



THABA CHWEU LOCAL MUNICIPALITY 2015/2016 ADJUSTMENT BUDGET

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- At www.thabachweumun.gov.za

Executive Summary

1. Purpose

The purpose of this adjustment budget is to comply with section 28 of the Municipal Finance Management Act (MFMA) and the Municipal budget and reporting regulation 23 that and “adjustment budget be tabled in the Municipal council at any time after the Mid –Year budget and performance assessment has been tabled in council, but not later than 28 February of each year”.

2. Background

In terms of **section 28** of the Municipal Finance Management Act (MFMA), the council of a municipality may revise an approved annual budget through an adjustment budget.

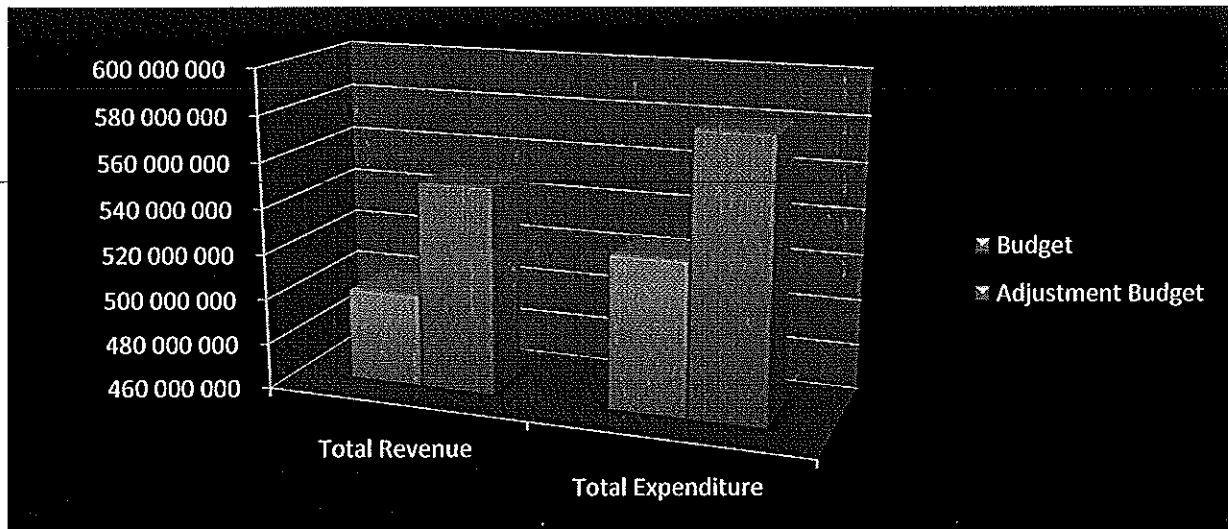
An adjustment budget –

- (a) Must adjust the revenue and expenditure estimates downwards if there is material under collection of revenues during the current year;
- (b) may appropriate additional revenue 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 and
- (d) May correct any errors in the annual budget.

The factors influencing preparation and adoption of an adjustment budget are tabled in the Mid-Year report s72 noted by council on the 27 January 2016.

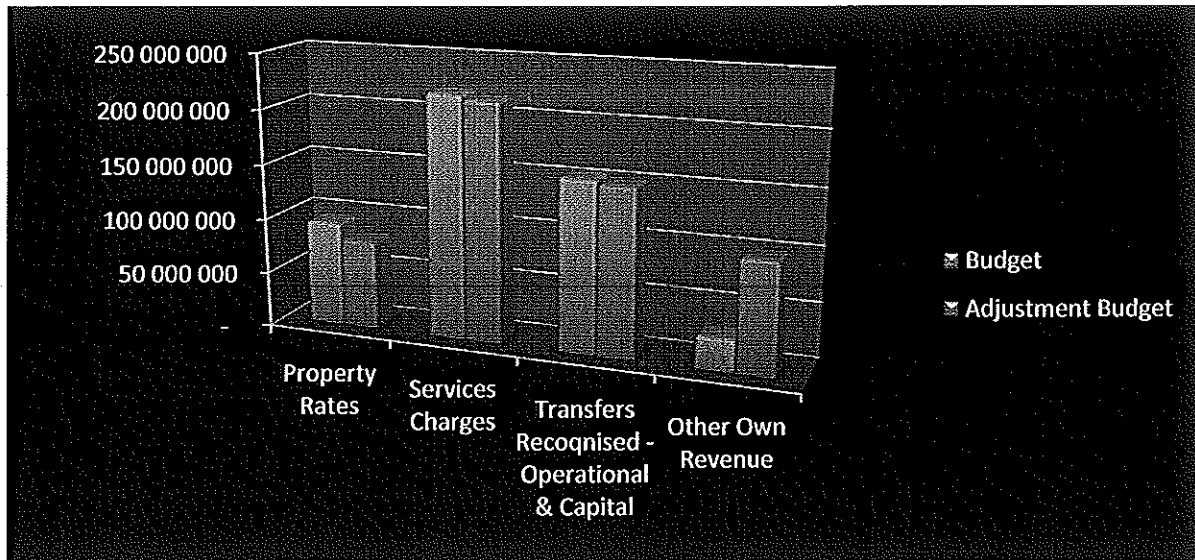
3. Summary Statement of Financial Performance

