

THIRD ADJUSTMENTS BUDGET REPORT - 2021/2022 FINANCIAL YEAR

1. PURPOSE

The purpose of the report is for the Council to **consider** and **approve** the Third Adjustments Budget of the Buffalo City Metropolitan Municipality for the 2021/2022 financial year in terms of section 28 of the MFMA.

2. AUTHORITY

Buffalo City Metropolitan Council.

3. LEGAL / STATUTORY REQUIREMENTS

- 3.1 The Constitution of the Republic of South Africa, 1996
- 3.2 Municipal Finance Management Act No 56, 2003
- 3.3 Municipal Budget and Reporting Regulations, 2009
- 3.4 Division of Revenue Act, 2021
- 3.5 Government Gazette No.46095

4. BACKGROUND

In terms of Section 28, of the Municipal Finance Management Act No. 56, 2003, Chapter 4, the following applies: -

(1) "A municipality may revise an approved annual budget through an adjustment budget.

(2) An adjustments budget—

(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.*
- (3) An adjustments budget must be in a prescribed form.*
- (4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2)(b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.*
- (5) When an adjustments budget is tabled, it must be accompanied by—*
- (a) an explanation how the adjustments budget affects the annual budget;*
- (b) a motivation of any material changes to the annual budget;*
- (c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and*
- (d) any other supporting documentation that may be prescribed.*
- (6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.”*
- (7) Sections 22(b), 23(3) and 24(3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.”*

According to the Municipal Budget and Reporting Regulations (MBRR),2009, (Reg. 23) “(3) if a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in Section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.”

“An adjustment budget and supporting documentation of a municipality must be in the format specified in Schedule B and include all the required tables, charts and explanatory information taking into account any guidelines issued by the Minister in terms of S168(1) of the Act” (MFMA).

This report responds to the above sections of MFMA (28(2)) and follows the legislative requirements of the Municipal Budget and Reporting Regulations (Schedule B format).

5. EXPOSITION OF FACTS

On 25 March 2022, the National Treasury issued a Government Gazette No.46095. This Government Gazette provides for a reduction on the Informal Settlements Upgrading Partnership Grant (ISUPG) amounting to R28 000 000 for Buffalo City Metropolitan Municipality. The 2021/2022 Third Adjustments Budget is being prepared mainly to reduce the ISUPG funding appropriated to the Buffalo City Metropolitan Municipality's 2021/2022 budget by R28 000 000. This adjustment budget is also being prepared to appropriate an additional allocation of R25 255 703 that has been received by the City from Eastern Cape: Department of Human Settlements for HSDG funded projects. It is also to reallocate funds within operating and capital projects in order to improve efficiency and service delivery. The loan funding has also been reduced due to the delays in the Sewer Diversion Tunnel Project.

The following table provides a high-level summary of the Operating and Capital Budget Adjustments:

A. The following table provides a high-level summary of the Operating and Capital Budget Adjustments for the Parent Municipality (BCMM):

OPERATING AND CAPITAL BUDGET EXPENDITURE	2021/2022	2021/2022	2021/2022	ADJUSTMENTS	2021/2022	2022/2023	2023/2024
	APPROVED ADJ. BUDGET	FIRST ADJ. BUDGET	SECOND ADJ. BUDGET		THIRD ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	8,087,386,313	8,168,245,082	8,172,794,462	22,127,768	8,194,922,230	8,681,022,951	9,306,824,636
Total Operating Expenditure Excluding Operating Projects	7,754,080,904	7,754,080,904	7,724,699,769	(9,996,499)	7,714,703,270	8,381,025,144	8,963,211,737
Operating Projects	330,938,495	411,797,264	445,727,779	32,124,267	477,852,046	298,345,161	340,099,000
Total Operating Expenditure Including Operating Projects	8,085,019,399	8,165,878,168	8,170,427,548	22,127,768	8,192,555,316	8,679,370,305	9,303,310,737
Surplus / (Deficit)	2,366,914	2,366,914	2,366,914	0	2,366,914	1,652,646	3,513,899
Total Capital Expenditure	1,802,391,613	2,006,526,247	1,826,349,883	(224,796,559)	1,601,553,322	2,207,494,392	2,115,931,751
Total Opex and Capex Budget	9,887,411,012	10,172,404,415	9,996,777,431	(202,668,791)	9,794,108,640	10,886,864,697	11,419,242,488

B. The following table provides a high-level summary of the Consolidated Operating and Consolidated Capital Budget Adjustments:

OPERATING AND CAPITAL BUDGET EXPENDITURE	2021/2022	2021/2022	2021/2022	ADJUSTMENTS	2021/2022	2022/2023	2023/2024
	APPROVED ADJ. BUDGET	FIRST ADJ. BUDGET	SECOND ADJ. BUDGET		THIRD ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	8,234,111,627	8,316,332,953	8,302,727,546	22,127,768	8,324,855,314	8,804,511,644	9,389,820,406
Total Operating Expenditure Excluding Operating Projects	7,900,806,218	7,902,168,775	7,854,672,853	(9,996,499)	7,844,676,354	8,504,513,837	9,046,207,507
Operating Projects	330,938,495	411,797,264	445,687,779	32,124,267	477,812,046	298,345,161	340,099,000
Total Operating Expenditure Including Operating Projects	8,231,744,713	8,313,966,039	8,300,360,632	22,127,768	8,322,488,400	8,802,858,998	9,386,306,507
Surplus / (Deficit)	2,366,914	2,366,914	2,366,914	0	2,366,914	1,652,646	3,513,899
Total Capital Expenditure	1,803,591,613	2,007,726,245	1,827,549,881	(224,796,559)	1,602,753,322	2,208,774,392	2,117,298,151
Total Opex and Capex Budget	10,035,336,326	10,321,692,284	10,127,910,513	(202,668,791)	9,925,241,722	11,011,633,390	11,503,604,658

Further details on exposition of facts are detailed below in the prescribed format.

TABLE OF CONTENTS

1. PURPOSE	1
2. AUTHORITY	1
3. LEGAL / STATUTORY REQUIREMENTS.....	1
4. BACKGROUND	1
5. EXPOSITION OF FACTS.....	3
LIST OF TABLES	6
LIST OF FIGURES	6
ABBREVIATIONS AND ACRONYMS.....	7
5.1 EXECUTIVE MAYOR'S REPORT.....	9
5.2 COUNCIL RESOLUTIONS	10
5.3 EXECUTIVE SUMMARY	12
5.4 OPERATING REVENUE FRAMEWORK.....	14
5.5 OPERATING EXPENDITURE FRAMEWORK.....	17
5.6 CAPITAL EXPENDITURE FRAMEWORK.....	28

LIST OF TABLES

Table 1: High Level Summary of Operating and Capital Budget Adjustments	9
Table 2: 2021/2022 Third Adjustments Budget Summary.....	13
Table 3: 2021/2022 Third Adjusted Revenue per Source	14
Table 4: 2021/2022 Third Adjusted Expenditure Budget per Category	17
Table 5: 2021/2022 Third Adjustments to Operating Projects - Funding Source	27
Table 6: 2021/2022 Third Adjustments to Operating Projects – Directorate	28
Table 7: 2021/2022 Third Adjustments to Capital Expenditure Budget – Funding.....	34
Table 8: 2021/2022 Third Adjustments to Capital Expenditure Budget – Directorate	35

LIST OF FIGURES

Figure 1: 2021/2022 Operating Revenue per Source	16
Figure 2: 2021/2022 Operating Expenditure per Type	24

