhausted votes by shifting funds from one vote to another.
- To cater for votes that will be exhausted before June 2015.
- To include MIG rollovers for 2013/2014 that were approved by National Treasury in November 2014.
- To cater for items that were not budgeted for in the approved budget which are necessary for inclusion.

The following table shows the summary of the third adjustment operating budget:

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	17 561	-	-	-	-	-	-	-	17 561	-	-
Property rates - penalties & collection charges												
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	4 100	-	-	-	-	-	-	-	4 100	-	-
Service charges - other												
Rental of facilities and equipment		2 139							-	2 139		
Interest earned - external investments		4 000							-	4 000		
Interest earned - outstanding debtors		2 625							-	2 625		
Dividends received									-	-		
Fines		1 646							-	1 646		
Licences and permits		3 739							-	3 739		
Agency services		820							-	820		
Transfers recognised - operating		176 593						14 648	14 648	191 241		
Other revenue	2	681	-	-	-	-	-	-	-	681	-	-
Gains on disposal of PPE		590							-	590		
Total Revenue (excluding capital transfers and contributions)		214 494	-	-	-	-	-	14 648	14 648	229 143	-	-
Expenditure By Type	-											
Employee related costs		121 325	-	-	-	-	-	9 077	9 077	130 402	-	-
Remuneration of councillors		23 007						(317)	(317)	22 689		
Debt impairment		3 000							-	3 000		
Depreciation & asset impairment		34 642	-	-	-	-	-	-	-	34 642	-	-
Finance charges		2 658						(155)	(155)	2 503		
Bulk purchases		4 216	-	-	-	-	-	1 296	1 296	5 512	-	-
Other materials		6 694						(1 512)	(1 512)	5 182		
Contracted services		6 158	-	-	-	-	-	(572)	(572)	5 586	-	-
Transfers and grants									-	-		

Other expenditure		50 382	-	-	-	-	-	6 832	6 832	57 214	-	-
Loss on disposal of PPE									-	-		
Total Expenditure		252 083	-	-	-	-	-	14 648	14 648	266 731	-	-
Surplus/(Deficit)		(37 588)	-	-	-	-	-	(0)	(0)	(37 588)	-	-
Transfers recognised - capital		62 412						18 800	18 800	81 212		
Contributions		21 670						7 176	7 176	28 845		
Contributed assets									-	-		
Surplus/(Deficit) before taxation		46 494	-	-	-	-	-	25 976	25 976	72 470	-	-
Taxation									-	-		
Surplus/(Deficit) after taxation		46 494	-	-	-	-	-	25 976	25 976	72 470	-	-
Attributable to minorities									-	-		
Surplus/(Deficit) attributable to municipality		46 494	-	-	-	-	-	25 976	25 976	72 470	-	-
Share of surplus/ (deficit) of associate									-	-		
Surplus/ (Deficit) for the year		46 494	-	-	-	-	-	25 976	25 976	72 470	-	-

4. The following tables show the proposed 3rd Adjustment Projects :

OPERATING PROJECTS – ADJUSTMENT

DIRECTORATE	PROJECT NAME	FUNDING	2014/2015 1ST ADJUSTMENT BUDGET	2014/2015 3RD ADJUSTMENT BUDGET
Office of the Municipal Manager	Risk Management Implementation	Equitable share	100 000.00	19 206.00
Office of the Municipal Manager	Internal Audit Operations	Equitable share	500 000.00	500 000.00
Office of the Municipal Manager	Establishment of PMO	Equitable share	1 000 000.00	700 000.00
TOTAL MUNICIPAL MANAGER			1 600 000.00	1 219 206.00
Office of the Speaker	Community Participation	MSIG	200 000.00	200 000.00
TOTAL OFFICE OF THE SPEAKER			200 000.00	200 000.00
LOCAL ECONOMIC DEVELOPMENT				
Local Economic Development	Support to small emerging farmers	Equitable share	400 000.00	400 000.00
Local Economic Development	Enterprise Development (SMME)	Equitable share	300 000.00	220 000.00
Local Economic Development	Social Facilitation	Equitable share	400 000.00	-
Local Economic Development	Annual Heritage Event	Equitable share	500 000.00	3 139 853.81
Local Economic Development	Implementation of tourism strategy	Equitable share	23 863.83	103 863.83
TOTAL LOCAL ECONOMIC DEVELOPMENT			1 623 863.83	3 863 717.64
STRATEGIC MANAGEMENT				
Strategic Management	Implementation of research projects.	Equitable share	187 550.00	87 550.00

