



**BUFFALO CITY METROPOLITAN  
MUNICIPALITY**

**2018/2019 – MID-YEAR  
ADJUSTMENT BUDGET**

**12 MARCH 2019**

**REPORT TO COUNCIL: 12 MARCH 2019**

File No.:5/1/1/1[18/19]

Author: EXECUTIVE MAYOR (XOLA PAKATI)/AS

**2018/19 MID-YEAR ADJUSTMENTS BUDGET REPORT**

**1. PURPOSE**

The purpose of the report is for the Council to consider and approve the Mid-Year Adjustments Budget of Buffalo City Metropolitan Municipality for the 2018/19 financial year in terms of section 28 of the MFMA.

**2. AUTHORITY**

Buffalo City Metropolitan Council

**3. LEGAL / STATUTORY REQUIREMENTS**

The Constitution of the Republic of South Africa, 1996  
Municipal Finance Management Act No 56, 2003  
Municipal Budget and Reporting Regulations, 2009  
MFMA Circular No. 78, 2015

**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.”*

According to the Municipal Budget and Reporting Regulations (MBRR), 2009, (Reg. 23) “(1) an adjustments budget referred to in Section 28(2)(b), (d) and (f) of the Act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.”

“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).

In terms of Section 54(1) on receipt of a statement or report submitted by the Accounting Officer of the municipality and 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 the revision 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 adjustment.”*

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 mid-year budget adjustment is being prepared as informed by the Mid-Year Budget and Performance Assessment and certain adjustments have been identified in terms of Section 28(2) of the MFMA. The Mid-Year Budget and Performance Assessment was tabled at Council on 29 January 2019. The main reason for this adjustment budget is the revision and re-allocation of budget between capital and operating budget, votes, expenditure categories and revenue sources, to improve operational efficiencies and service delivery.

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

| OPERATING AND CAPITAL BUDGET EXPENDITURE                        | 2018/2019               |                     | 2018/2019               | 2019/2020              | 2020/2021              |
|---|-------------------------|---------------------|-------------------------|------------------------|------------------------|
|   | ROLLOVER<br>ADJ. BUDGET | ADJUSTMENTS         | MID-YEAR<br>ADJ. BUDGET | FINAL<br>BUDGET        | FINAL<br>BUDGET        |
| <b>Total Revenue</b>  | <b>(6 516 661 738)</b>  | <b>166 869</b>      | <b>(6 516 494 869)</b>  | <b>(7 047 200 123)</b> | <b>(7 609 194 823)</b> |
| <b>Total Operating Expenditure Excluding Operating Projects</b> | <b>6 179 005 879</b>    | <b>(2 481 483)</b>  | <b>6 176 524 396</b>    | <b>6 648 094 551</b>   | <b>7 223 153 609</b>   |
| <b>Operating Projects</b>                                       | <b>333 731 443</b>      | <b>2 281 355</b>    | <b>336 012 798</b>      | <b>391 300 684</b>     | <b>378 522 863</b>     |
| <b>Total Operating Expenditure Including Operating Projects</b> | <b>6 512 737 322</b>    | <b>(200 128)</b>    | <b>6 512 537 194</b>    | <b>7 039 395 236</b>   | <b>7 601 676 472</b>   |
| <b>(Surplus) / Deficit</b>                                      | <b>(3 924 416)</b>      | <b>(33 259)</b>     | <b>(3 957 675)</b>      | <b>(7 804 888)</b>     | <b>(7 518 351)</b>     |
| <b>Total Capital Expenditure</b>                                | <b>1 990 904 124</b>    | <b>(78 604 280)</b> | <b>1 912 299 844</b>    | <b>2 288 875 165</b>   | <b>2 174 842 834</b>   |
|   |                         |                     |                         |                        |                        |
| <b>Total Opex and Capex Budget</b>                              | <b>8 503 641 446</b>    | <b>(78 804 408)</b> | <b>8 424 837 038</b>    | <b>9 328 270 401</b>   | <b>9 776 519 306</b>   |

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

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## ABBREVIATIONS AND ACRONYMS

|        |  |       |   |
|--------|--|-------|---|
| AMR    | Automated Meter Reading                          | ICT   | Information and Communication Technology      |
| ASGISA | Accelerated and Shared Growth Initiative         | kℓ    | kilolitre                                     |
| BCMM   | Buffalo City Metropolitan Municipality           | km    | kilometre                                     |
| BSC    | Budget Steering Committee                        | KPA   | Key Performance Area                          |
| CBD    | Central Business District                        | KPI   | Key Performance Indicator                     |
| CFO    | Chief Financial Officer                          | kWh   | kilowatt hour                                 |
| CM     | City Manager                                     | ℓ     | litre   |
| CoGTA  | Cooperative Government & Traditional Affairs     | LED   | Local Economic Development                    |
| CPI    | Consumer Price Index                             | MBRR  | Municipal Budgeting and Reporting Regulations |
| CSP    | City Support Programme                           | 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                                | MSCOA | Municipal Standard Chart of Account           |
| EEDSM  | Energy Efficiency Demand Side Management         | MTEF  | Medium-term Expenditure Framework             |
| EM     | Executive Mayor                                  | MTREF | Medium-term Revenue and Expenditure Framework |
| EPWP   | Expanded Public Works Programme                  | NDPG  | Neighbourhood Development Partnership Grant   |
| FBS    | Free basic services                              | NERSA | National Electricity Regulator South Africa   |
| FMG    | Finance Management Grant                         | NGO   | Non-Governmental organisations                |
| GAMAP  | Generally Accepted Municipal Accounting Practice | NKPIs | National Key Performance Indicators           |
| GDP    | Gross domestic product                           | OP    | Operational Plan                              |
| GFS    | Government Financial Statistics                  | PMS   | Performance Management System                 |
| GRAP   | General Recognised Accounting Practice           | PPE   | Property Plant and Equipment                  |
| GTAC   | Government Technical Advisory Centre             | 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               |

