



# Verlag ♦ Ingxelo ♦ Report

Kantoor van die Direkteur: Finansies  
22 Januarie 2014

5/1/4  
WYK: Alle

ITEM 3.4 VAN DIE AGENDA VAN 'N SPESIALE RAADSVERGADERING WAT GEHOU SAL  
WORD OP 30 JANUARIE 2014

<p><b>ONDERWERP: AANSUIWERINGSKAPITAAL EN BEDRYFSBEGROTING VIR DIE 2013/2014 FINANSIËLE JAAR</b></p> <p><b>SUBJECT: ADJUSTMENT CAPITAL AND OPERATING BUDGET FOR THE 2013/2014 FINANCIAL YEAR</b></p>
--

## 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 2013/2014 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 2013/2014 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 2012/2013 and also new projects for 2013/2014 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 consider for approval. These changes make up the bulk of the reason why we have moved from a deficit of –R 12 033 195 to a deficit of –R 4 373 035.

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

1. Employee Related Costs increased by R1 781 567. The increase can mainly be attributed to more accurate figures being available for Allowances and Overtime. Items affected includes the Standby Allowance, Overtime Emergency Services, Overtime Fixed Allowances and Overtime Special Projects. The 2013/14 budget was calculated incorrectly on the 2012/13 actual minus 20%. The expenditure for Allowances and Overtime was as follows:

Description	Actual 2011/2012	Actual 2012/2013	Budget 2013/2014	Adjustment Budget 2013/2014	%	Increase/ Decrease
<b><u>Employee Related Costs - Wages &amp; Salaries</u></b>						
Allowances: Standby	R2,775,672	R3,211,752	R3,177,910	R3,586,958	11%	R409,048
Overtime Emergency Services	R1,359,401	R1,659,083	R1,052,710	R1,772,566	41%	R719,856
Overtime Fixed Allowance	R765,907	R1,181,008	R596,250	R786,641	24%	R190,391
Overtime Special Projects	R1,784,773	R1,373,932	R1,395,630	R2,003,322	30%	R607,692
Salaries	R60,431,108	R65,431,236	R75,177,400	R75,031,980	0%	R-145,420
<b>SUB TOTALS</b>	<b>R67,116,862</b>	<b>R72,857,010</b>	<b>R81,399,900</b>	<b>R83,181,467</b>		<b>R1,781,567</b>

2. Impairment of Assets increased by R721 750. This increase is based on the 2012/13 actual audited figures for 2012/2013. Swartland made provision of R278 250 in the 2013/14 budget for asset impairment and the actual eventually amounted to R2 215 455. Swartland only started budgeting for this provision in 2012/13.

3. Repairs and maintenance increased by R402 378. This increase could mainly be attributed to the revision of costs at the Dumping site amounting to R385 855. Housing Schemes increased with R16 523 because the building of new flats was postponed. **(More detail in Annexure E)**
4. Departmental charges increased by R1 900 418 with Electricity alone increasing by R1 404 132. This is due to the fact that the usage at the Malmesbury Sewerage Works was not fully budgeted for in the original budget.
5. General expenses increased by R14 735 931, mainly due to an increase in grant funding from The Provincial Department of Human Settlements amounting to R15 533 233. The grant funding is utilised to erect Housing Top Structures. **(More detail in Annexure B)**
6. Financial Sundries decreased with R2 049 658. This decrease was required to partially compensate for the increases described in 1) to 5) above... **(More detail in Annexure B)**

## 2.2 ON THE INCOME SIDE

All unspent grants and additional grants that were not originally budgeted for, as well as other conditional receipts 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)

3. With reference to what has been discussed above as background, the Adjusted 2013/2014 Capital and Operating Budgets are hereby recommended by the Executive Mayoral Committee as resolved at a meeting held on 22 January 2014 for council's approval.

## RECOMMENDATION

- (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 2013/2014 capital adjustments budget, as well as unspent capital and new suggested projects for 2013/2014 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 2013/2014 financial year; however the adjustment budget have a positive decrease in deficit from R12 033 195 to R4 373 035. Most of the overspending line-items will be funded by means of the balance of the unconditional grant;*
- (d) *That approval be granted for the roll-over of unspent funds from government grants already approved by Provincial Treasury in respect of the 2012/2013 financial year as indicated in Council's financial statements as on 30 June 2013; (**Annexure D**)*
- (e) *That approval be granted to amend the capital and operating budget for 2013/2014 as follows:*

	<u>Original Budget</u>	<u>Adjustment Budget</u>
Capital:	R 83 479 509	R 91 530 588
*Operating expenditure:	R 478 880 932	R 495 083 772
*Operating revenue:	R 466 847 737	R 490 710 737
Surplus/(Deficit):	(R 12 033 195)	(R 4 373 035)

\* 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 are accounted for differently, however the end result in terms of the surplus and deficit remains unchanged.