DIRECTORATE	PROJECT NAME	FUNDING	2014/2015 1ST ADJUSTMENT BUDGET	2014/2015 3RD ADJUSTMENT BUDGET
Strategic Management	Implementation of SPU activities	Equitable share	653 000.00	653 000.00
Strategic Management	Implementation of IGR Framework	Equitable share	100 000.00	50 000.00
Strategic Management	Municipal branding	Equitable share	494 944.25	494 944.25
Strategic Management	Production of newsletter	Equitable share	151 000.00	151 000.00
Strategic Management	Website Maintance	Equitable share	60 000.00	225 697.20
Strategic Management	Events	Equitable share	512 886.53	802 915.69
Strategic Management	Performance management system	Equitable Share	930 561.74	930 561.74
Strategic Management	Workshop on Policies	MSIG	400 000.00	400 000.00
Strategic Management	Implementation of PMS	MSIG	100 000.00	100 000.00
Strategic Management	Integrated Development Planning	Equitable Share	1 534 696.36	1 534 696.36
TOTAL STRATEGIC MANAGEMENT			5 124 638.88	5 430 365.24
INFRASTRUCTURAL PLANNING AND DEVELOPMENT DIRECTORATE				
Infrastructural Planning And Development	Implentation of spatial development framework	Equitable Share	334 500.00	334 500.00
Infrastructural Planning And Development	Planning and survey fees	Equitable Share	164 717.00	164 717.00
Infrastructural Planning And Development	Township Roads	EPWPG	1 522 000.00	1 522 000.00
Infrastructural Planning And Development	Supplementary Valuation Roll	Equitable Share	1 424 903.09	614 244.10
Infrastructural Planning And Development	PMU	MIG	3 000 650.00	3 000 650.00

DIRECTORATE	PROJECT NAME	FUNDING	2014/2015 1ST ADJUSTMENT BUDGET	2014/2015 3RD ADJUSTMENT BUDGET
Infrastructural Planning And Development	Intergrated Transport Plan	Equitable Share	-	200 000.00
TOTAL INFRASTRUCTURAL PLANNING AND DEVELOPMENT			6 446 770.09	5 836 111.10
COMMUNITY SERVICES DIRECTORATE				
Community Services	Implementation of IWMP	Equitable Share	200 000.00	164 916.00
Community Services	Solid Waste Cooperatives	Equitable Share	1 800 000.00	1 149 680.00
Community Services	Implementation of IEMP	Equitable share	100 000.00	35 950.00
Community Services	Maintanance of Sportfields	Equitable share	530 000.00	329 999.50
Community Services	Maintanance of parks and gardens	Equitable share	220 000.00	220 000.00
Community Services	Community Hall Refurbishment	Equitable Share	233 474.95	233 474.95
Community Services	Closure and rehabilitation of Magqudwana	Equitable share	300 000.00	29 982.00
TOTAL COMMUNITY SERVICES			3 383 474.95	2 164 002.45
OFFICE OF BUDGET AND TREASURY OFFICE				
Budget and Treasury	Internship: Salaries and allowances	FMG	700 000.00	700 000.00
Budget and Treasury	Training: Interns	FMG	500 000.00	500 000.00
Budget and Treasury	Implementation of SCOA	Equitable Share	500 000.00	100 000.00
Budget and Treasury	Operation Clean Audit	FMG	400 000.00	400 000.00
Budget and Treasury	Operation Clean Audit	Equitable Share	1 500 000.00	3 096 743.98
Budget and Treasury	Asset register	Equitable Share	200 000.00	200 000.00