## PART 1 – ADJUSTMENT BUDGET

### 5.1 EXECUTIVE MAYOR’S REPORT

The mid-year budget adjustment is being prepared as informed by the mid-year budget and performance assessment and in terms of the MFMA, Municipal Budget and Reporting Regulations. The main reason for this adjustment budget is the revision and re-allocation of budget between capital and operating budget, votes, expenditure categories and revenue sources in order to improve operational efficiencies and service delivery. 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 | 2018/2019               |                     | 2018/2019               | 2019/2020              | 2020/2021              |
|--|-------------------------|---------------------|-------------------------|------------------------|------------------------|
|  | ROLLOVER<br>ADJ. BUDGET | ADJUSTMENTS         | MID-YEAR<br>ADJ. BUDGET | FINAL<br>BUDGET        | FINAL<br>BUDGET        |
| <b>Total Revenue</b>                     | <b>(6 516 661 738)</b>  | <b>166 869</b>      | <b>(6 516 494 869)</b>  | <b>(7 047 200 123)</b> | <b>(7 609 194 823)</b> |
| <b>Total Operating Expenditure</b>       | <b>6 512 737 322</b>    | <b>(200 128)</b>    | <b>6 512 537 194</b>    | <b>7 039 395 236</b>   | <b>7 601 676 472</b>   |
| <b>Total Capital Expenditure</b>         | <b>1 990 904 124</b>    | <b>(78 604 280)</b> | <b>1 912 299 844</b>    | <b>2 288 875 165</b>   | <b>2 174 842 834</b>   |
| <b>Total Opex and Capex Budget</b>       | <b>8 503 641 446</b>    | <b>(78 804 408)</b> | <b>8 424 837 038</b>    | <b>9 328 270 401</b>   | <b>9 776 519 306</b>   |

The following factors were considered in the formulation of the mid-year adjustment budget:

- (a) Projected annual revenue for all revenue sources.
- (b) Decrease in cash reserves resulting in low interest earned.
- (c) Ability to improve revenue performance.
- (d) Recent agreement between employer and employee following the three weeks strike that was undertaken by the employees in November/December 2018.
- (e) Identified savings versus additional budget requests received.
- (f) Continuous enforcement of cost containment measures.



(g) Funding availability and affordability.

(h) Status of implementation readiness for each project.

(i) Loan acquisition not yet finalised.

Therefore, the proposed adjustments are mainly re-allocations within and across directorates and expenditure types.

The Honourable Minister of Finance presented his Medium-Term Budget Policy Statement on 24 October 2018 with the theme "the South African economy is at a crossroads". The Honourable Minister reported that since the presentation of the 2018 Budget, South Africa has experienced a technical recession. Further, although the outlook for global growth is positive, there are storm clouds on the horizon, with growing risks for developing countries as trade tensions mount and financial conditions tighten. He further stated that, though we have been able to avoid the most damaging circumstances that have affected other developing countries owing to our strong macroeconomic framework and prudent debt management. Yet we too have experienced some devaluation of our currency and rising bond yields. The central challenges we confront as a nation are to raise economic growth and reduce unemployment. GDP growth is now expected to average 0.7 per cent in 2018, rising gradually to 2.3 per cent by 2021. At 27 per cent, the unemployment rate remains alarmingly high.

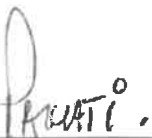
The above factors are equally affecting Buffalo City community. This requires ongoing vigilance to reduce costs and become more efficient on daily operations. The City continues with its efforts of producing a surplus budget that is funded in line with National Treasury requirements. This adjustment budget has a surplus of R3 957 675 before capital transfers recognised.

## 5.2 COUNCIL RESOLUTIONS

On 30 May 2018 the Council of Buffalo City Metropolitan Municipality met to consider, approve and adopt the 2018/2019 MTREF Budget. The Council further met on 24 August 2018 to consider and approve the roll-over 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:

- (a) The consolidated 2018/19 Mid-Year Adjustment Budget report be considered and approved by Council.
- (b) The adjustment from R6 516 661 738 to R6 516 494 869 of the consolidated 2018/19 Operating Revenue Budget be approved by Council.
- (c) The adjustment from R6 512 737 297 to R6 512 537 169 of the consolidated 2018/19 Operating Expenditure Budget be approved by Council.
- (d) The adjustment from R1 990 904 124 to R1 912 299 844 of the consolidated 2018/19 Capital Budget be approved by Council.
- (e) Council note that, in order to improve operational efficiency, the detailed schedules of capital projects and operating projects that are attached as annexure 2 and 3 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 2.1 and 3.1 are provided for information only).



X. PAKATI

**X. PAKATI**  
**EXECUTIVE MAYOR**

18/02/2019.

**DATE**

### **5.3 EXECUTIVE SUMMARY**

The Buffalo City Metropolitan Municipality is still taking tune from the latest National Medium-Term Budget Policy Statement which highlighted the economic challenges that are still experienced by South African as cited by the Honourable Minister of Finance presented in his Medium-Term Budget Policy Statement on 24 October 2018. The challenges are characterised by low economic growth, high unemployment rate, devaluating currency and rising bond yields. The 2018 National Budget set out expectations of improved economic performance that proved premature. During the first half of this year, South Africa experienced a technical recession that is, declining quarter-on-quarter GDP driven primarily by contractions in agriculture and mining. The high unemployment in the BCMM demographic area has a direct impact on the revenue collection of the City, which affect the cash at hand required for municipal daily operations.

BCMM continues to take a more conservative approach in the manner in which it approaches the budgeting including this mid-year adjustment 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 assessment also indicated low collection rate which requires urgent attention, the City is still committed to putting all necessary revenue collection measures to achieve the set target of 93%.

The debtor's collection rate for the period ending 31 December 2018 is 81.9% (2017/18: 83.99%). The decline in this rate is a result of various factors including the three weeks violent strike action that was undertaken by employees in November / December 2018. Having realised this, the City is currently implementing several mitigating factors to improve the collection rate which are as follows:

- (a) Council has approved the turnaround plan to mitigate water losses and ageing infrastructure assets as well as the implementation of new meters in unmetered

areas over a period of 3 years. This plan is being implemented on an ongoing basis with funding being allocated in the MTREF budget.

- (b) Revenue Management unit has initiated system monitoring mechanisms which will identify gaps and discrepancies in the billing system with in particular for electricity conventional meters.
- (c) The Water Works Department is currently rolling out a meter replacement program and moving of meters from within the property to outside boundary of the property. Revenue Management unit is working closely with the Department of Water Works and the Department of Housing to identify and register all non-registered meters onto the financial system.
- (d) A task team has been constituted to identify and to ensure that the consumer accounts in arrears are scrutinized with the intention of fast tracking collection of the debt, which will result in the reduction of the book debt.
- (e) The Rates and Valuation unit is constantly checking whether properties are zoned correctly and subsequently raising the correct rates tariff.
- (f) The City is being assisted by GTAC and CSP in improving its Revenue Enhancement Strategy.
- (g) Development of investment strategy that will assist in improving the City's revenue base.

