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**BUFFALO CITY
TROPOLITAN MUNICIPALITY**

AGENDA

**BUFFALO CITY
METROPOLITAN COUNCIL**

25 AUGUST 2015

11.00 A.M.



BUFFALO CITY
METROPOLITAN MUNICIPALITY

BUFFALO CITY METROPOLITAN COUNCIL

The following supplementary report is circulated for consideration by the Buffalo City Metropolitan Council at its meeting to be held on

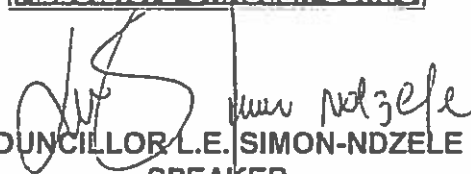
TUESDAY, 25 AUGUST 2015

at

11.00 A.M.

in the

BORDER CONFERENCE CENTRE
(Abbotsford Christian Centre)


COUNCILLOR L.E. SIMON-NDZELE
SPEAKER

JFA/NVM/lb/avdb

(AGENDAS/2015/F-PAGE/Bcmc-Supp (METRO)/5BCMC25-8)

Elco Building, Fleet Street
EAST LONDON

14 AUGUST 2015

REPORT

19. Report of the Executive Mayor

<u>Item No.</u>	<u>Subject</u>	<u>Page No.</u>
11	2015/16 First (Roll-Over) Adjustments Budget Report	680

REPORT TO COUNCIL: 25 AUGUST 2015

File No.:5/1/1/1[14/15]

Author: EXECUTIVE MAYOR (ALFRED MTSI)/AF

11 2015/16 FIRST (ROLL-OVER) ADJUSTMENTS BUDGET REPORT**1. PURPOSE**

The purpose of the report is for the Council to consider and approve the first adjustments budget of Buffalo City Metropolitan Municipality for the 2015/16 financial year.

2. AUTHORITY

Council

3. LEGAL / STATUTORY REQUIREMENTS

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003 Chapter 7, Section 71

Municipal Budget and Reporting Regulations, 2009

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 adjustments 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."*

According to the Municipal Budget and Reporting Regulations (MBRR), 2009, (Reg. 23) *"(5) an adjustments budget referred to in Section 28(2)(e) of the Act may only be tabled after the end of the financial year to which the roll-overs relate, and must be approved by the municipal council by 25 August of the financial year following the financial year to which the roll-overs relate."*

"An adjustment budget and supporting documentation of a 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)(e)) and follows the legislative requirements of the Municipal Budget and Reporting Regulations (Schedule B format).

5. EXPOSITION OF FACTS

The first adjustment budget is being prepared as informed by requests from various directorate for roll-over of own funding and unconditional grants that were unspent in the 2014/15 financial. 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. An intensive process of assessing and determining whether the unspent funding that is requested to be rolled-over is committed to identifiable projects was undertaken. This process is in line with the process followed by National Treasury for approval of conditional grants roll-overs.

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

OPERATING AND CAPITAL EXPENDITURE BUDGET	2015/2016	2015/2016	2015/2016	2016/2017	2017/2018
	ADOPTED	BUDGET YR1	1ST ADJ	ADOPTED	ADOPTED
	BUDGET YR1	ADJUSTMENTS	BUDGET	BUDGET YR2	BUDGET YR3
Total Operating Revenue	(5 719 607 491)	(5 127 174)	(5 724 734 665)	(6 251 032 680)	(6 630 850 372)
Total Operating Expenditure	5 718 685 323	5 127 174	5 723 812 497	6 248 952 059	6 630 013 827
Total Capital Expenditure	1 275 354 230	104 795 237	1 380 149 467	1 349 540 158	1 521 069 115
Total Capex & Opex Budget	6 994 039 553	109 922 411	7 103 961 964	7 598 492 217	8 151 082 942