- (f) The following amounts be contributed to Reserves and Provisions:

Capital Replacement Reserves:	R 24 546 084
Provision for Bad Debt:	R 1 259 585
Provision for Leave:	R 601 749
Provision for Long Service Bonus:	R 3 122 874
Provision for Post Employment Health Benefits:	R 10 956 679

- (g) That the Unauthorised Expenditure as stated below be referred to the adjustment budget of 2013/2014 in terms of section 32 of the MFMA.

(i) **Unauthorized Expenditure: Capital** - The capital budget was overspent by R 1 216 172 due to borrowing cost being added to the final amount spent on the Malmesbury Sewerage Works for the year under review.

(ii) **Unauthorized Expenditure: Operating** - The operational budget was overspent by an amount of R 6 508 735 mainly due to the significant increase in the value of the Post-Employment Medical- Aid Benefits resulting in the increase in the contribution to the provision which were more than the amounts budgeted for. The budget for Post-Employment Medical- Aid Benefits were based on the previous year's actuarial calculation.

The overspendings in the various departments were as follows:

a) Civil Services: Administration	R 153 836
b) Municipal Property Maintenance	R 2 782 043
c) Sports grounds	R 1 500 197
d) Libraries	R 167 570
e) Marketing And Tourism	R 93 932
f) Town And Community Halls	R 28 733
g) Grants And Subsidies	R 1 350
h) Stores And Purchasing	R 34 429
i) Development Services: Administration	R 348 737
j) Community Development	R 12 216
k) Building Control	R 124 980
l) Housing	R 123 512
m) Occupational Health and Safety:	R 115 644
n) Municipal Manager Administration:	R 49 666
o) Protection Services: Administration	R 16 890
p) Licensing and Traffic services:	R 955 000
	<b><u>R 6 508 735</u></b>

## AANBEVELING

- (a) Dat goedkeuring verleen word vir die virement van fondse tussen kapitaalprojekte soos aangedui in **Aanhangsel A** van kapitaallitems ten opsigte van die Aansuiweringskapitaalbegroting vir 2013/2014, asook ongespandeerde kapitaal en nuut voorgestelde projekte vir 2013/2014 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 2013/2014 finansiële jaar nie maar het die aansuiweringsbegroting wel 'n positiewe vermindering in die tekort van R12 033 195 na R4 373 035. Die meerderheid van die oorgespandeerde lynitems word gefinansier uit die balans van die onvoorwaardelike toekening.

(d) Dat goedkeuring verleen word vir die oordra van ongespandeerde fondse vanaf staatstoekennings wat alreeds deur Provinsiale Tesourie geodkeur is t.o.v. die 2012/2013 finansiële jaar, soos aangedui in die Raad se finansiële state op 30 Junie 2013; **(Aanhangsel D)**

(e) Dat goedkeuring verleen word om die kapitaal- en bedryfsbegroting vir 2013/2014 as volg te wysig:

	<u>Oorspronklike Begroting</u>	<u>Aansuiweringsbegroting</u>
Kapitaal:	R 83 479 509	R 91 530 588
*Bedryfsuitgawe:	R 478 880 932	R 495 083 772
*Bedryfsinkomste:	R 466 847 737	R 490 710 737
Surplus/(Tekort):	(R 12 033 195)	(R 4 373 035)

*\*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.*

(f) Dat die bydraes vir 2012/2013 soos volg goedgekeur word:

Kapitaalvervangingsfonds:	R 24 546 084
Voorsiening vir slegte skuld:	R 1 259 585
Verlofgratifikasie:	R 601 749
Voorsiening vir langdiensbonus:	R 3 122 874
Voorsiening vir na-aftrede:	R 10 956 679

(g) Dat die onderstaande ongemagtigde uitgawes verwys word na die aansuiweringsbegroting van 2013/2014 vir goedkeuring ingevolge artikel 32 van die MFMA:

- (i) **Ongemagtigde Uitgawes: Kapitaal** – Die kapitaalbegroting was oorgespandeer met R 1 216 172 as gevolg van die leningskoste op die Malmesbury Roolwerke vir die betrokke jaar.
- (ii) **Ongemagtigde Uitgawes: Bedryf** – Die bedryfsbegroting was oorgespandeer met R6 508 735 hoofsaaklik weens die toename in die waarde van die na-aftrede mediese fonds voordele wat lei tot die toename in die bydrae tot die voorsiening wat meer is as die bedrae wat begroot was. Die begroting vir na-aftrede mediese-fonds voordele is gebaseer op die vorige jaar se aktuariële berekenings.