ABBREVIATIONS AND ACRONYMS

AMR	Automated Meter Reading	EU	European Union
ASGISA	Accelerated and Shared Growth Initiative South Africa	ELIDZ	East London Industrial Development Zone
BCMM	Buffalo City Metropolitan Municipality	FBS	Free Basic Services
BCMDA	Buffalo City Development Agency	FMG	Finance Management Grant
BEPP	Built Environment Performance Plan	GAMAP	Generally Accepted Municipal Accounting Practice
BSC	Budget Steering Committee	GDP	Gross Domestic Product
CBD	Central Business District	GFS	Government Financial Statistics
CFO	Chief Financial Officer	GRAP	Generally Recognized Accounting Practice
CM	City Manager	HR	Human Resources
CoGTA	Cooperative Government & Traditional Affairs	HSDG	Human Settlement Development Grant
CPI	Consumer Price Index	HSRC	Human Science Research Council
CRRF	Capital Replacement Reserve Fund	ICDG	Integrated City Development Grant
DBSA	Development Bank South Africa	IDP	Integrated Development Plan
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism	INEP	Integrated National Electrification Programme
DoRA	Division of Revenue Act	IT	Information Technology
DRDLR	Department of Rural Development and Land Reform	ISUPG	Informal Settlements Upgrading Partnership Grant
DTI	Department of Trade & Industry	KPI	Key Performance Indicator
DWA	Department of Water Affairs	kℓ	Kilolitre
ECDC	Easter Cape Development Corporation	KFA	Key Focus Area
EE	Employment Equity	Km	Kilometre
EEDSM	Energy Efficiency Demand Side Management	KPA	Key Performance Area
EM	Executive Mayor	kWh	Kilowatt hour

EPWP	Expanded Public Works Programme	ℓ	Litre
ECPTA	Eastern Cape Parks & Tourism	LED	Local Economic Development
MBRR	Municipal Budgeting and Reporting Regulations	PPP	Public Private Partnership
MDGS	Metro Growth and Development Strategy	PT	Provincial Treasury
MEC	Member of the Executive Committee	PMS	Performance Management System
MFMA	Municipal Finance Management Act	PTIS	Public Transport Infrastructure System
MIG	Municipal Infrastructure Grant	SALGA	South African Local Government Association
MMC	Member of Mayoral Committee	SAT	South African Tourism
MPRA	Municipal Property Rates Act	SDBIP	Service Delivery Budget Implementation Plan
MSA	Municipal Systems Act	SDF	Spatial Development Framework
MTEF	Medium-term Expenditure Framework	SMME	Small Micro and Medium Enterprises
MTREF	Medium-term Revenue and Expenditure Framework	TRAs	Temporary Relocation Areas
NDPG	Neighbourhood Development Partnership Grant	UK	United Kingdom
NERSA	National Electricity Regulator South Africa	US	United States
NGO	Non-Governmental Organisations	USDG	Urban Settlement Development Grant
NKPIs	National Key Performance Indicators	VAT	Value Added Tax
NT	National Treasury	WSA	Waster Services Authority
OP	Operational Plan	WSDP	Water Services Development Plan
PPE	Property, Plant and Equipment		

5.1 EXECUTIVE MAYOR'S REPORT

The 2021/2022 Third Adjustments Budget is being tabled at Council in terms of Section 28 of the MFMA for the main purpose of reducing the ISUPG allocation that is appropriated in the City's 2021/2022 budget by R28 000 000. This adjustment budget is also being prepared to appropriate an additional allocation of R25 255 703 that has been received by the City from Eastern Cape: Department of Human Settlements for HSDG funded projects. In this adjustment budget, budget reallocations have also been effected between programmes/projects as well as on the operating expenditure categories in order to improve operational efficiencies and service delivery. The loan funding has also been reduced due to the delays in the Sewer Diversion Tunnel Project.

The following table provides a high-level summary of the Operating and Capital Budget adjustments:

Table 1: High Level Summary of Operating and Capital Budget Adjustments

OPERATING AND CAPITAL BUDGET EXPENDITURE	2021/2022	2021/2022	2021/2022	ADJUSTMENTS	2021/2022	2022/2023	2023/2024
	APPROVED	FIRST	SECOND		THIRD	FINAL	FINAL
	ADJ. BUDGET	ADJ. BUDGET	ADJ. BUDGET		ADJ. BUDGET	BUDGET	BUDGET
Total Revenue	8,234,111,627	8,316,332,953	8,302,727,546	22,127,768	8,324,855,314	8,804,511,644	9,389,820,406
Total Operating Expenditure Excluding Operating Projects	7,900,806,218	7,902,168,775	7,854,672,853	(9,996,499)	7,844,676,354	8,504,513,837	9,046,207,507
Operating Projects	330,938,495	411,797,264	445,687,779	32,124,267	477,812,046	298,345,161	340,099,000
Total Operating Expenditure Including Operating Projects	8,231,744,713	8,313,966,039	8,300,360,632	22,127,768	8,322,488,400	8,802,858,998	9,386,306,507
Surplus / (Deficit)	2,366,914	2,366,914	2,366,914	0	2,366,914	1,652,646	3,513,899
Total Capital Expenditure	1,803,591,613	2,007,726,245	1,827,549,881	(224,796,559)	1,602,753,322	2,208,774,392	2,117,298,151
Total Opex and Capex Budget	10,035,336,326	10,321,692,284	10,127,910,513	(202,668,791)	9,925,241,722	11,011,633,390	11,503,604,658

The City continues with its efforts of producing a surplus budget that is funded in line with National Treasury requirements. This adjustment budget has a surplus of R2 366 914 before capital transfers recognised.

5.2 COUNCIL RESOLUTIONS

On 31 May 2021 the Council of Buffalo City Metropolitan Municipality met to consider, approve and adopt the 2021/22 – 2023/24 MTREF Budget. The Council further met on 25 August 2021 to consider and approve the roll-over adjustment budget. On 28 February 2022, BCMM Council met to consider the 2021/2022 mid-year adjustment budget. In terms of Chapter 4, Section 28 (1) to (7) of the Municipal Finance Management Act No. 56 of 2003, "A municipality may adjust an approved budget through an adjustment budget."

It is therefore recommended that the BCMM Council **considers and approves:**

- A. The adjusted budget of the Parent municipality (BCMM) for the 2021/2022 Third Adjustments Budget as follows:
- i. The adjustment from R8 172 794 462 to R8 194 922 230 of the BCMM 2021/2022 Operating Revenue Budget.
 - ii. The adjustment from R8 170 427 548 to R8 192 555 316 of the BCMM 2021/2022 Operating Expenditure Budget.
 - iii. The adjustment from R1 826 349 883 to R1 601 553 322 of the BCMM 2021/2022 Capital Budget.
- B. The consolidated adjusted budget for the 2021/2022 Third Adjustments Budget as follows:
- i. The adjustment from R8 302 727 546 to R8 324 855 314 of the consolidated 2021/2022 Operating Revenue Budget.
 - ii. The adjustment from R8 300 360 632 to R8 322 488 400 of the consolidated 2021/2022 Operating Expenditure Budget.
 - iii. The adjustment from R1 827 549 881 to R1 602 753 322 of the consolidated 2021/2022 Capital Budget.
- C. Council **note** that, in order to improve operational efficiency, the consolidated detailed schedules of operating projects and capital projects that are attached as **Annexure 1 and 2** respectively have been rolled up to project and or programme level to allow budget transfers between vote/account numbers that make up that particular project or programme to be

managed at administrative level rather than being treated as a virement or an adjustment budget (Annexure 1.1 and 2.1 are provided for information only).

PKUATI -

X. PAKATI
EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY
ANDILE SIHLAHLA/NS

19/05/2022.
DATE

ANNEXURES:

- Annexure 1: Schedule of Operating Projects per Programme/Project
- Annexure 1.1: Detailed Schedule of Operating Projects
- Annexure 2: Schedule of Capital Projects per Programme/Project
- Annexure 2.1: Detailed Schedule of Capital Projects
- Annexure 3: Detailed National Treasury B – Schedules (Parent)
- Annexure 4: Detailed National Treasury B – Schedules (Consolidated)

5.3 EXECUTIVE SUMMARY

The Buffalo City Metropolitan Municipality is still mindful of the economic challenges that are experienced by South Africa including the devastating effects of the COVID-19 pandemic that are characterised by low economic growth, high unemployment rate, lower exports earnings, lower revenue, declining investment, job losses and business failures. The City is not immune to these challenges and the decline to the revenue collection rate attests to these challenges.