DIRECTORATE	PROJECT NAME	FUNDING	2014/2015 1ST ADJUSTMENT BUDGET	2014/2015 3RD ADJUSTMENT BUDGET
Budget and Treasury	Asset register	MSIG	234 000.00	234 000.00
Budget and Treasury	SCM Awareness	Equitable Share	80 000.00	37 561.10
Budget and Treasury	Indigent registration	Equitable Share	500 000.00	-
Budget and Treasury	Fleet Management System	Equitable Share	100 000.00	100 000.00
Budget and Treasury	Revenue Enhancement	Equitable Share	500 000.00	600 000.00
Budget and Treasury	Budget Preparation	Equitable Share	80 000.00	6 201.60
TOTAL BUDGET AND TREASURY			5 294 000.00	5 974 506.68
CORPORATE SERVICES DIRECTORATE				
Corporate Services	Internship Programme	Equitable Share	620 000.00	120 000.00
Corporate Services	Performance awards	Equitable Share	400 000.00	525 000.00
Corporate Services	Settlement Amount	Equitable Share	1 800 000.00	1 800 000.00
Corporate Services	Arrear debt	Equitable Share	922 474.25	586 416.99
Corporate Services	Employee wellness & OHS programme	Equitable Share	452 395.59	524 395.59
Corporate Services	Bursary	Equitable Share	300 000.00	300 000.00
Corporate Services	Training of councillors & staff	Equitable Share	2 405 991.24	2 008 991.24
Corporate Services	Renovation of staff houses	Equitable Share	471 654.05	671 654.05
Corporate Services	Conversion of staff houses to offices	Equitable Share	1 998 285.00	500 000.00
Corporate Services	Job description writing and evaluation	Equitable Share	170 755.78	170 755.78

DIRECTORATE	PROJECT NAME	FUNDING	2014/2015 1ST ADJUSTMENT BUDGET	2014/2015 3RD ADJUSTMENT BUDGET
Corporate Services	Municipal sport	Equitable Share	217 491.45	217 491.45
TOTAL CORPORATE SERVICES			9 759 047.36	7 424 705.10
	TOTAL OPERATING PROJECTS		33 431 795.11	32 112 614.21

CAPITAL PROJECTS ADJUSTMENT

DIRECTORATE	PROJECT NAME	FUNDING	1ST ADJUSTMENT BUDGET	3RD ADJUSTMENT BUDGET
Office of the Municipal Manager	Office Furniture, Fittings & Equipment	Equitable share	335 359.07	207 505.15
TOTAL MM'S OFFICE			335 359.07	207 505.15
Office of the Speaker	Office Furniture, Fittings & Equipment	Equitable share	100 000.00	62 441.89
Office of the Executive Mayor	M/Vehicle Mayor	Equitable share	-	500 000.00
TOTAL OFFICE OF THE SPEAKER			100 000.00	562 441.89
Local Economic Development	LED patnership and investment	Equitable share	1 000 000.00	-
Local Economic Development	Office furniture	Equitable share	150 000.00	150 000.00
TOTAL LOCAL ECONOMIC DEVELOPMENT			1 150 000.00	150 000.00

DIRECTORATE	PROJECT NAME	FUNDING	1ST ADJUSTMENT BUDGET	3RD ADJUSTMENT BUDGET
Strategic Management	Office Furniture, Fittings & Equipment	Equitable share	150 000.00	150 000.00
TOTAL STRATEGIC MANAGEMENT			150 000.00	150 000.00
Community Services	Revamping of Sportsfields	Equitable share	800 000.00	300 000.00
Community Services	Procurement of trailer	Equitable share	60 000.00	60 000.00
Community Services	Security system/Access Control	Equitable share	500 000.00	500 000.00
Community Services	Security equipment	Equitable share	105 000.00	17 201.00
Community Services	IWMP	Equitable share	210 000.00	-
Community Services	Jumping castles and Water slides for social development	Equitable share	50 000.00	27 900.00
Community Services	10 Skip Bins	Equitable share	110 000.00	110 000.00

DIRECTORATE	PROJECT NAME	FUNDING	1ST ADJUSTMENT BUDGET	3RD ADJUSTMENT BUDGET
Community Services	Community hall refurbishment	Equitable share	1 451 000.00	851 000.00
Community Services	Furniture and Equipment	Equitable share	80 000.00	60 000.00
Community Services	Mowering Equipment	Equitable share	220 000.00	100 000.00
Community Services	Motor Vehicle Pound	Equitable share	200 000.00	200 000.00
Community Services	Motor Vehicles	Equitable share	-	2 000 000.00
TOTAL COMMUNITY SERVICES			3 786 000.00	4 226 101.00
Corporate Services Directorate	Office Furniture, Fittings & Equipment	Equitable share	150 000.00	150 000.00
Corporate Services Directorate	ICT hardware and Software	Equitable share	1 000 000.00	1 000 000.00