Summary Statement of Financial Performance			
Description	Budget 2015/16	Adjustment Budget 2015/16	Variance
	R'000	R'000	
Total Revenue By source(Incl Capital Transfers)	500, 760	572, 985	72, 225
Total Expenditure	527, 601	572, 756	45, 155
Surplus/(Deficit)	(26, 841)	228	



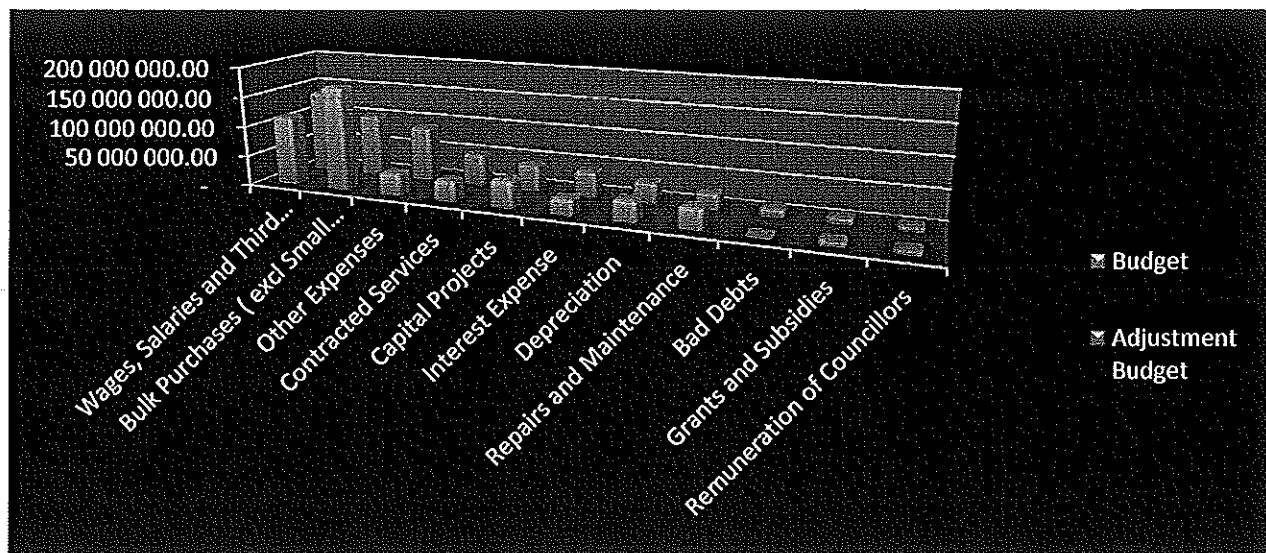
3.1 Frequency table of Total Revenue by source