BCMM continues to take a more conservative approach in the manner in which it approaches the budgeting including this 2021/2022 Third Adjustments Budget. This approach involved an intensive internal process of assessing and determining whether the budgeted programs and projects are responding to the City's strategic needs and priorities. This process further assessed the implementation readiness of the budgeted programs and projects and the re-allocation of the expenditure budget was informed by this assessment. The reduction of the ISUPG funded projects/programmes by National Treasury was also informed by this process.

The budget assumptions have not been adjusted as a result this adjustment budget does not have an impact on tariffs and there have been no new allocations or grants made by the municipality. This adjustment budget is in respect of projects that are already in the IDP and SDBIP and therefore it has not been necessary to revise these documents.

The consolidated operating revenue budget has been increased by R22 127 768 from R8 302 727 546 to R8 324 855 314. The consolidated operating expenditure has also been increased by the same amount (R22 127 768) from R8 300 360 632 to R8 322 488 400. These are detailed in section 5.4 and 5.5 of the report. The overall operating surplus before capital transfers recognised remains unchanged at R2 366 914.

The consolidated capital expenditure budget is adjusted downwards by R224 796 559 from R1 827 549 881 to R1 602 753 322. This reduction is resulting from the R28 000 000 reduction in the ISUPG funding allocated to the City as well as a reduction of R200 000 000 from Loan funding.

5.3.1 Budget Adjustment Summary

The main reason for this adjustment budget is to reduce the ISUPG funding appropriated in the City's 2021/2022 budget by R28 000 000 in accordance with Government Gazette No. 46095, dated 25 March 2022. This adjustment budget is also being prepared to cater for an allocation of R25 255 703 that has been received by the City from Eastern Cape: Department of Human Settlements for HSDG funded projects. The table below indicates the summary of the 2021/2022 Third Adjustments Budget.

Table 2: 2021/2022 Third Adjustments Budget Summary

OPERATING AND CAPITAL BUDGET EXPENDITURE	2021/2022	2021/2022	2021/2022	ADJUSTMENTS	2021/2022	2022/2023	2023/2024
	APPROVED	FIRST	SECOND		THIRD	FINAL	FINAL
	ADJ. BUDGET	ADJ. BUDGET	ADJ. BUDGET		ADJ. BUDGET	BUDGET	BUDGET
Total Revenue	8,234,111,627	8,316,332,953	8,302,727,546	22,127,768	8,324,855,314	8,804,511,644	9,389,820,406
Total Operating Expenditure Excluding Operating Projects	7,900,806,218	7,902,168,775	7,854,672,853	(9,996,499)	7,844,676,354	8,504,513,837	9,046,207,507
Operating Projects	330,938,495	411,797,264	445,687,779	32,124,267	477,812,046	298,345,161	340,099,000
Total Operating Expenditure Including Operating Projects	8,231,744,713	8,313,966,039	8,300,360,632	22,127,768	8,322,488,400	8,802,858,998	9,386,306,507
Surplus / (Deficit)	2,366,914	2,366,914	2,366,914	0	2,366,914	1,652,646	3,513,899
Total Capital Expenditure	1,803,591,613	2,007,726,245	1,827,549,881	(224,796,559)	1,602,753,322	2,208,774,392	2,117,298,151
Total Opex and Capex Budget	10,035,336,326	10,321,692,284	10,127,910,513	(202,668,791)	9,925,241,722	11,011,633,390	11,503,604,658

5.4 OPERATING REVENUE FRAMEWORK

The following table (Table 3) depicts adjustments to the operating revenue budget per source. It reflects that there has been an increase of revenue totalling to R22 127 768.

Table 3: 2021/2022 Third Adjusted Revenue per Source

2021/2022 THIRD ADJUSTMENT BUDGET REVENUE & EXPENDITURE FRAMEWORK	2021/2022 APPROVED BUDGET	2021/2022 FIRST ADJUSTMENT BUDGET	2021/2022 SECOND ADJUSTMENT BUDGET	ADJUSTMENTS	2021/2022 THIRD ADJUSTMENT BUDGET
Revenue by Source					
Property rates	1,834,764,190	1,834,764,190	1,834,764,190	0	1,834,764,190
Service charges - electricity revenue	2,367,669,175	2,367,669,175	2,372,337,992	0	2,372,337,992
Service charges - water revenue	795,707,988	795,707,988	795,707,988	0	795,707,988
Service charges - sanitation revenue	447,060,205	447,060,205	447,060,205	0	447,060,205
Service charges - refuse revenue	367,953,776	367,953,776	367,953,776	0	367,953,776
Rental of facilities and equipment	20,959,164	20,959,164	20,959,164	0	20,959,164
Interest earned - external investments	36,489,853	36,489,853	30,654,384	0	30,654,384
Interest earned - outstanding debtors	109,695,656	109,695,656	115,695,656	0	115,695,656
Fines, penalties and forfeits	21,407,384	21,407,384	21,407,384	0	21,407,384
Licences and permits	18,834,621	18,834,621	18,834,621	0	18,834,621
Agency services	43,069,698	43,069,698	44,746,473	0	44,746,473
Transfers and subsidies - Operating	1,301,395,383	1,383,616,709	1,370,112,989	22,127,768	1,392,240,757
Other revenue	869,104,534	869,104,534	862,492,724	0	862,492,724
Total Direct Operating Revenue	8,234,111,627	8,316,332,953	8,302,727,546	22,127,768	8,324,855,314

The revenue increase of R22 127 768 is on transfers and subsidies: operating and it relates to the following:

5.4.1.1 Reduction in FMG funding: (R76 000)

The FMG budget for Operating projects is reducing by R76 000. This R76 000 has been reallocated from Operating projects to the Capital budget to fund Acquisition of Laptops for FMG Interns.

5.4.1.2 Reduction in the Informal Settlement Upgrading Partnership Grant (ISUPG): (R3 051 935)

The ISUPG budget allocated for Operating projects is reducing by R3 051 935:

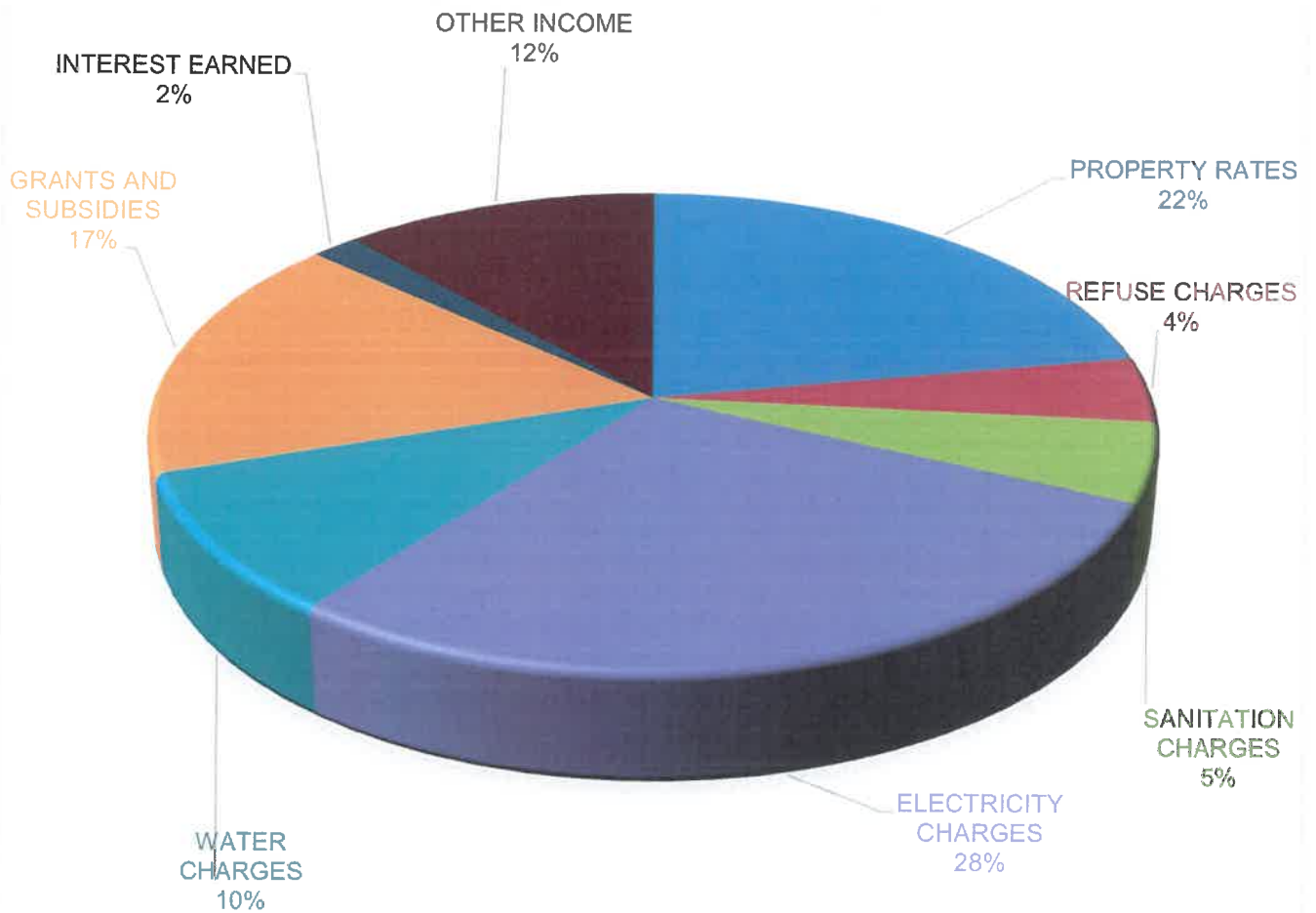
- a) An amount of R1 693 750 has been reallocated from Operating projects to fund the shortfall of Land Acquisition (Capital project) within the Directorate of Spatial Planning & Development. Refer to section 5.5.4 (a) for the affected projects.
- b) A budget of R608 185 has been reduced from the Directorate of Spatial Planning & Development's Operating projects due to some projects not being ready for implementation in the current year. Refer to section 5.5.4 (a) for the affected projects.
- c) A budget of R750 000 has been reduced from the Directorate of Human Settlements Operating projects due to some projects not being ready for implementation in the current year. Refer to section 5.5.4 (d) for the affected projects.

5.4.1.3 Increase in the Human Settlements Development Grant funding (HSDG): R25 255 703

BCMM received an additional allocation of R25 255 703 from Eastern Cape: Department of Human Settlements (EC: DoHS) for HSDG funded project.

The pie chart (Figure 1) below depicts operating revenue budget per source. In terms of service revenue, electricity remains the main contributor to the revenue of the municipality by generating 28% of the total revenue. This is followed by water tariffs at 10%, sanitation tariff at 5% and refuse tariff at 4%. The Property Rates revenue totals 22% of the total Municipal revenue. The municipality receives grants and subsidies totalling 17% of the total revenue, interest earned is 2% of the total revenue. Other revenue contributes 12% of the total revenue.

Figure 1: 2021/2022 Operating Revenue per Source



5.5 OPERATING EXPENDITURE FRAMEWORK

Table 4 below details adjustments to the consolidated operating expenditure budget per category. The adjustments in table 4 reflects reallocation of funding between the expenditure types to improve operational efficiency. The adjustments also reflect an upward adjustment of R22 127 768 to the Operating expenditure budget of the City.

Table 4: 2021/2022 Third Adjusted Expenditure Budget per Category

2021/2022 THIRD ADJUSTMENT BUDGET REVENUE & EXPENDITURE FRAMEWORK	2021/2022 APPROVED BUDGET	2021/2022 FIRST ADJUSTMENT BUDGET	2021/2022 SECOND ADJUSTMENT BUDGET	ADJUSTMENTS	2021/2022 THIRD ADJUSTMENT BUDGET
Expenditure Per Category					
Employee related costs	2,524,700,982	2,524,700,982	2,522,058,310	0	2,522,058,310
Remuneration of councillors	76,549,605	76,549,605	68,534,239	0	68,534,239
Debt impairment	871,973,300	871,973,300	966,894,150	0	966,894,150
Depreciation & asset impairment	649,172,695	649,172,695	649,318,607	0	649,318,607
Finance charges	59,935,810	59,935,810	23,235,443	0	23,235,443
Electricity Bulk Purchases	2,010,260,650	2,010,260,650	2,010,260,650	0	2,010,260,650
Contracted services	287,250,727	288,613,284	229,363,736	(6,842,735)	222,521,001
Transfers and grants	106,208,623	106,208,623	93,182,956	(8,822,020)	84,360,936
Repairs and Maintenance	407,950,435	407,950,435	414,549,404	4,682,871	419,232,275
Operating projects	330,938,495	411,797,264	445,687,779	32,124,267	477,812,046
Other expenditure	487,414,772	487,414,772	497,743,402	3,489,061	501,232,463
Other materials	419,388,619	419,388,619	379,531,956	(2,503,676)	377,028,280
Total Direct Operating Expenditure	8,231,744,713	8,313,966,039	8,300,360,632	22,127,768	8,322,488,400

The upward adjustment of R22 127 768 to the Operating Expenditure budget of the City is after taking into account the following:

5.5.1 Contracted Services: (R6 842 735)

a) Economic Development & Agencies: R360 762

- i. Transfer of R360 762 from Other expenditure items within the directorate.
 - o R31 289 from Festive Lighting
 - o R56 634 from Travel & Subsistence Accommodation
 - o R11 777 from Advertising
 - o R183 399 from Telephones votes
 - o R77 663 from Printing & Publications

b) Spatial Planning & Development: R200 000

- i. Transfer of R200 000 from the Security of Municipal Buildings Operating project to fund Valuation costs for land acquisition.

c) Health, Public Safety & Emergency Services: (R958 582)

- i. Transfer of R20 079 from Legal costs vote to Inventory Materials within the directorate.
- ii. Transfer of R41 497 from Other expenditure items within the directorate.
 - o R7 045 from Plans & Maps
 - o R20 000 from Honoraria vote
 - o R8 227 from Travelling & Subsistence-Accommodation
 - o R6 225 from Travelling & Subsistence-Air Transport
- iii. Transfer of R20 000 from Inventory Materials.
- iv. Transfer of R1 000 000 from Covid-19 related Security vote to fund COVID-19 related Hired Plant votes (Other expenditure).

d) Infrastructure Services: (R5 044 915)

- i. Transfer of R962 044 from Catering vote to Fleet Management System Operating project.
- ii. Transfer of R4 082 871 to Repairs & Maintenance.

e) Solid Waste, Environmental & Health Management: (R800 000)

- i. Transfer of R800 000 from Clearing & Grass cutting services to Other expenditure to fund Hire charges.

f) Sports, Recreation & Community Development: (R600 000)

- i. Transfer of R600 000 from Clearing & Grass cutting services to Other expenditure to fund Hire charges.

5.5.2 Transfers & Grants: (R8 822 020)

a) Solid Waste, Environmental & Health Management: (R7 122 020)

- i. Transfer of R7 122 020 to Operating Projects for the Integrated Waste Management, Greening and Beautification Programme.

b) Sports, Recreation & Community Development: (R 1 700 000)

- i. Transfer R1 700 000 from the Sporting events vote to the following:
 - o Transfer of R600 000 to Repairs & Maintenance
 - o Transfer of R200 000 to Inventory Materials.
 - o Transfer of R500 000 to Operating Leases
 - o Transfer of R200 000 to fund Licences
 - o Transfer of R200 000 to Membership fees.

5.5.3 Repairs & Maintenance: R4 682 871

a) Infrastructure Services: R4 082 871

- i. Transfer of R4 082 871 from Contracted services.

b) Sports, Recreation & Community Development: R600 000

- i. Transfer of R600 000 from the Sporting events vote.