DIRECTORATE	PROJECT NAME	FUNDING	1ST ADJUSTMENT BUDGET	3RD ADJUSTMENT BUDGET
Corporate Services Directorate	Carports	Equitable share	403 556.00	88 650.00
Corporate Services Directorate	PMS System & EDMS	Equitable share	200 000.00	-
TOTAL CORPORATE SERVICES			1 753 556.00	1 238 650.00
Infrastructural Development & Planning	Office Furniture, Fittings & Equipment	Equitable share	100 000.00	59 784.16
Infrastructural Development & Planning	Construction of animal pound at Bungeni	Equitable share	1 500 000.00	1 000 000.00
Infrastructural Development & Planning	Procurement of plant	Equitable share	11 696 838.00	11 696 838.00
Infrastructural Development & Planning	Township Roads	Equitable share	6 337 805.57	6 337 805.57
Infrastructural Development & Planning	Gcuwa Bridge	Equitable share	1 000 000.00	500 000.00
Infrastructural Development & Planning	Rural electrification	INEG	5 400 000.00	5 400 000.00

DIRECTORATE	PROJECT NAME	FUNDING	1ST ADJUSTMENT BUDGET	3RD ADJUSTMENT BUDGET
Infrastructural Development & Planning	Butterworth Street & Highmast	MIG	1 715 000.00	
Infrastructural Development & Planning	Vuli Valley Internal Streets	MIG	1 000 000.00	
Infrastructural Development & Planning	Xilinx Access Road	MIG	650 000.00	
Infrastructural Development & Planning	Centane Street Surfacing	MIG	3 400 000.00	3 840 558.38
Infrastructural Development & Planning	Drivers License Testing Center	MIG	3 000 000.00	4 300 000.00
Infrastructural Development & Planning	Ngqamakhwe Street Surfacing	MIG	2 500 000.00	
Infrastructural Development & Planning	Rural Sport Fields cerhu	MIG	4 000 000.00	1 500 000.00
	Rural Sport Fields Nomaheya			1 500 000.00

DIRECTORATE	PROJECT NAME	FUNDING	1ST ADJUSTMENT BUDGET	3RD ADJUSTMENT BUDGET
Infrastructural Development & Planning	Mpenduza to Toboshane	MIG	500 000.00	1 508 901.21
Infrastructural Development & Planning	Myeki Mnyameni	MIG	3 000 000.00	1 000 000.00
Infrastructural Development & Planning	Magalakangqa to majezi Access road	MIG	400 000.00	
Infrastructural Development & Planning	Ndoqa Access Road	MIG	2 000 000.00	2 000 000.00
Infrastructural Development & Planning	Nobanda access road	MIG	2 792 000.00	1 655 535.28
Infrastructural Development & Planning	Zangwa to Mzitheni	MIG	145 000.00	140 129.93

DIRECTORATE	PROJECT NAME	FUNDING	1ST ADJUSTMENT BUDGET	3RD ADJUSTMENT BUDGET
	Mngcangcathelo to majayishe	MIG		1 000 000.00
Infrastructural Development & Planning	Xhaxhashimba Access Road	MIG	63 000.00	62 647.41
Infrastructural Development & Planning	Zazulwana access road	MIG	400 000.00	2 500 000.00
Infrastructural Development & Planning	Malongweni access road	MIG	2 800 000.00	2 768 931.81
Infrastructural Development & Planning	Mphesheya to Ndabakazi	MIG	700 000.00	2 500 000.00

DIRECTORATE	PROJECT NAME	FUNDING	1ST ADJUSTMENT BUDGET	3RD ADJUSTMENT BUDGET
Infrastructural Development & Planning	Zingqayi to Gxothiwe Access Road	MIG	3 000 000.00	5 600 000.00
Infrastructural Development & Planning	Lusizini to Blythswood Access Road	MIG	4 000 000.00	5 213 812.69
Infrastructural Development & Planning	Qeqe to Gxakhulu	MIG	2 000 000.00	3 500 000.00
Infrastructural Development & Planning	Centuli to Ntintili Access Road	MIG	2 000 000.00	3 400 000.00
Infrastructural Development & Planning	Mgobhozweni to Nqileni	MIG	1 000 000.00	2 000 000.00
	Lower Ndakana to Gxojeni	MIG		2 000 000.00
Infrastructural Development & Planning	Lower Ndakana to Skobeni	MIG	2 325 000.00	-