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

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ABBREVIATIONS AND ACRONYMS

AMR	Automated Meter Reading	kℓ	kilolitre
ASGISA	Accelerated and Shared Growth Initiative	km	kilometre
BCMM	Buffalo City Metropolitan Municipality	KPA	Key Performance Area
BSC	Budget Steering Committee	KPI	Key Performance Indicator
CBD	Central Business District	kWh	kilowatt hour
CFO	Chief Financial Officer	ℓ	litre
CM	City Manager	LED	Local Economic Development
CoGTA	Cooperative Government & Traditional Affairs	MBRR	Municipal Budgeting and Reporting Regulations
CPI	Consumer Price Index	MEC	Member of the Executive Committee
CRRF	Capital Replacement Reserve Fund	MFMA	Municipal Financial Management Act
DBSA	Development Bank of South Africa	MIG	Municipal Infrastructure Grant
GDP	Gross Domestic Product	MMC	Member of Mayoral Committee
DoRA	Division of Revenue Act	MPRA	Municipal Properties Rates Act
DWA	Department of Water Affairs	MSA	Municipal Systems Act
EE	Employment Equity	MTEF	Medium-term Expenditure Framework
EEDSM	Energy Efficiency Demand Side Management	MTREF	Medium-term Revenue and Expenditure Framework
EM	Executive Mayor	NDPG	Neighbourhood Development Partnership Grant
EPWP	Expanded Public Works Programme	NERSA	National Electricity Regulator South Africa
FBS	Free basic services	NGO	Non-Governmental organisations
FMG	Finance Management Grant	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross domestic product	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSDG	Human Settlement Development Grant	SALGA	South African Local Government Association
HSRC	Human Science Research Council	SDBIP	Service Delivery Budget Implementation Plan
IDP	Integrated Development Plan	SMME	Small Micro and Medium Enterprises
ELIDZ	East London Industrial Development Zone	USDG	Urban Settlement Development Grant
INEP	Integrated National Electrification Programme	WSA	Water Services Authority
IDP	Integrated Development Plan	WSDP	Water Services Development Plan
ICT	Information and Communication Technology		

PART 1 – ADJUSTMENT BUDGET

5.1 EXECUTIVE MAYOR'S REPORT

BCMM experienced under-spending in some of its projects in the 2014/15 financial year which 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. The first adjustment budget is being tabled at Council terms of the Section 28 (2)(e) of the MFMA and Regulation 23 (5) of the Municipal Budget and Reporting Regulations for the purpose of appropriating into the current budget own funding and unconditional grants that were unspent in the 2014/15 financial.

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 EXPENDITURE BUDGET	2015/2016	2015/2016	2015/2016	2016/2017	2017/2018
	ADOPTED	BUDGET YR1	1ST ADJ	ADOPTED	ADOPTED
	BUDGET YR1	ADJUSTMENTS	BUDGET	BUDGET YR2	BUDGET YR3
Total Operating Revenue	(5 719 607 491)	(5 127 174)	(5 724 734 665)	(6 251 032 680)	(6 630 850 372)
Total Operating Expenditure	5 718 685 323	5 127 174	5 723 812 497	6 248 952 059	6 630 013 827
Total Capital Expenditure	1 275 354 230	104 795 237	1 380 149 467	1 349 540 158	1 521 069 115
Total Capex & Opex Budget	6 994 039 553	109 922 411	7 103 961 964	7 598 492 217	8 151 082 942

There continues to be a focus to budget a surplus for the institution in line with National Treasury requirements and produce a funded surplus budget. What continues to be of concern is the potential financial impact of depreciation on the operations of the institution. There needs to be ongoing vigilance to reduce costs and become more efficient to allow for the funding of depreciation whilst charging affordable tariffs to the consumers. The roll-over of own funded operating projects has the potential of reducing the surplus budgeted in the original approved budget and may even drive it into a deficit. It is therefore imperative that before these roll-overs are approved, potential savings are identified to avoid budgeting a deficit. Depreciation has been remodelled and that yielded savings

when compared to the original budget and as such this adjustment budget remain stagnant at a surplus of R922 167 before capital transfers recognised.