5.5.4 Operating Projects: R32 124 267

a) Spatial Planning & Development: (R2 501 935)

- i. Transfer of R301 935 (ISUPG) from the Cadastral Survey operating project to Land Acquisition capital project.
- ii. Transfer of R1 200 000 (ISUPG) from Opening of Township Register operating project to the Land Acquisition capital project.
- iii. Transfer R191 815 (ISUPG) from Feasibility Studies/Township Establishment operating project to the Land Acquisition capital project.
- iv. Reduction of R108 185 (ISUPG) on the Feasibility Studies/Township Establishment operating project due to the project not being ready for implementation in the current year.

- v. Reduction of R500 000 (ISUPG) on the Street Naming operating project due to the project not being ready for implementation in the current year.
- vi. Reduction of R200 000 from the Security of Municipal buildings operating project to transfer to Operating budget under Contracted services.

b) Economic Development & Agencies: (R150 000)

- i. Transfer of R150 000 transferred to fund Advertising and Marketing vote from the following Operating projects:
 - o Dipping Tanks: R50 000
 - o Livestock improvement: R100 000

c) Finance Services: (R3 576 000)

- i. Transfer of R3 500 000 from General Valuation project to Fleet Management System at Infrastructure Services.
- ii. Transfer of R76 000 (FMG) to Capital project to fund Acquisition of Laptops for FMG interns.

d) Human Settlements: R24 505 703

- i. An allocation of R25 255 703 for HSDG funded projects has been appropriated under the Human Settlements Operating Projects.
- ii. Reduction of R480 000 (ISUPG) from the Informal Settlements Study Review project due to the project not being ready for implementation in the current year.
- iii. Reduction of R270 000 (ISUPG) from the Social Facilitation project due to the project not being ready for implementation in the current year.

e) Infrastructure Services: R6 724 479

- i. Budget transfer of R3 500 000 from General Valuation project at Finance to Fleet Management System project at Infrastructure Services.
- ii. Budget transfer of R2 262 435 from Hire charges (other expenditure) to Fleet Management System project within the directorate.

- iii. Budget transfer of R962 044 from Catering vote (contracted services) to Fleet Management System project within the directorate.

f) Solid Waste, Environmental & Health Management: R7 122 020

- i. Transfer of R7 122 020 (NDPG) from Grants & Subsidies to Operating Projects for the Integrated Waste Management, Greening and Beautification Programme.

5.5.5 Other Expenditure: R3 489 061

a) Infrastructure Services: (R2 262 435)

- i. Budget transfer of R2 262 435 from Hire Charges (Other expenditure) to the Fleet Management System project.

b) Economic Development & Agencies: (R170 762)

- i. Budget transfer of R360 762 to Contracted services to fund Safeguard and Security vote.
- ii. Transfer of R150 000 from Operating projects to fund Advertising and Marketing votes.
 - o Transfer of R50 000 from the Dipping Tanks Operating project.
 - o Transfer of R100 000 from the Livestock Improvement Operating project.

c) Health, Public Safety & Emergency Services (R208 511)

- i. Transfer of R41 497 to Contracted services from the following Other expenditure items within the directorate.
 - o R7 045 from Plans & Maps
 - o R20 000 from Honoraria vote
 - o R8 227 from Travelling & Subsistence-Accommodation
 - o R6 225 from Travelling & Subsistence-Air Transport
- ii. Transfer of R167 014 to Inventory Materials from the following Other expenditure items within the directorate.
 - o R65 702 from Commission to 3rd Party Vendors vote

- R80 000 from Postage & Stamps vote
- R12 000 from Signage vote
- R9 312 from Uniform and Protective clothing vote

d) Sports, Recreation & Community Development: R6 170 769

- i. An amount of R200 000 transferred from the Sporting events vote to fund Licences.
- ii. An amount of R500 000 transferred from the Sporting events vote to fund Operating leases.
- iii. An amount of R200 000 transferred from the Sporting events vote to fund Membership fees.
- iv. An amount of R1 400 000 transferred from Clearing and Grass cutting vote under Contracted services to the Hire charges vote.
- v. An amount of R1 000 000 transferred from Inventory materials to the Hire charges vote.
- vi. An amount of R2 870 769 transferred to Covid-19 related Hire charges vote from the following votes:
 - Covid-19 related Inventory Materials votes: R2 270 769
 - Covid-19 related Security votes: R600 000

5.5.6 Other Materials: (R2 503 676)

a) Executive Support Services: R400 000

- i. Budget transfer of R400 000 from COVID-19 related Security vote to Covid-19 related Inventory Materials votes.

b) Health, Public Safety & Emergency Services: R167 093

- i. Transfer of R20 079 from Legal cost of issue of summons vote to Inventory Materials within the directorate.
- ii. Transfer of R20 000 from Inventory Materials to Catering vote
- iii. Transfer of R167 014 to Inventory Materials from the following Other expenditure items within the directorate.
 - R65 702 from Commission to 3rd Party Vendors vote

- R80 000 from Postage & Stamps vote
- R12 000 from Signage vote
- R9 312 from Uniform and Protective clothing vote

c) Infrastructure services: (R1 415 249)

- i. Budget transfer of R1 270 769 from a Covid-19 inventory vote to fund Covid-19 related Hire charges votes.
- ii. An amount of R144 480 from Inventory consumables to fund Animal food under the Directorate of Sport, Recreation and Community Development.

d) Solid Waste, Environmental & Health Management (R1 000 000)

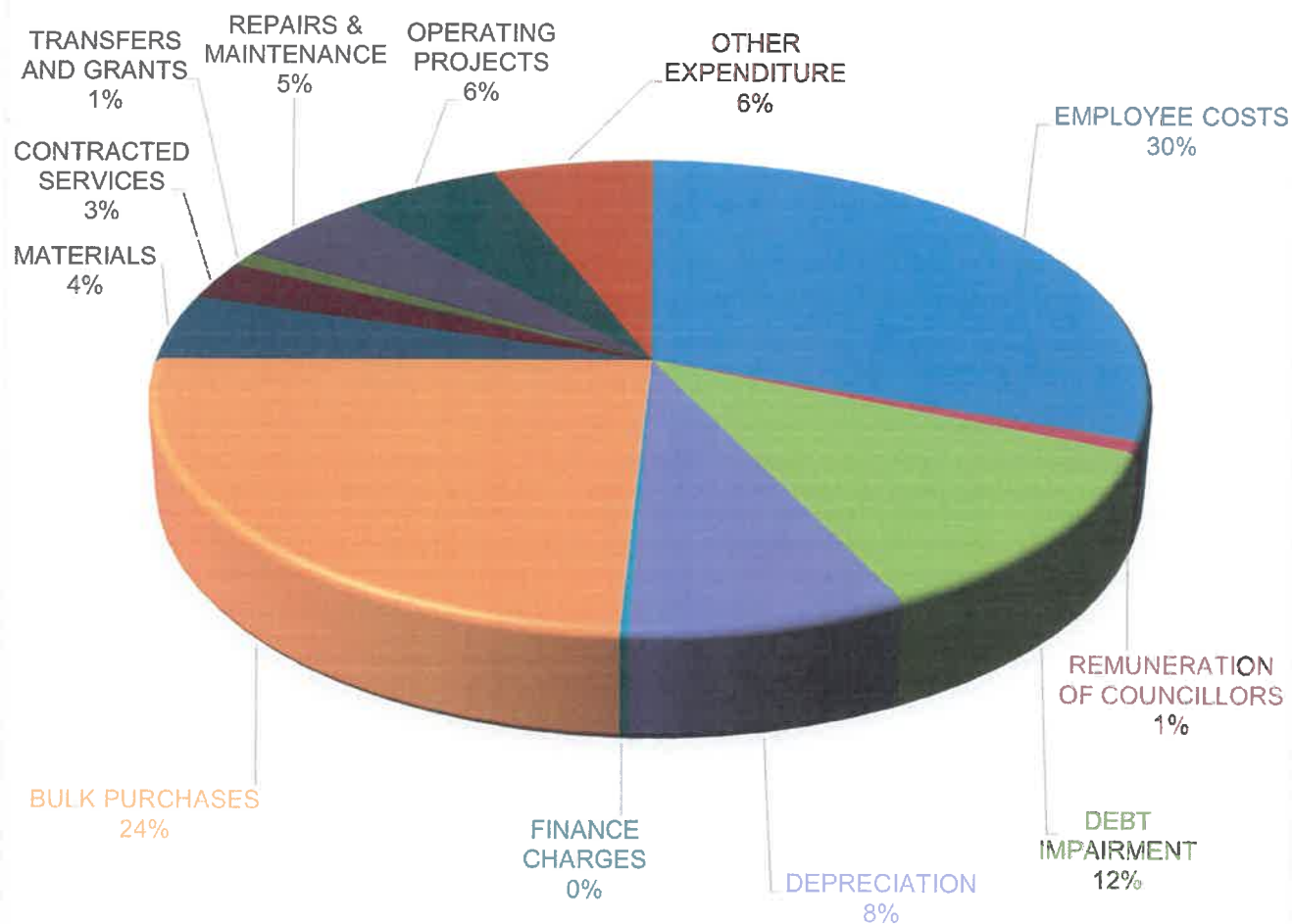
- i. Budget transfer of R1 000 000 from Inventory Materials to Hire charges (Other expenditure).