The key liquidity financial indicators are currently deemed to be adequate though they are reflecting a decreasing trend, therefore, if the collection rate does not improve, this will result in depletion of the cash holdings and reduction in liquidity ratios as well as cost coverage ratio.

The consolidated capital budget spending as at 31 December 2018 was 29% (R584.48 million, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R1.99 billion. This reflects an increase when compared to the same period in the previous financial year where 27% (R464.77 million, inclusive of reclaimed vat) of the adjusted budget of R1.71 billion was spent.

To continue improving capital expenditure performance, the City continues to implement intervention measures that are contained in the developed and adopted a turnaround strategy on capital spending that was submitted to Council.

Having assessed the mid-year performance of the City, the operating revenue budget has been slightly reduced by R166 869 from R6 516 661 738 to R 6 516 494 869. The operating expenditure budget has been slightly reduced by R 200 128 from R6 512 737 297 to R6 512 537 169. These are detailed in section 5.4 and 5.5 of the report. The overall operating surplus before capital transfers recognised slightly increase by R33 259 from R3 924 416 to R3 957 675.

The capital expenditure budget has been reduced by R78 604 280 from R1 990 904 124 to R1 912 299 844. This is detailed in section 5.6 of the report.

### 5.3.1 Budget Adjustment Summary

The main reason for this adjustment budget is the revision and the re-allocation of budget between capital and operating budget, votes, expenditure types, revenue sources to improve operational efficiencies and service delivery. The table below indicate the summary of the 2018/19 mid-year budget adjustments.

**Table 2: 2018/19 Mid-Year Adjustment Budget Summary**

| OPERATING AND CAPITAL BUDGET EXPENDITURE                        | 2018/2019               |                     | 2018/2019               | 2019/2020              | 2020/2021              |
|---|-------------------------|---------------------|-------------------------|------------------------|------------------------|
|   | ROLLOVER<br>ADJ. BUDGET | ADJUSTMENTS         | MID-YEAR<br>ADJ. BUDGET | FINAL<br>BUDGET        | FINAL<br>BUDGET        |
| <b>Total Revenue</b>  | <b>(6 516 661 738)</b>  | <b>166 869</b>      | <b>(6 516 494 869)</b>  | <b>(7 047 200 123)</b> | <b>(7 609 194 823)</b> |
| <b>Total Operating Expenditure Excluding Operating Projects</b> | <b>6 179 005 879</b>    | <b>(2 481 483)</b>  | <b>6 176 524 396</b>    | <b>6 648 094 551</b>   | <b>7 223 153 609</b>   |
| <b>Operating Projects</b>                                       | <b>333 731 443</b>      | <b>2 281 355</b>    | <b>336 012 798</b>      | <b>391 300 684</b>     | <b>378 522 863</b>     |
| <b>Total Operating Expenditure Including Operating Projects</b> | <b>6 512 737 322</b>    | <b>(200 128)</b>    | <b>6 512 537 194</b>    | <b>7 039 395 236</b>   | <b>7 601 676 472</b>   |
| <b>(Surplus) / Deficit</b>                                      | <b>(3 924 416)</b>      | <b>(33 259)</b>     | <b>(3 957 675)</b>      | <b>(7 804 888)</b>     | <b>(7 518 351)</b>     |
| <b>Total Capital Expenditure</b>                                | <b>1 990 904 124</b>    | <b>(78 604 280)</b> | <b>1 912 299 844</b>    | <b>2 288 875 165</b>   | <b>2 174 842 834</b>   |
|   |                         |                     |                         |                        |                        |
| <b>Total Opex and Capex Budget</b>                              | <b>8 503 641 446</b>    | <b>(78 804 408)</b> | <b>8 424 837 038</b>    | <b>9 328 270 401</b>   | <b>9 776 519 306</b>   |

#### 5.4 OPERATING REVENUE FRAMEWORK

The following factors were taken into consideration in arriving to the proposed adjustments in the City's revenue framework:

- (a) Projected annual revenue for all revenue sources.
- (b) Decrease in cash reserves resulting in low interest earned.
- (c) Ability to improve revenue performance.
- (d) Any reduction on revenue requires that there must also be an equivalent reduction in expenditure to avoid budgeting a deficit.
- (e) Provision for a decrease in property rates in respect of General Valuation objections.

The following table (Table 3) depicts adjustments to the consolidated operating revenue budget per source after eliminating intercompany transactions (Annexure 10 of the report reflect consolidated National Treasury B Schedules and the revenue in these schedules is reflected before elimination of intercompany transactions). Table 3 below reflects that there has been a reduction in revenue totalling to R166 869. The details of the revenue adjustments are reflected below table 3.

**Table 3: 2018/19 Mid-Year Adjusted Revenue per Source**

| 2018/2019 BUDGET REVENUE FRAMEWORK     | 2018/2019            |                  | 2018/2019               |
|--|----------------------|------------------|-------------------------|
|  | FIRST<br>ADJ BUDGET  | ADJUSTMENTS      | MID-YEAR<br>ADJ. BUDGET |
| <b>Revenue Per Source</b>              |                      |                  |                         |
| Property Rates                         | 1 421 961 287        | (4 800 000)      | 1 417 161 287           |
| Electricity Charges                    | 1 971 508 000        | 0                | 1 971 508 000           |
| Water Charges                          | 563 042 545          | 0                | 563 042 545             |
| Sanitation Charges                     | 322 142 796          | 0                | 322 142 796             |
| Refuse Charges                         | 294 387 685          | 0                | 294 387 685             |
| Rental of facilities and equipment     | 17 562 732           | 0                | 17 562 732              |
| Interest earned - external investments | 140 961 479          | (330 376)        | 140 631 103             |
| Interest earned - outstanding debtors  | 41 806 583           | 12 598 480       | 54 405 063              |
| Fines, penalties and forfeits          | 16 591 440           | 0                | 16 591 440              |
| Licences and permits                   | 14 597 462           | 0                | 14 597 462              |
| Agency services                        | 31 270 324           | (742 500)        | 30 527 824              |
| Transfers and subsidies                | 1 492 316 011        | 5 727 575        | 1 498 043 586           |
| Other revenue                          | 188 513 394          | (12 620 048)     | 175 893 346             |
| <b>Total Direct Operating Income</b>   | <b>6 516 661 738</b> | <b>(166 869)</b> | <b>6 516 494 869</b>    |

The reasons of the revenue adjustments are as follow:

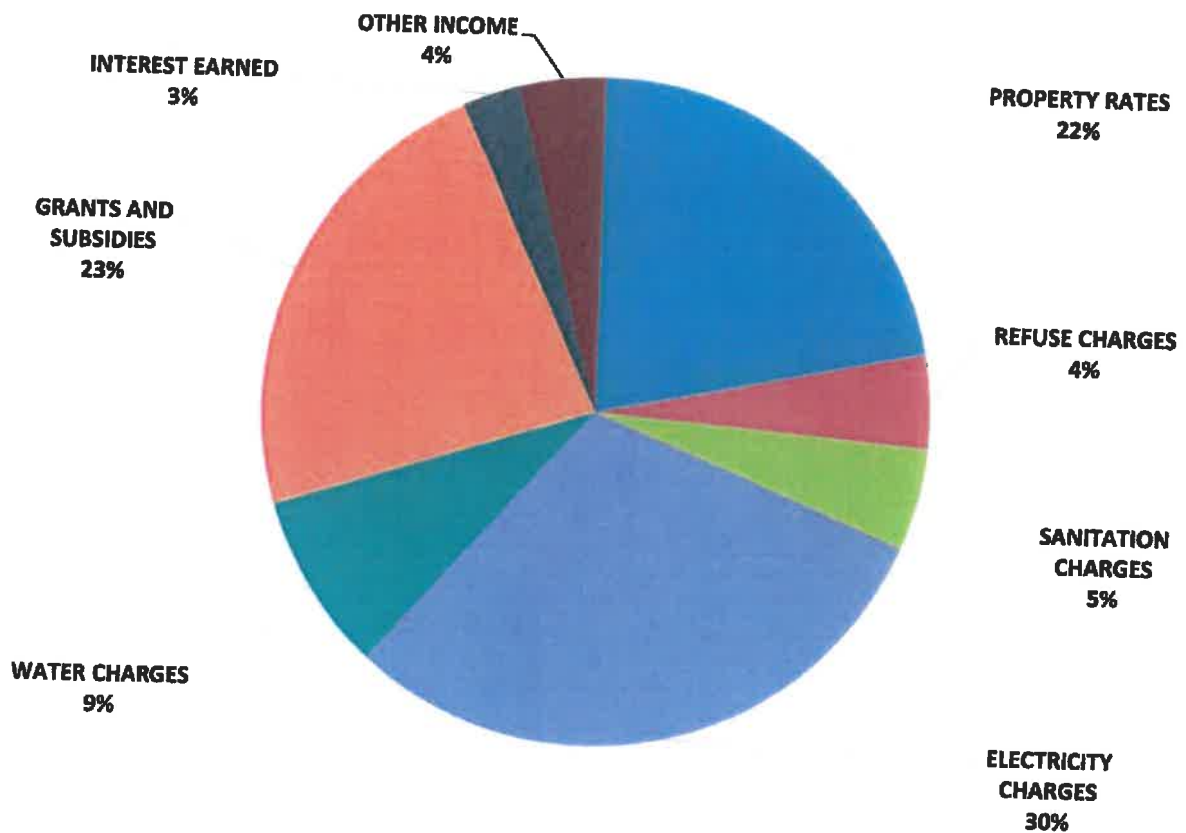
- (a) Property rates are slightly adjusted downwards by R4 800 000 in order to make a provision for the General Valuation Objection process that is still underway. This is within the norm when a new General Valuation is implemented.
- (b) Interest Earned on External Investments is adjusted downwards by R330 376 due to projected interest not realised due to decreased cash reserves.
- (c) An amount of R12 598 480 has been reclassified from Other revenue to Interest earned on outstanding debtors.
- (d) Agency services is adjusted downward by R742 500 due to Agency fees that were anticipated to be earned by BCMDA relating to a Waste Management company not yet realised because of delays in the approval of the business plans.
- (e) Transfers and subsidies have been adjusted upwards by R5 727 575, this is a net effect of the following adjustments:
  - i. An amount of R8 250 000 from PTNG is reallocated from operating projects to capital projects.
  - ii. A new grant of Municipal Emergency Housing Grant amounting to R9 043 295 has been approved by the National Department of Human Settlements in the month of January 2019 following the application that was made by BCMM for the purpose of providing emergency housing for the victims of the Duncan Village fire disaster. This funding is now being appropriated in the City's budget for implementation.
  - iii. An amount R65 720 from FMG is reallocated from operating projects to capital projects.
  - iv. USDG funding amounting to R5 000 000 transferred from Capital project (Infrastructure) to Human Settlements Operating projects.

(f) Other revenue has been reduced by R12 620 048, included in this amount is an amount of R12 598 480 that has been reclassified from Other revenue to Interest earned on outstanding debtors.

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 30% of the total revenue. This is followed by water tariffs at 9%, 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 23% of the total revenue, interest earned is 3% of the total revenue. Other revenue contributes 4% of the total revenue.

**Figure 1: 2018/19 Operating Revenue per Source**





## **5.5 OPERATING EXPENDITURE FRAMEWORK**

In arriving into the proposed operating expenditure framework adjustments in the mid-year adjustment budget, the following factors were considered:

- (a) Any reduction on revenue requires that there must also be an equivalent reduction in expenditure to avoid budgeting a deficit.
- (b) Recent agreement between employer and employee on the following:
  - i. Ex-gratia payment.
  - ii. Absorption of temporary staff.
  - iii. Implementation of Job Evaluation.
  - iv. Payment of bonus on salary 2.
- (c) Identified savings versus additional budget requests received.
- (d) Continuous enforcement of cost containment measures.
- (e) Collection ratio currently sitting at 81.90% versus 93% budgeted.

The following table (Table 4) details adjustments to the consolidated operating expenditure budget per category after elimination of intercompany transactions (Annexure 10 of the report reflect consolidated National Treasury B Schedules and the expenditure in these schedules is reflected before elimination of intercompany transactions). Table 4 below reflects that there is a total reduction of R200 128. The adjustments in table 4 below are mainly due to the reallocation of the budget to fund critical expenditure items. It also reflects reallocation of funding between the expenditure types to improve operational efficiency. The details of the reallocations are reflected below the table.