5.2 COUNCIL RESOLUTIONS


On 29 May 2015 the Council of Buffalo City Metropolitan Municipality met to consider, approve and adopt the 2015/16 – 2017/18 MTREF 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:

- (a) The 2015/16 first (roll-over) adjustment budget report be considered and approved by Council.
- (b) The adjustment from R5 719 607 491 to R 5 724 734 665 of the 2015/16 Operating Revenue Budget be approved by Council.
- (c) The adjustment from R5 718 685 323 to R 5 723 812 497 of the 2015/16 Operating Expenditure Budget be approved by Council.
- (d) The adjustment from R1 275 354 230 to R1 380 149 467 of the 2015/16 Capital Budget be approved by Council.



A. MTSI
EXECUTIVE MAYOR



DATE

5.3 EXECUTIVE SUMMARY

The Buffalo City Metropolitan Municipality is still taking cognisance of the economic challenges that are experienced by South African that are characterised by low economic growth, high unemployment rate, skills shortages, administrative shortcomings, decrease in GDP growth, increasing difficulty by consumers to service their debts, labour market disruptions, and weak economic global environment.

BCMM continues to take a more conservative approach in the manner in which it approaches the budgeting including this first adjustment budget. This approach involved an intensive internal process of assessing and determining whether the unspent funding that is requested to be rolled-over is committed to identifiable projects. This process is in line with the process followed by National Treasury for approval of conditional grants roll-overs.

The operating revenue budget has been increased by R5 127 174 from R5 719 607 491 to R5 724 734 665 due to increase in Grants and Subsidies as a result of roll-over of unconditional grants. The operating expenditure budget has increased by R5 127 174 from R5 718 685 323 to R 5 723 812 497. This increase is made up of increase in operating projects amounting to R26 410 628 and a decrease in depreciation amounting to R21 283 454. The overall operating surplus before capital transfers recognised remains stagnant at R922 167.

5.3.1 Budget Adjustment Summary

The main reason for this adjustment budget is to roll-over budget that was unspent in the 2014/15 financial year but committed to identifiable projects for own funding and unconditional grants. The table below indicate the summary of the 2015/16 first budget adjustments.

Table 2: 2015/16 First Adjustment Budget Summary

OPERATING AND CAPITAL EXPENDITURE BUDGET	2015/2016 ADOPTED BUDGET YR1	2015/2016 BUDGET YR1 ADJUSTMENTS	2015/2016 1ST ADJ BUDGET	2016/2017 ADOPTED BUDGET YR2	2017/2018 ADOPTED BUDGET YR3
Total Operating Revenue	(5 719 607 491)	(5 127 174)	(5 724 734 665)	(6 251 032 680)	(6 630 850 372)
Total Operating Expenditure Excluding Operating Projects	5 047 364 476	(21 283 454)	5 026 081 022	5 455 101 159	5 894 464 927
Operating Projects	671 320 847	26 410 628	697 731 475	793 850 900	735 548 900
Total Operating Expenditure Including Operating Projects	5 718 685 323	5 127 174	5 723 812 497	6 248 952 059	6 630 013 827
(Surplus) / Deficit	(922 168)	0	(922 168)	(2 080 621)	(836 545)
Total Capital Expenditure	1 275 354 230	104 795 237	1 380 149 467	1 349 540 158	1 521 069 115
Total Capex & Opex Budget	6 994 039 553	109 922 411	7 103 961 964	7 598 492 217	8 151 082 942

5.4 OPERATING REVENUE FRAMEWORK

The following table depicts adjustments to the operating revenue budget per source. It reflects that there has been an increase in revenue totalling to R5.1 million. This is due to increase in grants and subsidies as a result of roll-over from 2014/15 financial in respect of the following unconditional grants:

- DEDEAT (Greening Awards) – R2.5 million;
- LGTA (DVRI Projects) - R1.5 million;
- HSDG (DVRI Pilot Project – R1 million; and
- Umsobomvu Youth Fund – R0.1 million.

