

BUDGET SEC 52 REPORT FOR THE 1ST QUARER ENDING 30 SEPTEMBER 2016

Report to: MPAC

File No.: 9/1/2/3)

Date : 30 NOVEMBER 2016

PURPOSE

The purpose of this item is to submit a Sec 52 report for the 1st quarter ending September 2016 to the MPAC.

LEGAL REQUIREMENTS

In accordance with Section 52(d) of the Municipal Finance Management Act, the Mayor must submit a report to the council within 30 days after the end of the first quarter of 2016/17, on the implementation of the budget and the financial state of affairs of the Makana Municipality.

STATUTORY AUTHORITY

In accordance with Section 52(d) of the Municipal Finance Management Act.

BACKGROUND AND REASONING

The submission of this report forms part of the general responsibilities of the Mayor of a Municipality, and is intended to inform and enable the council to fulfil its oversight responsibility.

- (a) To priorities and accelerate spending on the overall capital budget
- (b) To utilize the year to date unspent maintenance budget to address quick wins service delivery issues in the community, identified during the budget & IDP participation meetings.

Part 1: Executive Summary

This report is a summary of the main budget issues arising from the in-year monitoring process and intends to inform and enable Council to fulfil its oversight responsibility. It compares the progress of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

1.1 The actual performance for the three month period on the operating budget can be summarised as follows:

Description	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Annual Budget %
Operating Revenue (billed)	486 191	-	168 708	35%
Operating Expenditure (accrued/actual mix)	486 191	-	142 255	29%
Capital Expenditure	170 043	-	4 107	3%

Revenue by Source

Year-to-date Operating Revenue amounts to **35% or R168 708 million** of the operating budget of **R486 191 million**.

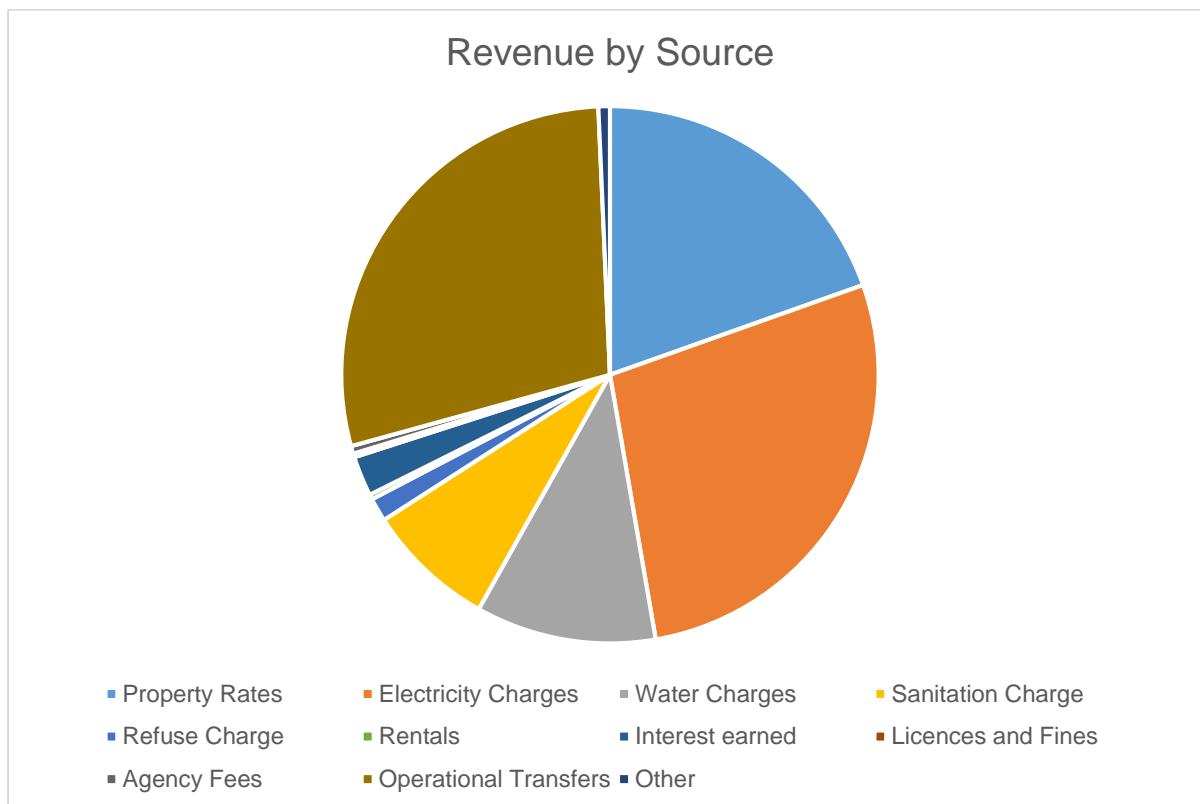
The year-to-date Operating Revenue reflects an achievement of **35% or R168 708 million** of the annual budget of R486 191 million, and Operating Expenditure is **25% or R120 990 million** of the annual budget of R486 191 million.