**Table 4: 2018/19 Mid-Year Adjusted Expenditure Budget per Category**

| 2018/2019 BUDGET EXPENDITURE FRAMEWORK    | 2018/2019            |                  | 2018/2019            |
|---|----------------------|------------------|----------------------|
|   | FIRST                | ADJUSTMENTS      | MID-YEAR             |
|   | ADJ BUDGET           |                  | ADJ. BUDGET          |
| <b>Expenditure Per Category</b>           |                      |                  |                      |
| Employee related costs                    | 1 940 763 935        | 67 402 261       | 2 008 166 196        |
| Remuneration of councillors               | 64 185 043           | 0                | 64 185 043           |
| Debt impairment                           | 343 696 466          | (360 000)        | 343 336 466          |
| Depreciation & asset impairment           | 896 425 520          | (135 762)        | 896 289 757          |
| Finance charges                           | 59 817 900           | (20 805 000)     | 39 012 900           |
| Bulk purchases                            |                      |                  |                      |
| Electricity Bulk Purchases                | 1 451 899 000        | 7 000 000        | 1 458 899 000        |
| Water Bulk Purchases                      | 246 610 600          | (11 200 000)     | 235 410 600          |
| Contracted services                       | 141 223 323          | (1 608 277)      | 139 615 046          |
| Transfers and grants                      | 47 216 334           | 2 150 000        | 49 366 334           |
| Repairs and Maintenance                   | 493 601 963          | (68 458 488)     | 425 143 475          |
| Operating projects                        | 333 731 443          | 2 281 355        | 336 012 798          |
| Other expenditure                         | 411 558 450          | 28 730 230       | 440 288 680          |
| Other materials                           | 82 007 320           | (5 196 446)      | 76 810 874           |
| <b>Total Direct Operating Expenditure</b> | <b>6 512 737 297</b> | <b>(200 128)</b> | <b>6 512 537 169</b> |

After assessing the mid-year performance of the City and taking in to account the considerations that are indicated above, it has been necessary that the following adjustments on the Operating Expenditure Budget be made:

**(a) Upwards adjustment totalling to R107 563 846, made up of:**

- i. Employee Related Costs have been adjusted upwards by R67 402 261, to fund the Agreement that was signed in December 2018 between the employer and the employees emanating from the strike that was undertaken by the employees.
- ii. Electricity Bulk Purchases have been adjusted upwards by R7 000 000 in to fund the projected over-expenditure, informed by the expenditure incurred to date.
- iii. Transfers and Grants have been adjusted upwards by R2 150 000.
- iv. Operating projects are adjusted downward by R2 281 355. Refer to section 5.5.1.1 and 5.5.1.2 of this report for the detailed narration on this item. The details of adjustments per projects are reflected in the schedule of operating projects that is attached as Annexure 3.
- v. Other expenditure has been adjusted upward by R28 730 230 to improve operational efficiency.

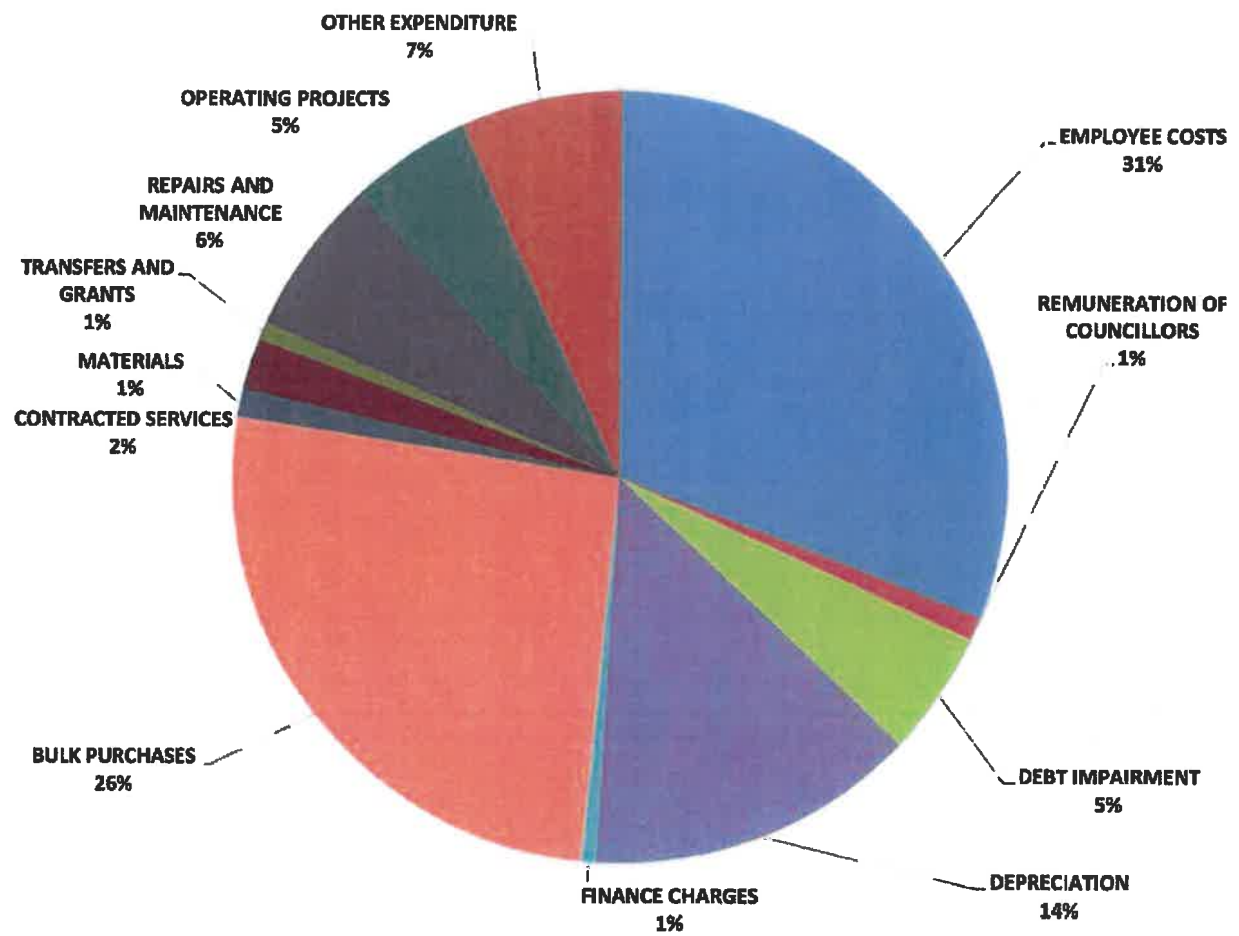
**(b) Downwards adjustment totalling to R107 763 973, made up of:**

- i. Debt Impairment is adjusted downwards by R360 000 in line with the downwards adjustment that is made on Property Rates.
- ii. Depreciation and Assets Impairment is adjusted downwards by R135 762, this relates to BCMDA assets depreciation expected to be lower than was previously projected.