Table 3: 2015/16 First Adjusted Revenue per Source

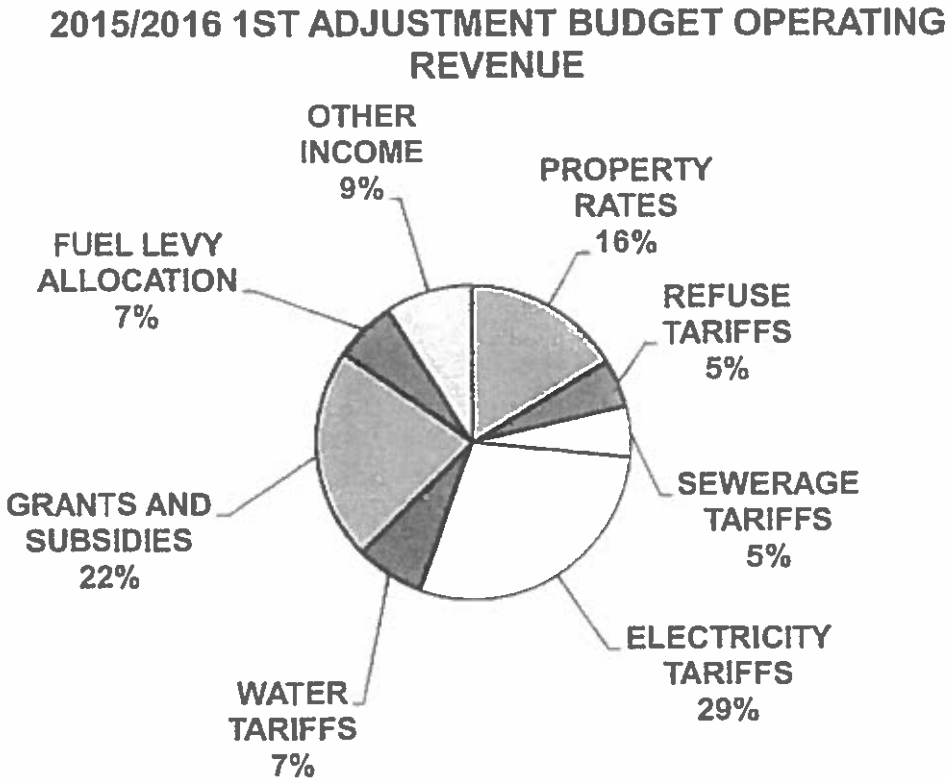
2015/2016 1ST ADJUSTMENT BUDGET	2015/2016 ADOPTED BUDGET YR1	2015/2016 BUDGET YR1 ADJUSTMENTS	2015/2016 1ST ADJ BUDGET	2016/2017 ADOPTED BUDGET YR2	2017/2018 ADOPTED BUDGET YR3
Revenue Per Source					
Assessment Rates	(935 794 044)	0	(935 794 044)	(1 025 630 272)	(1 122 039 517)
Refuse Charges	(286 062 521)	0	(286 062 521)	(312 380 272)	(340 494 497)
Sewerage Charges	(296 204 528)	0	(296 204 528)	(323 455 344)	(352 566 325)
Trade Effluent	(17 497 585)	0	(17 497 585)	(19 107 363)	(20 827 026)
Water Charges	(411 380 727)	0	(411 380 727)	(455 398 465)	(503 215 304)
Electricity Charges	(1 658 671 213)	0	(1 658 671 213)	(1 861 028 822)	(2 088 074 059)
Fire Levy	(63 816 992)	0	(63 816 992)	(69 943 424)	(76 518 106)
Fuel Levy	(370 461 000)	0	(370 461 000)	(384 488 000)	(397 824 000)
Grants and Subsidies	(1 249 333 299)	(5 127 174)	(1 254 460 473)	(1 342 793 494)	(1 245 685 579)
Fines	(10 293 009)	0	(10 293 009)	(11 270 845)	(12 319 034)
Housing Rentals	(153 483)	0	(153 483)	(168 064)	(183 694)
Other Rentals	(18 475 778)	0	(18 475 778)	(20 230 977)	(22 112 458)
Income Foregone	34 301 493	0	34 301 493	38 246 164	42 644 473
Other	(435 764 803)	0	(435 764 803)	(463 383 502)	(491 635 246)
Total Direct Operating Income	(5 719 607 491)	(5 127 174)	(5 724 734 665)	(6 251 032 681)	(6 630 850 372)