DIRECTORATE	PROJECT NAME	FUNDING	1ST ADJUSTMENT BUDGET	3RD ADJUSTMENT BUDGET
Infrastructural Development & Planning	Tshabanqu Access Road	MIG	1 000 000.00	1 000 000.00
Infrastructural Development & Planning	Ziflethini to Ntibane	MIG	-	2 500 000.00
Infrastructural Development & Planning	Upper Sihlabeni	MIG	1 200 000.00	3 700 000.00
Infrastructural Development & Planning	Amabhalu Access Road	MIG	600 000.00	1 541 354.00
Infrastructural Development & Planning	Futheni to Bawana	MIG	3 000 000.00	3 000 000.00
Infrastructural Development & Planning	Njingini Access Road	MIG	2 200 000.00	2 500 000.00
Infrastructural Development & Planning	Makone Access Road	MIG	200 000.00	2 200 000.00

DIRECTORATE	PROJECT NAME	FUNDING	1ST ADJUSTMENT BUDGET	3RD ADJUSTMENT BUDGET
Infrastructural Development & Planning	Litchi to Qolweni	MIG	1 000 000.00	1 000 000.00
Infrastructural Development & Planning	Nonthsinga to Thafeni	MIG	200 000.00	2 200 000.00
Infrastructural Development & Planning	Mqambeli Emzantsi Access Road	MIG	2 572 350.00	3 500 000.00
Infrastructural Development & Planning	Qeqe to Khumalo Access Road	MIG	300 000.00	1 500 000.00
Infrastructural Development & Planning	Benya to Mthonjeni Access Road	MIG	1 000 000.00	2 800 000.00
Infrastructural Development & Planning	Rwantsana Bridge	MIG	350 000.00	380 479.34
Infrastructural Development & Planning	Construction of council chamber	Equitable share	4 000 000.00	2 000 000.00
Infrastructural Development & Planning	Centane Planning	DLGTA		128 348.22

DIRECTORATE	PROJECT NAME	FUNDING	1ST ADJUSTMENT BUDGET	3RD ADJUSTMENT BUDGET
Infrastructural Development & Planning	Centane Survey	DLGTA		81 087.91
Infrastructural Development & Planning	Siyanda Survey	DLGTA		319 070.40
TOTAL INFRASTRURE PLANNING & DEVELOPMENT			87 046 993.57	103 335 284.31
Budget and Treasury Office	Office Furniture, Fittings & Equipment	Equitable share	150 000.00	127 795.44
Budget and Treasury Office	Remodelling of stores and installation of bar-coding equipment	Equitable share	300 000.00	-
Budget and Treasury Office	Container for Storage	Equitable share	120 000.00	60 000.00
TOTAL BUDGET & TREASURY OFFICE			570 000.00	187 795.44
TOTAL CAPITAL BUDGET			94 891 908.64	110 057 777.79

As illustrated above the municipality has total savings of R 11 174 143. This is made up of savings amounting to R 6 662 638 from capital projects and R 4 511 505 from operating budget. The table below shows the projects funded by savings.

NAME OF PROJECT	AMOUNT
MOTOR VEHICLES - COMMUNITY SERVICES	2 000 000.00
OPERATING PROJECTS - EXHAUSTED VOTES	2 892 324.15
OPERATING BUDGET	5 481 818.44
EXECUTIVE MAYOR'S CAR	500 000.00
REVENUE ENHANCEMENT STRATEGY	100 000.00
INTERGRATED TRANSPORT PLAN	200 000.00
TOTAL	11 174 142.59

5. Staff implications

None

6. Financial implications

- a. Capital Projects will increase from **R 94 891 908.64** to **R 110 057 777.79**
- b. Operating Budget will increase from **R 262 468 599** to **R 266 731 236**

7. Recommendations

It is hereby recommended that the council approves the 3rd adjustment budget for the 2014-2015 financial year.