- iii. Finance Charges are adjusted downwards by R20 805 000 as the acquisition of the new loan that was originally budgeted has not yet been finalized.
- iv. Water Bulk Purchases have been adjusted downwards by R11 200 000, this is informed by expenditure incurred to date and projected demand for the remaining months of the financial year.
- v. Contracted Services have been adjusted downwards by R1 608 277.
- vi. Repairs and Maintenance is adjusted downward by R68 458 488. The City is complementing its Repairs and Maintenance program by a substantial investment of funding on renewal and upgrading of existing assets in the capital budget. The trend analysis of the previous financial years indicate that the City has not be fully spending its repairs and maintenance budget. An investigation on the root cause for this is undertaken to inform the budget allocation in the 2019/20 MTREF.
- vii. Other materials have been adjusted downwards by R5 196 446.

The pie chart (Figure 2) below depicts split of operating expenditure budget per category. Employee costs and Bulk Purchases represent the largest cost of the municipality 31% and 26% of the total operating expenditure respectively. Depreciation totals 14% 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 account for 7% and Other Materials account for 1% of the total operating budget. Repairs and Maintenance is equal to 6% of the operating expenditure budget. Transfers and Grants paid account for 1%. Debt impairment also account for 5%. Finance Charges account for 1%, Contracted Services account for 2%, and Remuneration of Councillors account for 1%.

**Figure 2: 2018/19 Operating Expenditure per Type**



### 5.5.1 Mid-Year 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 R2 281 355 (a decrease of R3 446 220 to Own Funding and an increase of R5 727 575 in grant funding). Further details are provided below table 5.

#### 5.5.1.1 Operating Projects adjustments per funding source

**Table 5: 2018/19 Mid-Year Adjustments to Operating Projects - Funding Source**

| FUNDING SOURCE                                   | 2018/2019<br>FIRST<br>ADJUSTMENT<br>BUDGET | ADJUSTMENTS        | 2018/2019<br>MID-YEAR<br>ADJUSTMENT<br>BUDGET |
|--|--|--------------------|---|
| Own Funds  | 149 177 518                                | (3 446 220)        | 145 731 298                                   |
| <b>Total Own Funding</b>                         | <b>149 177 518</b>                         | <b>(3 446 220)</b> | <b>145 731 298</b>                            |
| Expanded Public Works Programme Incentives Grant | 4 050 000                                  | 0                  | 4 050 000                                     |
| Finance Management Grant                         | 1 150 000                                  | (65 720)           | 1 084 280                                     |
| Human Settlement Development Grant               | 56 201 024                                 | 0                  | 56 201 024                                    |
| Human Settlement Development Grant c/o           | 19 797 040                                 | 0                  | 19 797 040                                    |
| Infrastructure Skills Development Grant          | 10 700 000                                 | 0                  | 10 700 000                                    |
| Public Transport Infrastructure Grant            | 14 000 000                                 | (8 250 000)        | 5 750 000                                     |
| Salaida (Galve)                                  | 846 101                                    | 0                  | 846 101                                       |
| Urban Settlement Development Grant               | 77 809 760                                 | 5 000 000          | 82 809 760                                    |
| Emergency Housing Grant                          | 0  | 9 043 295          | 9 043 295                                     |
| <b>TOTAL GRANTS</b>                              | <b>184 553 925</b>                         | <b>5 727 575</b>   | <b>190 281 500</b>                            |
|  |  |                    |   |
| <b>TOTAL PER FUNDING</b>                         | <b>333 731 443</b>                         | <b>2 281 355</b>   | <b>336 012 798</b>                            |

Table 5 above depicts that the overall consolidated operating projects expenditure budget is adjusted upwards from by R2 281 355 from R333 731 443 to R336 012 798. It reflects that the total own funding budget is decreasing by R3 446 220 from R149 177 518 to R145 731 298. The overall grant funding that allocated to the operating projects is increased by R5 727 575 from R184 553 925 to R190 281 500.

The increase on grant funding is the net effect of the following adjustments:

- (a) A decrease in Finance Management Grant of R65 720, the funding is re-allocated to Capital projects.
- (b) A decrease in Public Transport Network Grant of R8 250 000, the funding is re-allocated to capital budget.
- (c) An increase in Urban Settlement Development Grant of R5 000 000, the funding is re-allocated from capital budget for project management of the Human Settlement program.
- (d) Emergency Housing grant amounting to R9 043 295 was approved by the department of Human Settlements on the 25<sup>th</sup> January 2019.

The details of adjustments per programme are reflected on the schedule of operating projects that is attached as **Annexure 3** where the projects have been rolled up at programme level (**Annexure 3.1** has also been attached and provides details of accounts / votes that make up a programme / project).

### 5.5.1.2 Operating Projects adjustments per Directorate

**Table 6: 2018/19 Mid-Year Adjustments to Operating Projects – Directorate**

| DIRECTORATE                            | 2018/2019<br>FIRST<br>ADJUSTMENT<br>BUDGET | ADJUSTMENTS      | 2018/2019 MID-<br>YEAR<br>ADJUSTMENT<br>BUDGET |
|--|--|------------------|--|
| Executive Support Services             | 44 173 011                                 | (2 600 000)      | 41 573 011                                     |
| Municipal Manager's Office             | 37 559 760                                 | 6 573 080        | 44 132 840                                     |
| Human Settlements                      | 76 568 064                                 | 15 243 295       | 91 811 359                                     |
| Directorate of Financial Services      | 26 430 933                                 | (65 720)         | 26 365 213                                     |
| Directorate of Corporate Services      | 21 710 375                                 | (1 000 000)      | 20 710 375                                     |
| Directorate of Infrastructure Services | 61 000 000                                 | 0                | 61 000 000                                     |
| Development and Spatial Planning       | 15 900 000                                 | (6 550 000)      | 9 350 000                                      |
| Directorate of Economic Development    | 34 310 000                                 | (1 940 000)      | 32 370 000                                     |
| Directorate of Health & Public Safety  | 1 179 300                                  | (879 300)        | 300 000  |
| Directorate of Municipal Services      | 14 900 000                                 | (6 500 000)      | 8 400 000                                      |
| <b>TOTAL PER DIRECTORATE</b>           | <b>333 731 443</b>                         | <b>2 281 355</b> | <b>336 012 798</b>                             |

Table 6 above reflects that the overall consolidated operating projects expenditure budget is adjusted upwards from by R2 281 355 from R333 731 443 to R336 012 798.