e) Sports, Recreation & Community Development (R655 520)

- i. Budget transfer of R1 0000 000 from Inventory materials to Hire charges (Other expenditure).
- ii. Budget transfer of R200 000 to Inventory Materials from the Sponsored events vote.
- iii. Budget transfer of R144 480 from Inventory consumables vote under the Directorate of Infrastructure Services to fund Animal food.

The pie chart (Figure 2) below depicts split of operating expenditure budget per category. Employee costs and Electricity Bulk Purchases represent the largest cost of the municipality 30% and 24% of the total operating expenditure respectively. Depreciation totals 8% of the total cost base for the institution. This represents the proportional funding requirements for the replacement of existing infrastructure assets. General Expenses/Other Expenditure accounts for 6% and Other Materials account for 4% of the total operating budget. Repairs and Maintenance is equal to 5% of the operating expenditure budget. Transfers and Grants paid account for 1% and Operating Projects account for 6%. Debt impairment also account for 12%. Contracted Services account for 3%, and Remuneration of Councillors account for 1%.

Figure 2: 2021/2022 Operating Expenditure per Type



5.5.7 Third Budget Adjustments on Operating Projects

The following tables (table 5 and 6) tabulate adjustments to the operating projects expenditure budget per funding source and per directorate respectively. It shows a total increase of R32 124 267 to the Operating projects budget.

5.5.7.1 Increase in Own funding:

The Own funding budget for Operating projects is increasing by R2 874 479:

5.5.7.1.1 Spatial Planning & Development: (R200 000)

- a) Transfer of R200 000 from the Security of Municipal buildings project to Operating budget under Contracted services.

5.5.7.1.2 Economic Development & Agencies: (R150 000)

- a) Transfer of R50 000 from Dipping Tanks project to fund Advertising and Marketing vote (operational costs) within the directorate.
- b) Transfer of R100 000 from Livestock Improvement project to Advertising and Marketing vote (operational costs).

5.5.7.1.3 Finance Services: (R3 500 000)

Transfer of R3 500 000 from General Valuations to Fleet Management System (Infrastructure services).

5.5.7.1.4 Infrastructure Services: R6 724 479

- a) Transfer of R2 262 435 from Hire Charges to fund Fleet Management System.
- b) Transfer of R3 500 000 from General Valuations (Finance) to Fleet Management System.
- c) Transfer of R962 044 from Catering Services (contracted service) to Fleet Management System.

5.5.7.2 Increase in Grant funding:

Grant funding for Operating projects is increasing by R29 249 788:

5.5.7.2.1 Reduction in FMG funding: (R76 000)

a) Finance Services: (R76 000)

Transfer of R76 000 from the FMG programme under operating projects to Capital projects to fund Acquisition of Laptops for Interns.

5.5.7.2.2 Reduction in the Informal Settlement Upgrading Partnership Grant (ISUPG): (R3 051 935)

a) Spatial Planning & Development: (R2 301 935)

- i. Transfer of R301 935 from the Cadastral Survey operating project to Land Acquisition capital project.
- ii. Transfer of R1 200 000 from the Opening of Township Register operating project to the Land Acquisition capital project.
- iii. Transfer of R191 815 from the Feasibility Studies/Township Establishment operating project to the Land Acquisition capital project.
- iv. Reduction of R108 185 on the Feasibility Studies/Township Establishment operating project due to the project not being ready for implementation in the current year.
- v. Reduction of R500 000 on the Street Naming operating project due to the project not being ready for implementation in the current year.

b) Human Settlements: (R750 000)

- i. Reduction of R480 000 from the Informal Settlements Study Review operating project due to the project not being ready for implementation in the current year.
- ii. Reduction of R270 000 from the Social Facilitation operating project due to the project not being ready for implementation in the current year.

5.5.7.2.3 Increase in Neighbourhood Development Partnership Grant (NDPG): R7 122 020

a) Solid Waste & Environmental Management (R7 122 020)

An amount of R7 122 020 for the Integrated Waste Management, Greening and Beautification Programme has

been reallocated from Operating budget to Operating projects.

5.5.7.2.4 Increase in the Human Settlements Development Grant (HSDG) funding: R25 255 703

BCMM received R25 255 703 additional allocation from EC: DoHS to fund the following HSDG projects:

a) Human Settlements: R25 255 703

- i. East London DVRI Duncan Village-Military Veterans: R5 364 771
- ii. East London Fynbos: R4 678 357
- iii. King William's Town Peelton: R10 137 748
- iv. East London Ndancama: R5 074 827.52

Table 5: 2021/2022 Third Adjustments to Operating Projects - Funding Source

FUNDING SOURCE	2021/2022 APPROVED OPEX BUDGET	2021/2022 ROLL OVERS OPEX BUDGET	2021/2022 MID-YEAR ADJUSTED OPEX BUDGET	ADJUSTMENTS	2021/2022 THIRD ADJUSTMENT OPEX BUDGET
OWN FUNDING	152,651,093	152,651,094	172,720,346	2,874,479	175,594,825
TOTAL OWN FUNDING	152,651,093	152,651,094	172,720,346	2,874,479	175,594,825
URBAN SETTLEMENT DEVELOPMENT GRANT	44,741,150	44,741,150	44,641,150	0	44,641,150
FINANCE MANAGEMENT GRANT	1,000,000	1,000,000	1,000,000	(76,000)	924,000
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	6,873,250	6,873,250	8,300,000	(3,051,935)	5,248,065
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	10,350,000	10,350,000	10,350,000	0	10,350,000
PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)	8,941,000	8,941,000	8,941,000	0	8,941,000
SALIDA C/O	0	380,857	380,857	0	380,857
EXPANDED PUBLIC WORKS PROGRAMME	7,300,000	7,300,000	7,300,000	0	7,300,000
HUMAN SETTLEMENTS DEVELOPMENT GRANT	99,082,000	99,082,000	99,082,000	25,255,703	124,337,703
HUMAN SETTLEMENTS DEVELOPMENT GRANT C/O	0	80,477,912	80,477,912	0	80,477,912
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	0	0	12,494,513	7,122,020	19,616,533
TOTAL GRANTS	178,287,400	259,146,169	272,967,432	29,249,788	302,217,220
TOTAL OPERATING PROJECTS BUDGET	330,938,493	411,797,263	445,687,778	32,124,267	477,812,045