Die oorspanderings in die verskillende afdelings was as volg:

a) Civil Services: Administration	R 153 836
b) Municipal Property Maintenance	R 2 782 043
c) Sports grounds	R 1 500 197
d) Libraries	R 167 570
e) Marketing And Tourism	R 93 932
f) Town And Community Halls	R 28 733
g) Grants And Subsidies	R 1 350
h) Stores And Purchasing	R 34 429
i) Development Services: Administration	R 348 737
j) Community Development	R 12 216
k) Building Control	R 124 980
l) Housing	R 123 512
m) Occupational Health and Safety:	R 115 644
n) Municipal Manager Administration:	R 49 666
o) Protection Services: Administration	R 16 890
p) Licensing and Traffic services:	R 955 000
	<b><u>R 6 508 735</u></b>

**EENPARIG BESLUIT**

- (a) Dat goedkeuring verleen word vir die virement van fondse tussen kapitaalprojekte soos aangedui in **Aanhangsel A** van kapitaalitems ten opsigte van die Aansuiweringskapitaalbegroting vir 2013/2014, asook ongespandeerde kapitaal en nuut voorgestelde projekte vir 2013/2014 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 2013/2014 finansiële jaar nie maar het die aansuiweringsbegroting wel 'n positiewe vermindering in die tekort van R12 033 195 na R4 373 035. Die meerderheid van die oorgespandeerde lynitems word gefinansier uit die balans van die onvoorwaardelike toekening.
- (d) Dat goedkeuring verleen word vir die oordra van ongespandeerde fondse vanaf staatstoekennings wat alreeds deur Provinsiale Tesourie geodkeur is t.o.v. die 2012/2013 finansiële jaar, soos aangedui in die Raad se finansiële state op 30 Junie 2013; (**Aanhangsel D**)
- (e) Dat goedkeuring verleen word om die kapitaal- en bedryfsbegroting vir 2013/2014 as volg te wysig:

	<u>Oorspronklike Begroting</u>	<u>Aansuiweringsbegroting</u>
Kapitaal:	R 83 479 509	R 91 530 588
*Bedryfsuitgawe:	R 478 880 932	R 495 083 772
*Bedryfsinkomste:	R 466 847 737	R 490 710 737
Surplus/(Tekort):	(R 12 033 195)	(R 4 373 035)

*\*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.*

- (f) Dat die bydraes vir 2012/2013 soos volg goedgekeur word:
- |                                 |              |
|---------------------------------|--------------|
| Kapitaalvervangingsfonds:       | R 24 546 084 |
| Voorsiening vir slegte skuld:   | R 1 259 585  |
| Verlofgratifikasie:             | R 601 749    |
| Voorsiening vir langdiensbonus: | R 3 122 874  |
| Voorsiening vir na-aftrede:     | R 10 956 679 |
- (g) Dat die onderstaande ongemagtigde uitgawes verwys word na die aansuiweringsbegroting van 2013/2014 vir goedkeuring ingevolge artikel 32 van die MFMA:
- (i) **Ongemagtigde Uitgawes: Kapitaal** – Die kapitaalbegroting was oorgespandeer met R 1 216 172 as gevolg van die leningskoste op die Malmesbury Rioolwerke vir die betrokke jaar.
- (ii) **Ongemagtigde Uitgawes: Bedryf** – Die bedryfsbegroting was oorgespandeer met R6 508 735 hoofsaaklik weens die toename in die waarde van die na-aftrede mediese fonds voordele wat lei tot die toename in die bydrae tot die voorsiening wat meer is as die bedrae wat begroot was. Die begroting vir na-aftrede mediese-fonds voordele is gebaseer op die vorige jaar se aktuariële berekenings.
- (h) Die kennis geneem word dat oorspanderings in die verskillende afdelings as volg was:
- |                                     |             |
|-------------------------------------|-------------|
| (i) Civil Services: Administration  | R 153 836   |
| (ii) Municipal Property Maintenance | R 2 782 043 |
| (iii) Sports grounds                | R 1 500 197 |
| (iv) Libraries                      | R 167 570   |
| (v) Marketing And Tourism           | R 93 932    |
| (vi) Town And Community Halls       | R 28 733    |
| (vii) Grants And Subsidies          | R 1 350     |

(viii) Stores And Purchasing	R	34 429
(ix) Development Services: Administration	R	348 737
(x) Community Development	R	12 216
(xi) Building Control	R	124 980
(xii) Housing	R	123 512
(xiii) Occupational Health and Safety:	R	115 644
(xiv) Municipal Manager Administration:	R	49 666
(xv) Protection Services: Administration	R	16 890
(xvi) Licensing and Traffic services:	R	955 000
	<b>R</b>	<b><u>6 508 735</u></b>

**AFSKIRFTE:**

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

[aanhangsels op lêer]