The adjustments between directorates are detailed below:

- (a) The budget for the following directorates has been adjusted downwards mainly due to programs / projects that are not yet ready for implementation and or moving slow on implementation than projects:
  - i. Executive Support Services budget decrease by R2 600 000
  - ii. Directorate of Financial Services decrease by R65 720
  - iii. Corporate Services budget decreased by R1 000 000
  - iv. Spatial Planning and Development decreased by R6 550 000
  - v. Economic Development and Agencies budget decreased by R1 940 000
  - vi. Health, Public Safety and Emergency Services budget decreased by R879 300
  - vii. Municipal Services budget decreased by R6 500 000
- (b) The budget for the following directorates has been adjusted upwards mainly due to their programs / projects performing at a high rate that originally anticipated. The budget has also been increased to address additional service delivery priorities and improve operational efficiency:
  - i. City Manager's Office budget increased by R6 573 080



- ii. Human Settlements increased by R15 243 295

The details of adjustments per programme are reflected on the schedule of operating projects that is attached as **Annexure 3** where the projects have been rolled up at programme level (**Annexure 3.1** has also been attached and provides details of accounts / votes that make up a programme / project).

## **5.6 CAPITAL EXPENDITURE FRAMEWORK**

The following factors were considered in arriving in the proposed adjustments on the capital expenditure framework:

- (a) Funding availability and affordability.
- (b) Status of implementation readiness for each project.
- (c) Loan acquisition not yet finalised.
- (d) Therefore, the proposed adjustments are mainly re-allocations within and across directorates.

The tables (table 7 and 8) below indicates adjustments to the capital expenditure budget per funding source and per directorate respectively. To arrive in the adjustments that are summarised in the below two tables (table 7 and 8), 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 for re-allocating funding without compromising the municipality's strategic objectives and priorities as set up in the IDP. Details of reallocation of funding are provided below.

**5.6.1 2018/2019 Mid-Year Adjustments to Capital Expenditure Budget per  
Funding source**

**Table 7: 2018/19 Mid-Year Adjustments to Capital Expenditure Budget – Funding**

| 2018/2019 CAPITAL BUDGET PER FUNDING SOURCE   | 2018/2019 Rollover Adjustment Budget | Adjustments         | Mid-year Adjustment Budget |
|---|--------------------------------------|---------------------|----------------------------|
| Own Funds                                     | 851 950 000                          | 0                   | 851 950 000                |
| Own Funds c/o                                 | 229 726 022                          | 0                   | 229 726 022                |
| Loan  | 69 000 000                           | (69 000 000)        | 0                          |
| <b>TOTAL OWN FUNDS</b>                        | <b>1 150 676 022</b>                 | <b>(69 000 000)</b> | <b>1 081 676 022</b>       |
| Urban Settlements Grant                       | 685 182 240                          | (5 000 000)         | 680 182 240                |
| Public Transport Network Grant                | 81 165 000                           | 8 250 000           | 89 415 000                 |
| Integrated City Development Grant             | 10 003 000                           | 0                   | 10 003 000                 |
| Infrastructure Skills Development Grant       | 100 000                              | 0                   | 100 000                    |
| Neighbourhood Development Partnership Grant   | 13 250 000                           | 0                   | 13 250 000                 |
| Energy Efficiency and Demand Side Management  | 8 000 000                            | 0                   | 8 000 000                  |
| Integrated National Electrification Grant     | 6 200 000                            | 0                   | 6 200 000                  |
| Finance Management Grant                      | 0                                    | 65 720              | 65 720                     |
| LGTH  | 9 036 112                            | 0                   | 9 036 112                  |
| <b>TOTAL GRANTS</b>                           | <b>812 936 352</b>                   | <b>3 315 720</b>    | <b>816 252 072</b>         |
| <b>TOTAL - FUNDING SOURCES</b>                | <b>1 963 612 374</b>                 | <b>(65 684 280)</b> | <b>1 897 928 094</b>       |
| BCMDA Projects                                | 27 291 750                           | (12 920 000)        | 14 371 750                 |
| <b>TOTAL CONSOLIDATED CAPITAL PER FUNDING</b> | <b>1 990 904 124</b>                 | <b>(78 604 280)</b> | <b>1 912 299 844</b>       |

Table 7 above indicate that the overall consolidated capital expenditure budget is adjusted downwards by R78 604 280 from R1 990 904 124 to R1 912 299 844. It reflects that the loan funding of R69 000 000 that was budgeted is taken off the budget as the process of acquiring this loan is not yet finalised. This result in the total own funding budget decreasing from R1 150 676 022 to R1 081 676 022. The overall grant funding allocated to the City's capital budget is increased by R3 315 720 from R812 936 352 to R816 252 072. The increase on grant funding is the net effect of the following adjustments:

- (a) A decrease in Urban Settlement Development Grant of R5 000 000, the funding is re-allocated to operating budget for project management of the Human Settlement program.
- (b) An increase in Public Transport Network Grant of R8 250 000, the funding is re-allocated from operating budget.
- (c) An increase in Finance Management Grant of R65 720, the funding is re-allocated from operating budget.

The table also indicate that the capital budget for BCMDA has been adjusted downwards by R12 920 000 from R27 291 750 to R14 371 750.

The details of adjustments per programme 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 8: 2018/19 Mid-Year Adjustments to Capital Expenditure Budget -Directorate**

| 2018/2019 CAPITAL BUDGET PER DIRECTORATE          | 2018/2019 Rollover Adjustment Budget | Adjustments         | Mid-year Adjustment Budget |
|---|--------------------------------------|---------------------|----------------------------|
| Executive Support Services                        | 5 886 795                            | 0                   | 5 886 795                  |
| City Manager's Office                             | 55 040 000                           | 58 200 000          | 113 240 000                |
| Corporate Services                                | 3 781 438                            | (3 000 000)         | 781 438                    |
| Spatial Planning & Development                    | 294 910 424                          | (37 637 608)        | 257 272 816                |
| Economic Development & Agencies                   | 68 035 322                           | (6 800 000)         | 61 235 322                 |
| Finance Services                                  | 205 865 666                          | (159 673 970)       | 46 191 696                 |
| Health/Public Safety & Emergency Services         | 35 312 335                           | 3 920 000           | 39 232 335                 |
| Human Settlements                                 | 105 149 931                          | 54 550 000          | 159 699 931                |
| Infrastructure Services                           | 1 001 135 176                        | 20 429 617          | 1 021 564 793              |
| Municipal Services                                | 178 495 287                          | 4 327 681           | 182 822 968                |
| <b>Total Directorates</b>                         | <b>1 953 612 374</b>                 | <b>(65 684 280)</b> | <b>1 887 928 094</b>       |
| Asset Replacement                                 | 10 000 000                           | 0                   | 10 000 000                 |
| <b>Total Budget Per Directorate</b>               | <b>1 963 612 374</b>                 | <b>(65 684 280)</b> | <b>1 897 928 094</b>       |
| BCMDA Projects                                    | 27 291 750                           | (12 920 000)        | 14 371 750                 |
| <b>TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE</b> | <b>1 990 904 124</b>                 | <b>(78 604 280)</b> | <b>1 912 299 844</b>       |

Table 8 above depict that the overall consolidated capital expenditure budget is adjusted downwards from by R78 604 280 from R1 990 904 124 to R1 912 299 844. It reflects that the total funding allocated to BCMM directorates has decreased by R65 684 280 from R1 953 612 374 to R1 897 928 094. It also indicates that the budget allocated for asset replacement (this relate to short falls in insurance claims) remain constant at R10 000 000. The table also indicate that the capital budget for BCMDA has been adjusted downwards by R12 920 000 from R27 291 750 to R14 371 750.

The adjustments between directorates are detailed below:

(c) The budget for the following directorates has been adjusted downwards mainly due to programs / projects that are not yet ready for implementation and or moving slow on implementation than projects:

- viii. Corporate Services budget decreased by R3 000 000
- ix. Spatial Planning and Development budget decreased by R37 637 608
- x. Economic Development and Agencies budget decreased by R6 800 000
- xi. Financial Services budget decreased by R159 673 970

(d) The budget for the following directorates has been adjusted upwards mainly due to their programs / projects performing at a high rate that originally anticipated. The budget has also been increased to address additional service delivery priorities and improve operational efficiency:

- i. City Manager's Office budget increased by R58 200 000 for ICT projects
- ii. Health, Public Safety and Emergency Services increased by R3 920 000
- iii. Human Settlements increased by R54 550 000
- iv. Infrastructure Services increased by R20 429 617
- v. Municipal Services increased by R4 327 681

The details of adjustments per programme are reflected on the schedule of operating 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).

## **PART 2 – SUPPORTING DOCUMENTATION**

### **5.7 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;*

MFMA Circular No. 13: Service Delivery and Budget Implementation Plan stipulates that being a management and implementation plan (and not a policy proposal), the SDBIP is not required to be approved by the council – it is however tabled before council and made public for information and for purposes of monitoring. The SDBIP should be seen as a dynamic document that may (at lower layers of the plan) be continually revised by the municipal manager and other top managers, as actual performance after each month or quarter is taken into account. However, the top-layer of the SDBIP and its targets cannot be revised without notifying the council, and if there is to be changes in service delivery targets and performance indicators, this must be with the approval of the council, following approval of an adjustments budget (section 54(1)(c) of MFMA). This council approval is necessary to ensure that the mayor or municipal manager do not revise service delivery targets downwards in the event where there is poor performance.

During quarterly reviews held with Directorates, Internal Audit's performance information review and the Auditor General's audit process, certain areas were identified that require either adjustment or removal. The reasons for these changes are that they either did not adhere to the CREAM (Clear, Relevant, Economical, Adequate

and Maintainable) principle, were not aligned to the 2018/2019 Revised IDP or were too operational.

The budget adjustment process relates among other things to changes in the capital budget which therefore has an impact on service delivery targets. During the first quarter review, Internal Audit recommended that some targets needs adjustment or removal as they did not adhere to the SMART (Specific, Measurable, Attainable, Realistic and Time bound) principle and too operational and difficult to measure. Also, the issue of alignment of IDP and SDBIP came strongly during 1<sup>st</sup> Quarter Internal Audit Report and affected number of indicators which had to be revised, for ease of reference, see the attached annexures. Lastly, indicators and targets for the department of Information and Communication Technology (ICT) SDBIP have been moved to Corporate Services.

The revised section D (Annexure 1), top layer service delivery indicators and targets (Annexure 4) addendum to Directorates SDBIPs (Annexure 5) Performance Plans (Annexure 6) and Revised SDBIP (Annexure 7) are attached for ease of reference.

This revised SDBIP and Amended Section D of the Revised 2018/2019 IDP must be read in conjunction with the:

- (a) Adopted Revised 2018/2019 Integrated Development Plan (IDP)
- (b) 2017/18 Draft Annual Report (Component B: Auditor General's Report, tabled in Council on 29 January 2019);
- (c) 2018/19 Mid-year Report (submitted to National Treasury)
- (d) 2018/19 Adjustments Budget (submitted to Council for approval as part of this report)

## **5.8 CHALLENGES**

None

## **5.9 STAFF IMPLICATIONS**

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

## **5.10 FINANCIAL IMPLICATIONS**

The mid-year adjustments to the 2018/19 budget does not have an impact on tariffs as these are funded from current operating revenue that was already approved by Council, conditional grants and own funding reserves. The effects of the adjustments to the 2018/19 Capital and Operating Budget are outlined below:

- (a) A reduction in the consolidated Operational Revenue Budget of R166 869 from R6 516 661 738 to R6 516 494 869.
- (b) A reduction in the consolidated Operational Expenditure Budget of R200 128 from R6 512 737 297 to R6 512 537 169.
- (c) A reduction in the consolidated Capital Budget of R78 604 280 from R1 990 904 124 to R1 912 299 844.

## **5.11 OTHER PARTIES CONSULTED**

All Directorates



**5.12 CITY MANAGER'S QUALITY CERTIFICATE**

I A.S. NAIDOO 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 ALLANA SOORATH NAIDOO

Acting City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature 

Date 18/02/2019

**ANNEXURES:**

**Annexure 1: Revised Section D of the IDP**

**Annexure 2: Schedule of Capital Projects per Programme**

**Annexure 2.1: Detailed Schedule of Capital Projects**

**Annexure 3: Schedule of Operating Projects per Programme**

**Annexure 3.1: Detailed Schedule of Operating Projects**

**Annexure 4: Top Layer Service Delivery Indicators and targets**

**Annexure 5: Addendum to Directorate's SDBIPs**

**Annexure 6: Performance Plans**

**Annexure 7: Revised SDBIP**

**Annexure 8: B Schedules (BCMM)**

**Annexure 9: B Schedules (Municipal Entity (BCMDA))**

**Annexure 10: B Schedules (Consolidated)**