The figure below provides split of operating revenue budget per source. In terms of service revenue, on tariffs, electricity continue to be the main contributor to the revenue of the municipality by generating 29% of the total revenue. This is followed by water tariffs at 7%, sewerage tariff at 5% and refuse tariff at 5%.

The implementation of Valuations Roll continue to have a positive impact on the Property Rates revenue which totals 16% of the total Municipal revenue.

The municipality receives grants and subsidies totalling 22% of the total revenue and fuel levy amounting to 7% of the total revenue. Other revenue contributes 9% of the total revenue.

Figure 1: Operating Revenue per Source



5.5 OPERATING EXPENDITURE FRAMEWORK

The following table details adjustments to the operating expenditure budget per category. It reflects that there is a total increase of R5.1 million as a result of roll-overs for operating projects. This is made up of increase in operating projects amounting to R26.4 million and a decrease in depreciation amounting to R21.3 million.

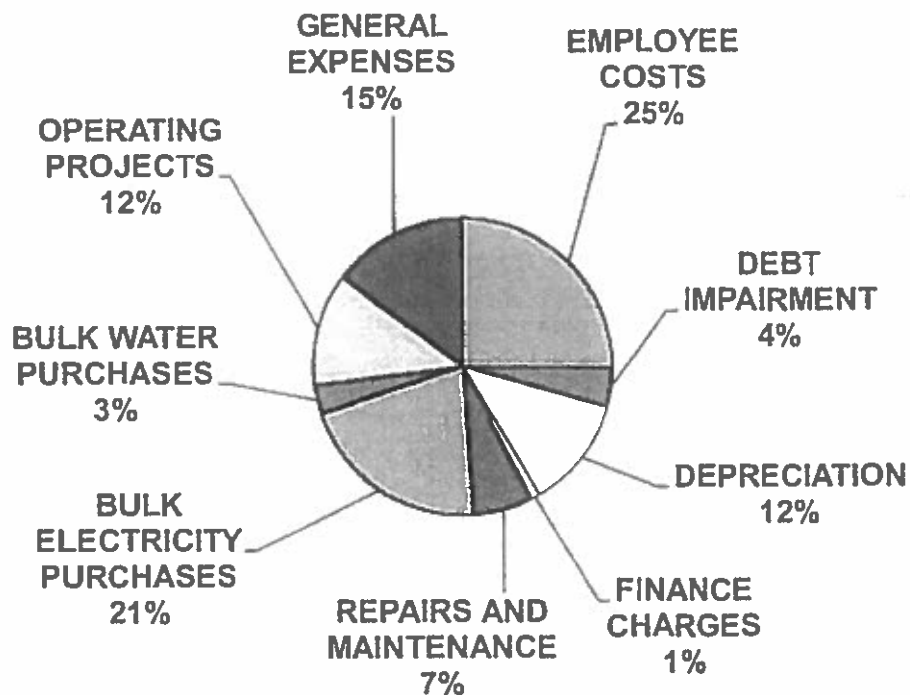
Table 4: 2015/16 First Adjusted Expenditure Budget per Category

