



Verslag ♦ Ingxelo ♦ Report

Kantoor van die Direkteur: Finansies
23 Januarie 2013

5/1/1/1-12/13
5/1/1/2-12/13
WYK: Alle

ITEM 5.7 VAN DIE AGENDA VAN 'N SPESIALE RAADSVERGADERING WAT GEHOU SAL WORD OP 31 JANUARIE 2013

<p>ONDERWERP: AANSUIWERINGSKAPITAAL EN BEDRYFSBEGROTING VIR DIE 2012/2013 FINANSIËLE JAAR</p> <p>SUBJECT: ADJUSTMENT CAPITAL AND OPERATING BUDGET FOR THE 2012/2013 FINANCIAL YEAR</p>
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1. AGTERGROND

In terme van artikel 28 van die MFMA moet die Raad, indien hy 'n aansuiweringsbegroting wil oorweeg, dit in terme van voormelde artikel doen. Onderstaande 'n uittreksel van artikel 28 van die MFMA:

1.1 **Section 28** *Municipal adjustments budgets*

(1) A municipality may revise and approved an 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.

(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.

- 1.2 Earlier in the 2012/2013 financial year commencement started with the budget preparation and the adjustment budget formed part of this process. A number of consultations took place with the Directors and HOD's where the budget was discussed, corrections were made and then sent out again to be checked and verified for correctness by the Directors.

2. DISCUSSION

The adjustments i.t.o. items in the capital budget for 2012/2013 are indicated in the shaded area of the **Annexure A** (attached hereto). Capital projects which are already completed and whose final expenditure are known, are also adjusted. Items that are influenced by virement, work in progress for 2011/2012 and also new projects for 2012/2013 as a result of emergencies are also included in the document.

There have been a few important changes to the operating budget that council should take cognisance of. These changes make up the bulk of the reason why we have moved from a deficit of –R 25 526 520 to a deficit of –R 13 414 961.

2.1 ON THE EXPENDITURE SIDE, SOME OF THE MAJOR CHANGES ARE AS FOLLOWS (SEE ATTACHED ANNEXURE B)

1. Employee Related Costs increased by R2 489 465 as a result of Swartland originally budgeting for a 5% increase but the actual increase was 6,5% as from 1 July 2012 to 30 June 2013 (which is 1,5% higher than what was originally budgeted for), plus 0,5% on top of the 1,5% as from 1 January 2013 to 30 June 2013.
2. Depreciation decreased by R8 307 171 as it was recalculated using the audited asset register.
3. Main Sewerage increased by R198 950 as a result of a blockage underneath Bokomo Pasta and Swartland needed to make use of a specialist to unblock the pipe as we did not have the resources to do so ourselves.
4. The review of by-laws was originally not budgeted for and R300 000 has been requested in the adjustment budget to this vote due to the need to review selected by-laws (mainly of financial extent).
5. Commission: Pre-paid Electricity increased by R277 894 due the original budget not being sufficient, however a saving is expected due to the change in the commission structure of vendors as from 1 November 2012.
6. SALGA Membership Fees: increased by R376 284 due to the increase in their membership fees. Council is still in dispute with SALGA in this regard.
7. Occupational Rent, Chatsworth: Originally council did not budget for this expenditure due to the fact that it was unknown to council. An amount of R851 790 has been requested to pay Korjon in this regard
8. General Valuations – No provision has been made in the 2012/2013 financial year for this expenditure and an amount of R246 793 has been requested for the overspending of the vote. Approval was granted by the Mayor as per EMC-resolution 8.22 of 11 May 2011 to adjust the 2011/2012 budget with an amount of ±R700 000,00. Finally it resulted in a further overspending of R150 374,64 for the 2011/2012 financial year and R246 793 for the 2012/2013 financial year – see attached reconciliation, **Annexure D**.

2.2 ON THE INCOME SIDE

All unspent grants and additional grants that were not originally budgeted for, as well as other conditional receipts not requested for roll over have been listed in the attached **Annexure C** for council's perusal.

2.3 ON THE CAPITAL SIDE

(Self explanatory on attached Annexure A)

2.4 TABLING OF ADJUSTMENTS BUDGET

The MPAC-committee convened on 22 January 2013 to consider the proposed Adjustments Budget for recommendations to the Executive Mayoral Committee – see minutes attached as **Annexure E**.