Revenue by Source	Budget 2015/16	Adjustment Budget 2015/16
Electricity	R 156,422,999.00	R 145,716,033.00
Operating Grants and Subsidies	R 108,716,000.00	R 105,774,812.00
Property Rates	R 101,311,147.00	R 86,826,636.00
Capital Grants	R 46,647,000.00	R 46,647,000.00
Water	R 33,830,039.00	R 41,861,717.00
Agency Fees	R 14,353,381.00	R 30,835,186.00
Collection Charges	R 0.00	R 40,000,000.00
Gains on sale of PPE (Sale of Stand, Inventory)	R 0.00	R 18,799,594.00
Refuse	R 17,736,989.00	R 15,861,137.00
Interest on Consumer Acc	R 8,924,383.00	R 17,264,675.00
Sewer	R 12,283,262.00	R 12,897,466.00
Other Revenue	R 2,080,693.00	R 10,503,717.00
Revenue Forgone	R -5,905,631.00	R -5,567,548.00
Rental of facilities	R 2,639,733.00	R 3,205,243.00
Fines	R 1,720,229.00	R 2,359,669.00
	R 500,760,223.00	R 572,985,339.00



3.2 Frequency Table of Cost Drivers by Source

Expenditure by Source	Budget 2015/16	Adjustment Budget 2015/16
Wages, Salaries and Third Parties	R 116,327,381.00	R 138,758,919.00
Bulk Purchases (excl Small accounts)	R 173,137,722.00	R 104,664,884.00
Other Expenses	R 38,557,376.00	R 92,268,741.00
Contracted Services	R 35,692,160.00	R 50,568,901.00
Capital Projects	R 46,646,000.00	R 46,646,000.00
Interest Expense	R 27,756,728.00	R 44,052,035.00
Depreciation	R 36,384,700.00	R 33,819,800.00
Repairs and Maintenance	R 36,355,327.00	R 25,294,251.00
Bad Debts	R 2,116,000.00	R 15,197,068.00
Grants and Subsidies	R 8,600,000.00	R 11,169,165.00
Remuneration of Councillors	R 8,395,271.00	R 8,692,656.00
TOTAL	R 527,601,080.00	R 572,756,690.00



4. Capital Expenditure

The table below indicates capital expenditure

Description	Budget 2015/16	Adjustment Budget 2014/15	YTD Variance
Total Transfer Government Grants	R 46, 646,000.00	R 46,646, 000.00	R 0.00
Critical Infrastructure Projects Internally Funded	0.00	R 3,383,430.00	R 3,383,430.00
Total Source of Capital funds	R 46, 646,000.00	R 50,029,430.00	

5. Budget Adjustment explanation.

- Network and reticulation from electrical will be reduced by R7 128 990.06 to fund the below projects:
- Electrification of Households
 - Graskop an additional R616 229.51 has been appropriated
 - Mashishing an additional R767 200.00 has been appropriated
- Construction of mini sub-station R1 745 560.55 has been appropriated
- Construction of mini sub-station (Sabie,Graskop): R350 000.00
- Upgrades of Sewer Plants (Thusong, Lydenburg, Mashishing): R700 000.00
- An amount of R3 481 224.00 from Street, Pavement and Storm water will be re-directed to fund the below project:
- An amount of R1 308 706 for the Network Bulk vote will be forfeited by the department in order to fund various overspending votes within the department
- Museum to be increased by R50 000.00
- Transversal Unit to receive an amount of R50 000.00

- Nature Reserve to receive an amount of R R600 000.00
- Local Economic Development to receive R50 000.00
- An amount of R2 000 000.00 will be made available to fund vacant critical positions
 - Manager Supply Chain Management
 - Manager Roads and Storm-water
 - Accountant Financial Reporting
 - Superintendent Operations and Maintenance x3

THABA CHWEU

Lydenburg Head Office:

Tel: 013 235 7300
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Sabie Unit:

Tel: 013 235 7444
Fax: 013 764 1077

Graskop Unit:

Tel: 013 767 7448
Fax: 013 767 1611



24 Hors Emergency no:

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All Correspondence to be directed
to the Municipal Manager

www.thabachweu.gov.za

LOCAL MUNICIPALITY

OFFICE OF THE MUNICIPAL MANAGER

ADJUSTMENT BUDGET 2015/16 QUALITY CERTIFICATE

Municipal Manager Quality Certification

I Mr. **LM MOKWENA** in my capacity as Acting Municipal Manager of Thaba Chweu Local Municipality confirm that the 2015/16 adjustment budget has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

MR LM MOKWENA
ACTING MUNICIPAL MANAGER
THABA CHWEU LOCAL MUNICIPALITY – MP321