2015/2016 1ST ADJUSTMENT BUDGET	2015/2016	2015/2016	2015/2016	2016/2017	2017/2018
	ADOPTED	BUDGET YR1	1ST ADJ	ADOPTED	ADOPTED
	BUDGET YR1	ADJUSTMENTS	BUDGET	BUDGET YR2	BUDGET YR3
Expenditure Per Category					
Salaries, Wages & Allowances	1 387 618 913	0	1 387 618 913	1 464 987 091	1 546 368 169
Remuneration of Councillors	52 910 192	0	52 910 192	56 613 904	60 576 877
Debt Impairment	245 009 326	0	245 009 326	273 185 400	305 967 648
General Expenses	846 278 446	0	846 278 446	894 373 013	945 613 547
Operating Projects	671 320 847	26 410 628	697 731 475	793 850 900	735 548 900
Bulk Electricity Purchases	1 190 815 485	0	1 190 815 485	1 360 387 611	1 554 106 806
Bulk Water Purchases	186 196 228	0	186 196 228	201 091 926	217 179 281
Repairs & Maintenance	372 009 710	0	372 009 710	416 994 682	450 611 983
Finance Charges	54 313 000	0	54 313 000	49 286 000	44 055 000
Depreciation	712 213 176	(21 283 454)	690 929 722	738 314 666	770 090 342
Total Direct Operating Expenditure	5 718 685 323	5 127 174	5 723 812 497	6 249 085 192	6 630 118 553

The figure below give the split of operating expenditure budget per category. Employee costs represent the largest cost of the municipality and totals 25% of the total operating expenditure. Bulk Electricity at 21% represents the purchase of Electricity from Eskom. The Bulk Water purchases of 3% comprise the water purchases from Amatola Water. General Expenses contribute 15% of total operating expenditure. Depreciation totals 12% of the total cost base for the institution. This represents the proportional funding requirements for the replacement of existing infrastructure assets. The main contributor for Operating projects at 12% of the total cost base is the housing project top structure funded from the Human Settlement Development Grant. Repairs and Maintenance is equal to 7% of the operating expenditure budget. Debt impairment account for 4% and finance charges account for 1%.

Figure 2: 2015/16 Operating Expenditure per Type

2015/2016 1ST ADJUSTMENT BUDGET OPERATING EXPENDITURE



5.5.1 First Budget Adjustment on Operating Projects

The following tables (table 5 and 6) tabulates adjustments to the operating projects expenditure budget per funding source and per directorate respectively. It shows a total increase of R26.4 million which is made of R5.1 million increase in unconditional grants and an increase of R21.3 million from own funding. The roll over for unspent conditional grants of R5.1 million relates to the following (Detailed schedule of operating projects is attached as annexure 1):

- DEDEAT (Greening Awards) – R2.5 million;
- LGTA (DVRI Projects) - R1.5 million;
- HSDG (DVRI Pilot Project – R1 million; and
- Umsobomvu Youth Fund – R0.1 million.

The roll over for own funding totalling to R21.3 million is committed to the following projects (Detailed schedule of operating projects is attached as annexure 1):

- Mdantsane Anniversary Project – R3 million, the implementation of the legacy project for Mdantsane remains a priority.
- Asset Componentisation project which is a multi-year contract that has been awarded – R1.3 million.
- Smart Metering project is in the process of being re-advertised – R1.2 million.
- PABX Maintenance and Support Contract was awarded in April 2015 and therefore the funding is committed to this contract - R1.9 million.
- The Solid Waste Department is waiting for BAC noting of a single source proposal for waste management facility and R5 million is committed to this project.
- An amount of R5.7 million is committed to ICT projects, its tenders are in the process of being advertised.

Table 5: Operating Projects Per Funding Source First Adjustment Budget

2015/2016 OPEX PROJECTS BUDGET PER FUNDING SOURCE	2015/2016	2015/2016	2015/2016
	Approved		1 st Adj.
	Opex Budget	Adjustments	Opex Budget
Own Funding			
Own Funds	88 610 000	0	88 610 000
Own Funds c/o	0	21 283 454	21 283 454
Total Own Funding	88 610 000	21 283 454	109 893 454
Grant Funding			
Department of Local Government and Traditional Affairs	2 000 000	0	2 000 000
Department of Local Government and Traditional Affairs c/o	0	1 494 025	1 494 025
Department of Economic Development, Environmental Affairs and Tourism(DEDEAT) c/o	0	2 500 000	2 500 000
Expanded Public Works Programme incentives Grant	1 149 000	0	1 149 000
Finance Management Grant	1 300 000	0	1 300 000
Human Settlement Development Grant	521 655 947	0	521 655 947
Human Settlement Development Grant c/o	0	1 001 683	1 001 683
Infrastructure Skills Development Grant	8 400 000	0	8 400 000
Integrated City Development Grant	5 605 000	0	5 605 000
Municipal Human Settlement Capacity	9 253 000	0	9 253 000
Umsobomvu Youth Fund	0	131 466	131 466
Urban Settlement Development Grant	33 347 900	0	33 347 900
Total Grant Funding	582 710 847	5 127 174	587 838 021
Total Funding	671 320 847	26 410 628	697 731 475