The Adjustments Budget was considered by the Executive Mayoral Committee on 23 January 2013 and it is –

RECOMMENDED

That the Executive Mayoral Committee recommends to Council on 31 January 2013 –

- a) *That approval be granted for the virement of funds from one capital project to another as indicated in the attached Annexure A in respect of capital items in the 2012/2013 capital adjustments budget, as well as unspent capital and new suggested projects for 2012/2013 due to the urgency thereof;*
- b) *That the Director: Financial Services adhere to the statutory requirements of the MFMA and inform National and Provincial Treasury accordingly;*
- c) *That it be noted that the changes in the budget will have no financial implications in terms of an increase in tariffs in respect of the 2012/2013 financial year;*
- d) *That approval be granted for the transfer of unspent funds from government grants (**Annexure C**) in respect of the 2011/2012 financial year as indicated in Council's financial statements as on 30 June 2012;*
- e) *That approval be granted to amend the capital and operating budget for 2012/2013 as follows:*

Capital:	R 86 848 463	to	R 89 008 975
*Operating expenditure:	R 439 237 837	to	R 436 386 824
*Operating revenue:	R 413 711 316	to	R 422 971 862
Surplus/Deficit:	-R 25 526 520	to	-R 13 414 961

** Council must take note that the final income and expenditure as reported in the B schedules to National and Provincial Treasury will differ from the figures in ProMun, due to the fact that departmental charges is accounted for differently, however the end result in terms of the surplus and deficit remains unchanged.*

AANBEVELING

Dat die Uitvoerende Burgemeesterskomitee op 31 Januarie 2013 by die Raad aanbeveel –

- (a) Dat goedkeuring verleen word vir die veriment van fondse tussen kapitaalprojekte soos aangedui in Aanhangsel A van kapitaalitems ten opsigte van die Aansuiweringskapitaalbegroting vir 2012/2013, asook ongespandeerde kapitaal en nuut voorgestelde projekte vir 2012/2013 as gevolg van die noodsaaklikheid daarvan;
- (b) Dat die nodige statutêre dokumentasie afgehandel word in terme van die MFMA en dat die Nasionale en Provinsiale Tesourie dienooreenkomstig ingelig word;
- (c) Dat die aanpassing geen verhoogde finansiële implikasie vir die Raad inhou in terme van verhoogde tariewe vir die 2012/2013 finansiële jaar nie;

- (d) Dat goedkeuring verleen word vir die oordra van ongespandeerde fondse vanaf staatstoekenings t.o.v. die 2012/2013 finansiële jaar (Aanhangsel C), soos aangedui in die Raad se finansiële state op 30 Junie 2012;
- (e) Dat goedkeuring verleen word om die kapitaal- en bedryfsbegroting vir 2012/2013 as volg te wysig:

Kapitaal:	R 86 848 463	na	R 89 008 975
*Bedryfsuitgawe:	R 439 237 837	na	R 436 386 824
*Bedryfsinkomste:	R 413 711 316	na	R 422 971 862
Surplus/Tekort:	-R 25 526 520	na	-R 13 414 961

**Dat die Raad kennis neem dat die finale inkomstes en uitgawes soos gerapporteer in die B-skedules aan Nasionale en Provinsiale Tesourie sal verskil van die syfers in ProMun, omrede die departementele kostes verskillend bereken word. Nieteenstaande bly die resultaat in terme van die surplus en tekort onveranderd.*

BESLUIT

- (a) Dat goedkeuring verleen word vir die veriment van fondse tussen kapitaalprojekte soos aangedui in Aanhangsel A van kapitaalitems ten opsigte van die Aansuiweringkapitaalbegroting vir 2012/2013, asook ongespandeerde kapitaal en nuut voorgestelde projekte vir 2012/2013 as gevolg van die noodsaaklikheid daarvan;
- (b) Dat die nodige statutêre dokumentasie afgehandel word in terme van die MFMA en dat die Nasionale en Provinsiale Tesourie dienooreenkomstig ingelig word;
- (c) Dat die aanpassing geen verhoogde finansiële implikasie vir die Raad inhou in terme van verhoogde tariewe vir die 2012/2013 finansiële jaar nie;
- (d) Dat goedkeuring verleen word vir die oordra van ongespandeerde fondse vanaf staatstoekenings t.o.v. die 2012/2013 finansiële jaar (Aanhangsel C), soos aangedui in die Raad se finansiële state op 30 Junie 2012;
- (e) Dat goedkeuring verleen word om die kapitaal- en bedryfsbegroting vir 2012/2013 as volg te wysig:

Kapitaal:	R 86 848 463	na	R 89 008 975
*Bedryfsuitgawe:	R 439 237 837	na	R 436 386 824
*Bedryfsinkomste:	R 413 711 316	na	R 422 971 862
Surplus/Tekort:	-R 25 526 520	na	-R 13 414 961

- (f) Dat die Raad kennis neem dat die finale inkomstes en uitgawes soos gerapporteer in die B-skedules aan Nasionale en Provinsiale Tesourie sal verskil van die syfers in ProMun, omrede die departementele kostes verskillend toegepas word. Nieteenstaande bly die resultaat in terme van die surplus en tekort onveranderd.

AFSKRIFTE:

1. Best: Sekr & Rekords – plaas advertensie in plaaslike koerante
2. Begrotingskantoor/DF – vir aandag en afhandeling van aksies voortspruitend

[aanhangsels op lêer]