Table 6: 2021/2022 Third Adjustments to Operating Projects – Directorate

DIRECTORATE	2021/2022 APPROVED OPEX BUDGET	2021/2022 ROLL OVERS OPEX BUDGET	2021/2022 MID-YEAR ADJUSTED OPEX BUDGET	ADJUSTMEN TS	2021/2022 THIRD ADJUSTMEN T OPEX BUDGET
EXECUTIVE SUPPORT SERVICES	51,827,160	52,208,017	53,469,017	0	53,469,017
CITY MANAGER'S OFFICE	45,634,400	45,634,400	48,434,400	0	48,434,400
CORPORATE SERVICES	11,350,000	11,350,000	31,379,462	0	31,379,462
SPATIAL PLANNING & DEVELOPMENT	10,323,250	10,323,250	8,750,000	(2,501,935)	6,248,065
ECONOMIC DEVELOPMENT & AGENCIES	5,650,000	5,650,000	14,345,518	(150,000)	14,195,518
FINANCE SERVICES	46,371,684	46,371,684	47,821,684	(3,576,000)	44,245,684
HEALTH/PUBLIC SAFETY & EMERGENCY SERVICES	2,200,000	2,200,000	228,790	0	228,790
HUMAN SETTLEMENTS	100,382,000	180,859,912	183,859,912	24,505,703	208,365,615
INFRASTRUCTURE SERVICES	45,500,000	45,500,000	45,500,000	6,724,479	52,224,479
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	1,500,000	1,500,000	1,900,000	0	1,900,000
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	10,200,000	10,200,000	9,998,995	7,122,020	17,121,015
TOTAL OPERATING PROJECTS	330,938,493	411,797,263	445,687,778	32,124,267	477,812,045

The details of adjustments per programme/project are reflected on the schedule of operating projects that is attached as **Annexure 1** where the projects have been rolled up at programme level (**Annexure 1.1** has also been attached and provides details of accounts / votes that make up a programme / project).

5.6 **CAPITAL EXPENDITURE FRAMEWORK**

The tables (table 7 and 8) below indicate adjustments to the capital expenditure budget per funding source and per directorate respectively. It shows a total reduction of R224 796 559 in the Capital Budget. This adjustment is resulting mainly from the reduced ISUPG allocation in accordance with Government Gazette 46095 where the ISUPG allocated to the City is adjusted downwards by R28 000 000 (R24 641 815 being reduced from capital) as well as a reduction of R200 000 000 from Loan funding due to the Sewer Diversion Tunnel Project contractual delays. The effects of the adjustments are tabulated in the below tables (table 7 and 8).

Budget re-allocations have also been made between capital projects within the same funding source. A detailed analysis was undertaken to determine those projects that are having challenges and identify those that are progressing at a pace that is above the original anticipation and therefore requiring additional funding. This was used as the basis to allocate additional funding and reallocating funding without compromising the

municipality's strategic objectives and priorities as set up in the IDP. Details of all the budget reallocations are reflected in Annexure 2 (where the projects have been rolled up at programme level) & Annexure 2.1 (provides the detail of accounts / votes that make up the programme / project).

5.6.1 Reduction in Loan funding: (R200 000 000)

The budget for Loan funding is reducing by R200 000 000.

5.6.1.1 Infrastructure Service: (200 000 000)

- a) The budget for the East London Sewer diversion Capital project that is funded through a loan has been reduced by R200 000 000 due to contractual delays.

5.6.2 Reduction in Informal Settlement Upgrading Partnership Grant (ISUPG):

The ISUPG funding is reducing by R24 948 065; this is resulting from the following adjustments:

5.6.2.1 Spatial Planning & Development: R1 693 750

- b) Transfer of R1 693 750 from Operating projects to fund Land acquisition.

5.6.2.2 Economic Development & Agencies: (R2 000 000)

- a) Reduction of R2 000 000 from Informal Trade Infrastructure due to the project not being ready for implementation in the current year

5.6.2.3 Human Settlements: (R24 641 815)

Budget has been reduced from the below projects due to them not being ready for implementation in the current year:

- a) Potsdam Ikhwezi: R20 000
- b) Duncan Village Proper: R200 000
- c) Mdantsane Cluster 2: R1 000 000
- d) Duncan Village Composite Site: R20 000

- e) C Section & Triangular Site: R500 000
- f) D Hostel: R500 000
- g) Ford Msimango: R20 000
- h) N2 Road Reserve: R20 000
- i) Hani Park: R500 000
- j) Ekuphumleni: R1 000 000
- k) Ethembeni: R50 000
- l) East Bank Restitution: R3 500 000
- m) Reeston Phase 3 Stage 2: R6 391 815
- n) CNIP Victims Project: R4 000 000
- o) Mdantsane ERF81,87&88 Site Relocation Units: R5 720 000
- p) Hemingways Informal Settlements: R200 000
- q) Silvertown: R1 000 000

5.6.3 Increase Neighbourhood Development Partnership Grant (NDPG): R75 506

The NDPG allocation to BCMM is being increased by R75 506 to align to the gazetted amount in Government Gazette 46095. This additional budget has been allocated as follows:

5.6.3.1 Infrastructure Services: R75 506

- a) Construction of Road Infrastructure –Toyana Road is increasing by R75 506.

5.6.4 Increase to the Finance Management Grant: R76 000

The FMG budget for Capital projects is increasing by R76 000:

5.6.4.1 Finance Services: R76 000

- a) Transfer of R76 000 from the FMG programme under operating projects to Capital projects to fund Acquisition of Laptops for FMG Interns.

5.6.5 Capital Budget Reallocations – USDG Funding

The following summarises reallocations between the different projects/programmes within the same directorate. The net effect of these budget reallocations is Nil.

5.6.5.1 Spatial Planning & Development

- a) An amount of R11 800 000 has been reduced from Qumza Highway and transferred to Mdantsane Access Roads.
- b) An amount of R1 500 000 has been reduced from the Sleeper Site project and transferred to Qumza Highway.

5.6.5.2 Economic Development & Agencies: (R1 729 482)

- a) An amount of R1 729 482 has been reduced from the SMME Incubator: Sekunjalo Training centre and transferred to the Roads Provision project under the Directorate of Infrastructure services.

5.6.5.3 Human Settlements: (R5 000 000)

- a) An amount of R5 000 000 has been reduced from the Mdantsane Cluster 1 Capital project and transferred to fund the following projects under the Sports, Recreation & Community Development Directorate:
 - R3 400 000 to fund the Redevelopment of Mdantsane Sport Sport Precinct-NU 2 Swimming Pool
 - R1 600 000 to fund the Development, Upgrade and Refurbishment of Sportsfields and Stadiums
 -

5.6.5.4 Infrastructure Services: R1 729 482

- a) An amount of R2 146 425 is being transferred from KWT & Bisho Infrastructure to Umzonyana Dam.
- b) An amount of R2 602 232 is being transferred from Alternative Water Supply to Umzonyana Dam.
- c) An amount of R1 283 625 is being transferred from East Coast Supply to Umzonyana Dam.

- d) An amount of R1 729 482 has been added to the Roads provision project, this funding has been reduced from the SMME Incubator: Sekunjalo Training centre under the Directorate of Economic Development & Agencies.

5.6.5.5 Sports, Recreation & Community Development: R5 000 000

- a) An amount of R5 000 000 has been reduced from the Mdantsane Cluster 1 Capital project under the Directorate of Human Settlements and transferred to fund the following projects:
- R3 400 000 to fund the Redevelopment of Mdantsane Sport Sport Precinct-NU 2 Swimming Pool
 - R1 600 000 to fund the Development, Upgrade and Refurbishment of Sportsfields and Stadiums

5.6.6 Capital Budget Reallocations – Own Funding

The following summarises reallocations between the different projects/programmes within directorates. The net effect of these budget reallocations is Nil.

5.6.6.1 Spatial Planning & Development

- a) Budget of R3 044 304 transferred from Qumza Highway to North West Corridor.