Operating Revenue

Major contributors of Operating Revenue to date amounting to R168 708 million are:

- Service Charges-Electricity at R45 451 million or 27%
- Operational Transfers recognised at R35 184 million or 21%.
- Property Rates at R34 502 million or 21%.
- Service Charges-Water R14 946 million or 9%

The following charts compare the actual revenue and expenditure against the approved budget:



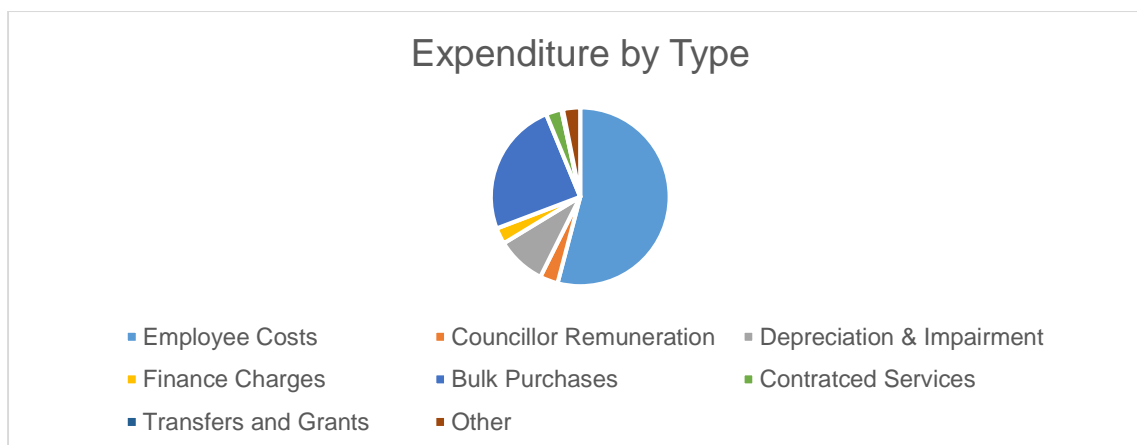
Operating expenditure by type

Year-to-date expenditure amounts to **29% or R142 255 million** of the operating budget of **R486 191 million**.

Operating Expenditure

Major contributors of Operating Expenditure to date amounting to **R142 255 million** are:

- Employee-related costs at R49 399 million or 34%
- Remuneration of councillors at R3 088 million or 2%.
- Bulk Purchases at R46 309 million or 33%
- Repairs & maintenance at R2 289 thousand or 1%



Capital expenditure

Year-to-date expenditure on capital project amounts to **3% or R4 107 million** of the capital budget of **R170 043 million**.

Capital Expenditure of **R170 043 million** disclosed in above table reflects expenditure of grants transferred directly to municipal bank account and internally funded projects.

2.1 The Municipal Capital Budget is funded from the following Grants:

Grant	Funding Source	Budget
Municipal Infrastructure Grant	Direct Allocation	R34 473 000
Finance Management Grant	Direct Allocation	R350 000
Equitable Share	Direct Allocation	R6 000 000
DSRAC	Direct Allocation	R1 083 000
DWS	Direct Allocation	R820 000
INEP	Direct Allocation	R7 782 000
Bucket Eradication	Indirect Allocation	R24 534 000
PDOHS	Indirect Allocation	R4 000 000
RBIG	Indirect Allocation	R86 000 000
Total Budget		R170 043 000

2.2 Capital Grant – MIG Expenditure 2016

- Multi- Purpose Centre in Ward 7 – R886 818.29
- Alicedale Sewerage Reticulation – R81 671.26

National Treasury has approved municipal roll-over for 2015/16 financial year. Below is the expenditure amounting to R7 004 836.06 for projects implemented from roll- over allocation.