Table 6: Operating Projects Per Directorate First Adjustment Budget

2015/2015 OPEX BUDGET PER DIRECTORATE	2015/2016	2015/2016	2015/2016
	Approved		1 st Adj.
	Opex Budget	Adjustments	Opex Budget
Directorate			
Executive Support Services	810 000	3 429 106	4 239 106
Municipal Manager's Office	46 401 900	0	46 401 900
Chief Operations Officer	543 458 947	2 495 708	545 954 655
Directorate of Financial Services	39 550 000	3 965 303	43 515 303
Directorate of Corporate Services	21 900 000	7 672 015	29 572 015
Directorate of Engineering Services	3 500 000	0	3 500 000
Directorate of Development Planning	0	0	0
Directorate of Economic Development	3 000 000	0	3 000 000
Directorate of Health & Public Safety	200 000	0	200 000
Directorate of Community Services	12 500 000	8 848 496	21 348 496
Total All Directorates	671 320 847	26 410 628	697 731 475

5.6 CAPITAL EXPENDITURE FRAMEWORK

The tables (table 7 and 8) below indicates adjustments to the capital expenditure budget per funding source. It shows a total increase of R104.8 million which is made of roll-overs for own funding. The following summarises the identifiable projects on which the requested roll-over funding is committed to (Detailed schedule of capital projects is attached as annexure 2)

- The amount of R1.1 million is committed for Office Furniture and Equipment for Councillors, the tender for this project was awarded closer to the end of 2014/15 financial year. There is also a commitment of R1.7 million for Office furniture requirements by various directorates.
- The project of Extension to Employee Wellness Centre is well under way, its progress delayed as a result of poor soil conditions on the proposed site. The roll-over request of R1.9 million is committed to the project.
- The ICT projects were advertised in the 2014/15 financial year and were cancelled due to technical challenges, these projects are in the process of being advertised, and an amount of R15.5 million is committed to these projects.
- The projects for Upgrading Laboratory Infrastructure are at the advanced stage of the procurement process and it is critical that they are completed in order to successfully apply for accreditation of the laboratory methods. An amount of R2.8 million is committed to these projects.
- The municipal sewers along the Eastern Beach to the City Pump Station are in urgent need of replacement. Consulting Engineers were awarded the contract for the design and Implementation of the contract for Bulk Sanitation Provision – Eastern Beach Sewers and an amount of R36 million is committed to this project.
- Consultants have been appointed to assist with the implementation of Building Refurbishments and Upgrading of Buildings and Lifts for BCMM Buildings and the requested roll-over amount of R1.4 million is committed to this project.
- Consultants were appointed in March 2015 to implement the project for Closed Circuit Television Network and CCTV Cameras for Cash Offices projects and the requested roll-over amounts of R2.3 million and R1.8 million is committed to these projects respectively.

- The project for Fire Engine and Fire Equipment was awarded and fire engine is being built and will be delivered in December 2015 and an amount of R4.5 million is committed to the project.
- The tender for Replacement of Vehicles has been awarded and the BCMM is waiting for delivery and an amount of R1.9 million is committed to this project.
- The projects for traffic control and law enforcement have a commitment of R626 659.
- The Service Provider is on site in the solid waste project, Weigh Bridge, and the requested roll-over of R1.1 million is committed to this project and various solid waste small projects have a commitment of R2 million.
- The contract for implementation of Solid Waste Mechanical Plant for Vehicles was awarded and the funding of R30.5 million is committed to the project.

Table 7: 2015/16 First Adjustments to Capital Expenditure Budget Per Funding

2015/2016 CAPITAL PROJECTS BUDGET PER FUNDING SOURCE	2015/2016	2015/2016	2015/2016
	Approved Capital Budget	Adjustments	1st Adj. Capital Budget
Own Funding			
Own Funds	425 001 630	0	425 001 630
Own Funds c/o	0	104 795 237	104 795 237
Total Own Funding	425 001 630	104 795 237	529 796 867
Grant Funding			
DoE(Integrated National Electrification Programme)	30 000 000	0	30 000 000
Electricity Demand Side Management Grant	13 000 000	0	13 000 000
Human Settlement Development Grant	94 400 000	0	94 400 000
Infrastructure Skills Development Grant	100 000	0	100 000
Neighbourhood Development Partnership Grant	20 000 000	0	20 000 000
Urban Settlement Development Grant	679 784 100	0	679 784 100
Human Settlement Development Grant-Special Fund	13 068 500	0	13 068 500
Total Grant Funding	850 352 600	0	850 352 600
Total Funding	1 275 354 230	104 795 237	1 380 149 467

Table 8: 2015/16 First Adjustments to Capital Expenditure Budget Per Directorate

2015/2016 CAPITAL BUDGET PER DIRECTORATE	2015/2016	2015/2016	2015/2016
	Approved		1st Adj.
	Capital Budget	Adjustments	Capital Budget
Directorate			
Executive Support Services	6 200 000	1 239 297	7 439 297
Municipal Manager's Office	21 500 000	0	21 500 000
Chief Operations Officer	211 424 000	360 513	211 784 513
Directorate of Financial Services	10 000 000	631 902	10 631 902
Directorate of Corporate Services	21 600 000	17 938 409	39 538 409
Directorate of Engineering Services	820 555 969	38 795 558	859 351 527
Directorate of Development Planning	48 220 661	1 432 208	49 652 869
Directorate of Economic Development	20 000 000	0	20 000 000
Directorate of Health & Public Safety	21 650 000	10 615 057	32 265 057
Directorate of Community Services	94 203 600	33 782 293	127 985 893
Total Funding	1 275 354 230	104 795 237	1 380 149 467

PART 2 – SUPPORTING DOCUMENTATION

6.1 ADJUSTMENT TO BUDGET ASSUMPTIONS

The budget assumptions have not been adjusted as a result this adjustment budget does not have an impact on tariffs.

6.2 ADJUSTMENTS TO ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY

There have been no adjustments to allocations or grants made by the municipality.

6.3 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

Section 54 (1) of the MFMA 56 of 2003 states: On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must –

(c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;

This adjustment budget is in respect of roll-overs for projects that are already in the IDP and SDBIP and therefore it has not been necessary revise these documents.

6.4 CHALLENGES

None

6.5 STAFF IMPLICATIONS

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

6.6 FINANCIAL IMPLICATIONS

The first adjustments to the 2015/16 budget do not have an impact on tariffs as these are funded from current operating revenue, unconditional grants rollover funding from 2014/15 financial year and own funding reserves. The effects of the adjustments to the 2015/16 Capital and Operating Budget are outlined below:

- An increase in the Operational Revenue Budget of R5,127,174 from R5,719,607,491 to R5,724,734,665.
- An increase in the Operational Expenditure Budget of R5,127,174 from R5,718,685,323 to R5,723,812,497.
- An increase in the Capital Project Budget of R104,795,237 from R1,275,354,230 to R1,380,149,467.

6.7 OTHER PARTIES CONSULTED

All Directorates

6.8 CITY MANAGER'S QUALITY CERTIFICATE

I APRANA SORRIAH NAIDOO ^{Acting} City Manager of Buffalo City Metropolitan Municipality, hereby certify that the annual 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 A.S. NAIDOO

^{Acting} City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature [Handwritten Signature]

Date 13/08/15