


RATLOU LOCAL MUNICIPALITY

SPECIAL COUNCIL MEETING OF RATLOU LOCAL MUNICIPALITY TO BE HELD ON MONDAY, 29th JUNE 2015 AT THE MUNICIPAL CHAMBER, AT 12H00.

1. OPENING AND RELIGIOUS OBSERVANCE
2. CONSTITUTION
3. DISCLOSURE OF PERCUNIARY INTERESTS
4. SPECIAL ADJUSTMENT BUDGET FOR 2014/15 FINANCIAL YEAR FOR RATLOU LOCAL MUNICIPALITY
5. ANNOUNCEMENTS
6. CLOSURE

 29/06/2015

RATLOU LOCAL MUNICIPALITY

4. SPECIAL ADJUSTMENT BUDGET FOR THE 2014 – 2015 FINANCIAL YEAR FOR RATLOU LOCAL MUNICIPALITY

Purpose

To seek approval of the special adjustment budget as a consequence of additional funds received by the municipality and material under-collection after approval of the Adjustment Budget.

Background

The Accounting officer must, as part of the review;

- (a) make recommendations as to whether adjustment budget is needed; and
- (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Section 28 of the MFMA states that an adjustment budget;

- (a) must adjust 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.....;
- (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;
- (f) may correct any errors in the annual budget; and
- (g) may provide for any other expenditure within a prescribed framework.



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EXPENDITURE ON SPECIAL ADJUSTMENT BUDGET FOR VARIOUS DEPARTMENTS IS SHOWN IN THE TABLE BELOW:

DEPARTMENT	PRIOR ADJUSTED BUDGET	SPECIAL ADJUSTMENT BUDGET	FUNDING SOURCE
Office of the Mayor	10 758 217	10 435 217	Shifting of funds from one vote to the other
Office of the Speaker	10 911 812	10 861 812	Shifting of funds
Office of the Accounting Officer	12 110 112	12 840 112	Shifting of funds
Budget and Treasury	24 470 367	24 410 367	Shifting of funds
Planning and Development /Economic	70 905 059	61 760 258	Shifting of funds.
Planning and Development / Town Planning	10 502 867	9 717 867	Shifting of funds.
Library / Community and Services	4 296 743	4 296 743	Shifting of funds
Corporate Services	22 666 085	22 666 085	Shifting of funds
Community and Services	9 490 810	8 090 810	Shifting of funds
TOTAL	176 129 272	165 079 272	

Adjustment to budget assumptions:


- Revenue on prior adjusted budget has been increased with a total amount of **R 8 672 000** from an amount of **R 176 129 073** to a Special Adjustment Budget of **R 184 801 073** due to the VAT Returns.
- The municipality received extra VAT returns amounting to **R 8 672 000** as opposed to **R 6 000 000** previously budgeted for.
- The municipality's capital budget is decreased with an amount of **R 10 939 122** due to non- collection on government properties.
- Operating expenditure is also decreased with an amount of **R 110 679** due to the same reason.

Resolved:

- a) That Council approved the Special Adjustment Budget as tabled above for 2014 / 2015 financial year.
- b) That the copy of the Special Adjustment Budget be sent to National and Provincial Treasury and others spheres as legislated.

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ADDENDUM NO: 1

APPROVAL OF APPLICATION TO DBSA FOR THE MUNICIPAL INFRASTRUCTURE GRANT FRONTLOADING FOR FINANCIAL YEARS 2016/2017 & 2017/2018

PURPOSE

To inform Council about approval for MIG Frontloading application to DBSA for infrastructure projects

BACKGROUND

In its quest to address the service delivery backlog, Ratlou Local Municipality is pursuing an accelerated service delivery programme for road services in the current medium. Special focus has now been given to roads and storm water; waste management; economic infrastructure and one-point multipurpose service centres.

The other shift will be on the increase of the maintenance budget so that our facilities' value remain competitive in the market. The municipality has reached 90 % construction of Halls; Libraries; Sports facilities and special groups' infrastructure. There are few halls that are still to be constructed.

Term Revenue and Expenditure Framework (MTREF) which includes the following projects:

No	Project Title	Project Description	Project Status (registration, design, tender, implementation)
1	Upgrading of Gravel access roads adjoining R375 in Moshawane and Logageng Phase 4.	Upgrading of 7 km internal gravel access roads in Moshawane and Logageng to surface standards.	The project will resume in July 2015 following the availability of funds
2	Upgrading of Internal Gravel access roads in Kraaipan and Setlagole into surfaced standards Phase 2.	The project entails the upgrading of 17.5 km of internal gravel access roads in Kraaipan.(ward 08 and 11) and Setlagole (ward 5 & 14)	Contractors Appointed
3	Upgrading of link roads (Tihaping to Madibogo-pan and Lohatheng to Motsitlane) Phase 2	The project entails the upgrading of 13.4 km of internal gravel access roads in Madibogo (ward 06, 09 and 12) and Madibogo-pan (ward 07) to surface standards.	Tender Committees still to finalise report

The acceleration is aligned to the Millennium Development Goals. It is also in line with the requirement of the constitution of the RSA of providing access to basic services to all residents within its area of jurisdiction with the aim of enhancing the quality of life.

The request for MIG frontloading to DBSA is comprised of funding the acceleration of the implementation of three (3) road projects that need to be upgraded from gravel roads to tarred roads. The three projects are ready for implementation, consultants have been appointed and all the pre-construction work has been completed, the projects went out on tender for construction in April 2015. The total estimated cost of the three projects is R115 837 000.

The available amount for the identified roads as per the IDP from the municipality is R 20,2 m for 2015/16 and the DBSA frontloading for 2016/17 and 2017/18 is R40 940 000. This all add up to R 61 140 000 plus interest on the DBSA portion.

This means that the combined funding available from the municipality and the DBSA will still have a shortfall of R 54 697 000. However, the impact that the available funding will have in the communities will assist in significantly making marked progress in reducing the backlog.

Front loading means the bringing forward of outer year's budget so that we no longer build projects as Phase 1; Phase 2; Phase 3 , etc. This increases the escalation costs far more than the DBSA interests and related VAT returns' benefits.

The implementation approach of breaking roads into parts should be able to ensure continuous construction of this roads and addition of others through extension of partnership with the DBSA and other agencies.


The municipality will have a portion of the MIG to provide additional funding or to implement other social amenities buildings, waste management; cemeteries and economic infrastructure.

RESOLVED:

- a) That Council overwhelmingly welcomed and noted the attached letter on the approval of the MIG frontloading application by the DBSA for 2016/17 and 2017/18 financial years for Ratlou Local Municipality.
- b) That Council will conduct public participation process to inform communities and stakeholders through publication of notices for inputs and comments as required by the DBSA process and MFMA.
- c) That the product of stakeholders' consultations process be brought back to Council for final endorsement through resolution.

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