- Multi- Purpose Centre in Ward 7 – R2 634 404.96
- Replacement of Asbestos Pipes - R1 254 943.14
- Construction of 11 High mast in Mayfield Housing Projects – R2 527 151.14
- Upgrade of Surfaced Road – Sani Str – R355 444.33
- Upgrading of Roads in Joza Street – R122 059.87

2. Allocations for Grant Receipts and Expenditure

2.1 Summary of Grants Received

GRANT	BUDGET	AMOUNT RECEIVED	EXPENDITURE	EXPENDITURE TO DATE
MIG	R36 288 000	R0.00	R107 597.00	R1 415 532.11
MIG – Roll- Over	R8 100 000	R7 004 836.03	R3 388 925.86	R 7 004 836.03
INEP	R7 782 000	R2 000 000.00	R0	R0
FMG	R1 810 000	R1 810 000.00	R103 449.00	R1 354 994
EPWP	R1 000 000	R250 000.00	R37 800.00	R145 800.00
DWA	R5 000 000	R3 784 959.95	R791 704.92	R3 194 924.72
TOTAL	R59 980 000	R14 849 795	R4 429 476.70	R13 116 086

Year-to-date Grant Expenditure amounts to **22% or R13 116 million** of the Grants budget of **R59 980 million**.

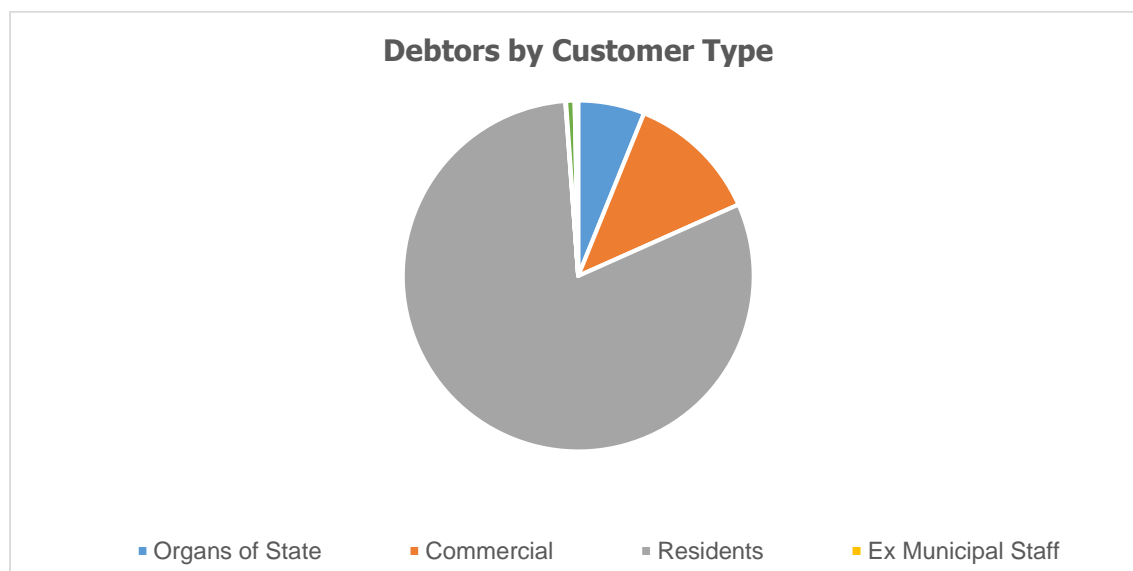
2.2 Operating Grants Expenditure

- FMG – R103 449
- EPWP- R145 800
- DWA- R694 478
- MIG Admin – R109 599

3. Debtor's Report for the 1st Quarter end September 2016

3.1 Debt collection progress and monthly percentage of debt collected.

The following chart indicates the outstanding debtors per customer group (excluding departmental charges).



3.2 The monthly collection percentages is as follows:

- July 2016 – 34 %
- August 2016 - 94 %
- September 2016 - 143%

The collection percentage for July 2016 is low due to the annual Rates for Government departments being charged in July but only due for payment in September.

The August collection is the actual collection percentage for the month.

The collection percentage increases in September as the annual rates are paid. Water usage collection is below 60% due to meter readers reading meters that was not read for a long period of time and actual water usages being charged.

Rental and lease agreements collection percentage has increased from 49% to 89%

That MPAC notes the Sec 52 Report for the first quarter end 30 September 2016.

FOR FURTHER DETAILS CONTACT:

NAME	MS NF SIWAHLA
CONTACT NUMBERS	046 603 6007
E-MAIL ADDRESS	nsiwahla@makana.gov.za
DIRECTORATE	BUDGET & TREASURY DIRECTORATE

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Mr M Planga
Acting Municipal Manager

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DATE

Municipal Manager's Quality Certification

I, Mandisi Planga, Acting Municipal Manager of Makana Municipality, hereby certify that –

- the 1st quarter report on the implementation of the budget and financial state of the municipality for the period ending 30 September 2016 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under this Act.

NAME: Mandisi Planga

SIGNATURE:

DATE:

