



# Verslag ♦ Ingxelo ♦ Report

Office of the Director: Financial Services  
20 April 2022

5/1/4  
WYK: Alle

ITEM 8.1 VAN DIE AGENDA VAN 'N RAADSVERGADERING WAT GEHOU SAL WORD OP 28  
APRIL 2022

**ONDERWERP: GOEDKEURING VAN DIE 2021/2022 – 2023/2024 SPESIALE AANSUIWERINGSBEDRYFS-  
EN KAPITAALBEGROTING**

**SUBJECT: APPROVAL OF THE 2021/2022 – 2023/2024 SPECIAL ADJUSTMENTS OPERATING AND  
CAPITAL BUDGET**

## 1. BACKGROUND

The municipality received an additional MIG allocation from the national government, of which the detail of the funding was not confirmed or guaranteed at the time of the March 2022 Special Adjustments Budget process. The reason for this special adjustments budget is thus to allocate the additional funding of R4 000 000 to the Department of Civil Services as per the promulgated Government Gazette Extraordinary (No.46095) dated 25 March 2022.

## 1.2 SECTION 28 MUNICIPAL ADJUSTMENTS BUDGETS

(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.

## 2. HIGH-LEVEL DISCUSSION / MOTIVATION

The adjustments in respect of the Capital Budget for 2021/2022 will result in an increase of R4 000 000, which will increase the 2021/2022 capital budget from R166 040 448 to R170 040 448.

The adjustments in respect of the Operating Budget for 2021/2022 will result in the gross budgeted surplus of R55 906 750 increasing to R59 906 750 including capital grants and development charges. The adjustments will have no effect on the budgeted net surplus excluding capital grants and development charges of R7 879 504. **At this juncture it is appropriate to emphasize that the aforementioned net surplus of R7 879 504 is the more appropriate measurement of budgeted surpluses or deficits** from a budgeted cash flow perspective.

The adjustments to the 2021/2022 balance sheet budget are due to the adjustments to the operating and capital budget.

**Note:** The difference between the actual adjustment amounts and the adjustment amounts in the B-schedule are because of virements within departments (Virements processed since the last adjusted budget) that now also forms part of the latest proposed adjusted budget.

## 2.1 OPERATING EXPENDITURE

No adjustments were made to the operating expenditure except for virements already processed that must be allocated during this special adjustments budget.

## 2.2 OPERATING REVENUE

An increase in revenue of R4 000 000 due to the following:

1. Transfers Recognised – Capital increases by R4 000 000 due to the additional MIG funding allocation.

## 2.3 CAPITAL EXPENDITURE

The following MIG-approved capital projects must increase due to the R4 000 000 additional MIG funding:

1. Roads Swartland: Resealing of Roads must increase by R2 450 000;
2. Roads Swartland: Construction of New Roads must increase by R1 200 000;
3. Swartland Bulk Water System S3.3 & S3.4 Panorama to Wesbank must increase by R350 000.

**(See detail attached in Annexure A)**

**IMPORTANT NOTE:** *Council and other stakeholders must take note that the final revenue and expenditure figures as reported in the B- schedules to National and Provincial Treasury which form part of the budget documentation, will differ considerably from the figures mentioned in the table under recommendation (b), due to the fact that departmental charges are accounted for differently. The end result however in respect of the surplus remains unchanged.*

**RECOMMENDATIONS** (as recommended by the by the Executive Mayoral Committee on 21 April 2022)

- (a) That it be noted that the Budget Steering Committee urgently convened to consider the explanations and motivations provided by the financial staff and responsible director as it relates to the adjustments;
- (b) That approval be granted to amend the high-level operating budget for 2021/2022 with no amendments to the outer years as follows:

	Original Budget 2021/22	Mid-Year Adj Budget 2021/22	Second Adj Budget 2021/22	Special Adj Budget 2021/22	Original Budget 2022/23	Original Budget 2023/24
Capital budget	166 435 729	166 040 448	166 040 448	170 040 448	132 744 732	136 678 848
Operating Expenditure	911 967 149	951 133 356	953 347 356	953 347 356	983 835 346	1 055 314 274
Operating Revenue	968 875 613	1 007 040 106	1 009 254 106	1 013 254 106	1 048 008 388	1 119 714 984
<b>Budgeted (Surplus)/ Deficit</b>	<b>(56 908 464)</b>	<b>(55 906 750)</b>	<b>(55 906 750)</b>	<b>(59 906 750)</b>	<b>(64 173 042)</b>	<b>(64 400 709)</b>
Less: Capital Grants, Donations & Development Charges	47 912 409	48 027 246	48 027 246	52 027 246	45 865 556	50 788 078
<b>(Surplus)/ Deficit</b>	<b>(8 996 055)</b>	<b>(7 879 504)</b>	<b>(7 879 504)</b>	<b>(7 879 504)</b>	<b>(18 307 486)</b>	<b>(13 612 631)</b>

- (c) That it be noted that the changes to the budget will have no impact on tariffs in respect of the 2021/2022 financial year or beyond and the budgeted net surplus of R7 879 504 will remain unchanged;
- (d) That the adjusted budget schedules as required by the Budget and Reporting Regulations be approved as set out in **(Annexure B: Budget Report and B-Schedules 2021/22 – 2023/24)**;
- (e) That the Director: Financial Services adhere to the requirements of the Budget Circulars and Budget Reforms in the context of the reporting requirements to Provincial and National Treasury;
- (f) That the Service Delivery Budget Implementation Plan (SDBIP) where appropriate be amended accordingly.

**AANBEVELINGS** (soos aanbeveel deur die Uitvoerende Burgemeesterskomitee op 21 April 2022)

- (a) Dat kennis geneem word dat die Begrotingsbeheerkomitee dringend vergader het om die verduidelikings en motivering van die finansiële personeel en verantwoordelike direkteur te oorweeg gegewe die veranderinge;
- (b) Dat goedkeuring verleen word om die hoë-vlak bedryfsbegroting vir 2021/2022 as volg te wysig met geen veranderinge aan die buite jare nie;

	Oorspronklike Begroting 2021/22	Half-Jaarlikse Aansuiwerings begroting 2021/22	Tweede Aansuiwerings begroting 2021/22	Spesiale Aansuiwerings begroting 2021/22	Oorspronklike Begroting 2022/23	Oorspronklike Begroting 2023/24
Kapitaalbegroting	166 435 729	166 040 448	166 040 448	170 040 448	132 744 732	136 678 848
Bedryfsuitgawes	911 967 149	951 133 356	953 347 356	953 347 356	983 835 346	1 055 314 274
Bedryfsinkomste	968 875 613	1 007 040 106	1 009 254 106	1 013 254 106	1 048 008 388	1 119 714 984
<b>Begrote (Surplus)/ Tekort</b>	<b>(56 908 464)</b>	<b>(55 906 750)</b>	<b>(55 906 750)</b>	<b>(59 906 750)</b>	<b>(64 173 042)</b>	<b>(64 400 709)</b>
Minus: Kapitaal Toekennings, Donasies & Ontwikkelingsbydraes	47 912 409	48 027 246	48 027 246	52 027 246	45 865 556	50 788 078
<b>(Surplus)/ Tekort</b>	<b>(8 996 055)</b>	<b>(7 879 504)</b>	<b>(7 879 504)</b>	<b>(7 879 504)</b>	<b>(18 307 486)</b>	<b>(13 612 631)</b>

- (c) Dat kennis geneem word dat die veranderinge in die begroting geen impak op tariewe het ten opsigte van die 2021/2022 finansiële jaar en dat die begrote netto surplus van R7 879 504 onveranderd bly;

- (d) Dat die aangepaste begrotingskedules soos vereis deur die Begroting en Verslagdoening Regulasies goedgekeur word soos vervat in **(Annexure B: Budget Report and B-Schedules 2021/22 – 2023/24)**;
- (e) Dat die Direkteur: Finansiële Dienste voldoen aan die vereistes van die Begrotingsomsendbriewe en –formate in die konteks van die verslagdoeningsvereistes aan Provinsiale en Nasionale Tesourie;
- (f) Dat die Dienslewering – en Begroting Implementeringsplan (SDBIP) toepaslik dienooreenkomstig gewysig word.

**(Get) M BOLTON**

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**DIREKTEUR: Finansiële Dienste**