5.6.6.2 Economic Development & Agencies: (2 500 000)

- a) Budget of R1 250 000 transferred from Film Studio Development to Smart Metering Electricity project under the Directorate of Finance.
- b) Budget of R1 000 000 transferred from Restoration of Cattle Killing Heritage to Smart Metering Electricity project under the Directorate of Finance.
- c) Budget of R250 000 transferred from Installation of Recreational facilities capital project to fund the Refurbishment of Swimming Pools under the Directorate of Sport, Recreation & Community Development.

5.6.6.3 Finance Services: R61 589 478

- a) Budget of R1 250 000 transferred from Film Studio development under the Directorate of Economic Development & Agencies to the Smart Metering Electricity capital project.
- b) Budget of R1 000 000 transferred from Restoration of Cattle Killing Heritage under the Directorate of Economic Development & Agencies to Smart Metering Electricity capital project.
- c) Budget of R5 000 000 transferred from the BCMM Fleet vote under the Directorate of Infrastructure Services to Smart Metering Electricity capital project.
- d) Budget of R3 339 478 transferred from Bulk Electricity Infrastructure under the Directorate of Infrastructure to Smart Metering Electricity capital project.
- e) Budget of R1 729 482 transferred from Roads Provision under the Directorate of Infrastructure to Smart Metering Electricity capital project.
- f) Budget of R49 270 518 transferred from Rehabilitation of Settler's way under the Directorate of Infrastructure to Smart Metering Electricity capital project.

5.6.6.4 Health, Public Safety & Emergency Services: R250 000

- a) Budget of R250 000 transferred from Tools & Equipment under the Directorate of Infrastructure to fund Closed Circuit Television Network.

5.6.6.5 Infrastructure Services: (R59 589 478)

- a) Budget of R5 000 000 transferred from the BCMM Fleet project to Smart Metering Electricity project under the Directorate of Finance.
- b) Budget of R3 339 478 transferred from Bulk Electricity Infrastructure to Smart Metering Electricity project under the Directorate of Finance.
- c) Budget of R250 000 transferred from Tools & Equipment to Closed Circuit Television Network under the Directorate of Health, Public Safety & Emergency Services.

- d) Budget of R49 270 518 reduced from the Rehabilitation of Settler's way capital project and transferred to the Directorate of Finance to fund the Smart Metering capital project
- e) Budget of R1 729 482 reduced from the Roads Provision Capital project and transferred to the Smart Metering project under the Directorate of Finance.

The details of adjustments per programme/project are reflected on the schedule of capital projects that is attached as **Annexure 2** where the projects have been rolled up at programme level (**Annexure 2.1** has also been attached, it provides the detail of accounts / votes that make up the programme / project).

Table 7: 2021/2022 Third Adjustments to Capital Expenditure Budget – Funding

CAPITAL BUDGET PER FUNDING	2021/2022 APPROVED CAPITAL BUDGET	2021/2022 ROLL OVERS CAPITAL BUDGET	2021/2022 MID-YEAR ADJUSTED CAPITAL BUDGET	ADJUSTMEN TS	2021/2022 THIRD ADJUSTMENT CAPITAL BUDGET
OWN FUNDING	701,378,735	905,513,367	855,690,573	0	855,690,573
LOAN	369,714,278	369,714,278	235,311,000	(200,000,000)	35,311,000
TOTAL OWN FUNDING	1,071,093,013	1,275,227,645	1,091,001,573	(200,000,000)	891,001,573
URBAN SETTLEMENT DEVELOPMENT GRANT	454,963,850	454,963,850	455,063,850	0	455,063,850
BCMET C/O	0	0	487,498	0	487,498
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	259,384,750	259,384,750	257,958,000	(24,948,065)	233,009,935
ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT GRANT	9,000,000	9,000,000	9,000,000	0	9,000,000
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	9,000,000	9,000,000	13,888,960	75,506	13,964,466
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	150,000	150,000	150,000	0	150,000
FINANCE MANAGEMENT GRANT	0	0	0	76,000	76,000
TOTAL GRANTS	732,498,600	732,498,600	736,548,308	(24,796,559)	711,751,749
TOTAL CAPITAL BUDGET	1,803,591,613	2,007,726,245	1,827,549,881	(224,796,559)	1,602,753,322

Table 8: 2021/2022 Third Adjustments to Capital Expenditure Budget – Directorate

CAPITAL BUDGET PER DIRECTORATE	2021/2022 APPROVED CAPITAL BUDGET	2021/2022 ROLL OVERS CAPITAL BUDGET	2021/2022 MID-YEAR ADJUSTED CAPITAL BUDGET	ADJUSTMENTS	2021/2022 THIRD ADJUSTMENT CAPITAL BUDGET
EXECUTIVE SUPPORT SERVICES	3,800,000	6,386,978	6,386,978	0	6,386,978
CITY MANAGER'S OFFICE	4,969,239	7,980,066	3,907,177	0	3,907,177
CORPORATE SERVICES	12,082,220	20,538,910	16,690,710	0	16,690,710
SPATIAL PLANNING & DEVELOPMENT	110,117,852	124,728,314	130,389,062	1,693,750	132,082,812
ECONOMIC DEVELOPMENT & AGENCIES	72,500,000	94,730,167	90,230,167	(6,229,482)	84,000,685
FINANCE SERVICES	254,515,439	281,420,009	185,382,109	61,665,478	247,047,587
HEALTH/PUBLIC SAFETY & EMERGENCY SERVICES	22,000,000	39,486,519	30,298,619	250,000	30,548,619
HUMAN SETTLEMENTS	292,384,750	292,384,750	285,884,750	(29,641,815)	256,242,935
INFRASTRUCTURE SERVICES	932,660,406	1,012,709,840	954,744,462	(257,784,490)	696,959,972
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	26,500,000	65,786,242	43,683,394	5,250,000	48,933,394
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	23,861,707	28,600,935	27,389,895	0	27,389,895
TOTAL CAPITAL BUDGET: BCMM	1,755,391,613	1,974,752,731	1,774,987,324	(224,796,559)	1,550,190,765
BCMDA	51,200,000	52,562,557	52,562,557	0	52,562,557
TOTAL CAPITAL: CONSOLIDATED	1,806,591,613	2,027,315,288	1,827,549,881	(224,796,559)	1,602,753,322

6. CHALLENGES

None.

7. STAFF IMPLICATIONS

The adjustment budget is linked to the Performance Plans of Head of Departments and are therefore responsible to spend the revised budget.

8. FINANCIAL IMPLICATIONS

The Third adjustments to the 2021/2022 budget do not have an impact on tariffs as these adjustments are resulting from an additional allocation from National treasury. The effects of the adjustments to the 2021/2022 Capital and Operating Budget are outlined below:

A. The adjusted budget of the Parent municipality (BCMM) for the 2021/2022 Third Adjustments Budget as follows:

- i. The adjustment from R8 172 794 462 to R8 194 922 230 of the BCMM 2021/2022 Operating Revenue Budget.
- ii. The adjustment from R8 170 427 548 to R8 192 555 316 of the BCMM 2021/2022 Operating Expenditure Budget.
- iii. The adjustment from R1 826 349 883 to R1 601 553 322 of the BCMM 2021/2022 Capital Budget.

B. The consolidated adjusted budget for the 2021/2022 Third Adjustments Budget as follows:

- i. The adjustment from R8 302 727 546 to R8 324 855 314 of the consolidated 2021/2022 Operating Revenue Budget.
- ii. The adjustment from R8 300 360 632 to R8 322 488 400 of the consolidated 2021/2022 Operating Expenditure Budget.
- iii. The adjustment from R1 827 549 881 to R1 602 753 322 of the consolidated 2021/2022 Capital Budget.

9. OTHER PARTIES CONSULTED

All Directorates.

10. CITY MANAGER'S QUALITY CERTIFICATE

I, Andile Sihlahla, City Manager of Buffalo City Metropolitan Municipality, hereby certify that the adjusted budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Andile Sihlahla

City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature

A handwritten signature in black ink, appearing to read 'Andile Sihlahla', is written over a horizontal line. The signature is stylized and includes a large loop at the end.

Date

18 May 2022