



STELLENBOSCH

STELLENBOSCH • PNIEL • FRANSCHHOEK

MUNISIPALITEIT • UMASIPALA • MUNICIPALITY

QUARTERLY BUDGET MONITORING REPORT

2nd Quarter 2019/20



QUALITY CERTIFICATE

I, Geraldine Mettler, the Municipal Manager of Stellenbosch Municipality, hereby certify that the quarterly report the period ending December 2019 has been prepared in accordance with Section 52 of the Municipal Finance Management Act and regulations made under the Act and accordingly submit the required quarterly statement on the state of Stellenbosch Municipality's budget reflecting the particulars up until the end of December 2019.

Name: Geraldine Mettler

Municipal Manager of Stellenbosch Municipality- WC024

Signature  _____

Date: 17 January 2020

To Council

In accordance with Section 52(d) of the Municipal Finance Management Act, I submit the required report on the implementation of the budget and the financial state of affairs of Stellenbosch Municipality reflecting the particulars of the second quarter of the financial year 2019/20.

The submission of this report forms part of my general responsibilities as the Mayor of Stellenbosch Municipality. The purpose of the report serves to inform Council on the financial affairs of Stellenbosch Municipality and to enable Council to fulfil its oversight responsibility in this regard.



.....
Advocate G M M van Deventer
Executive Mayor
Date: 17 January 2020

Table of Contents

1. Recommendations	5
2. Executive Summary	6
3. Operating Revenue	7
4. Operating Expenditure	10
5. Capital Expenditure	16
6. Investments and Borrowings	25
7. Allocations and grant receipts and expenditure for the 2 nd quarter of 2019/20	27
8. Personnel Expenditure	28
9. Withdrawals.....	29
10. Monthly Budget Statements	30
11. Supporting Documentation.....	37
12. Top Layer Service Delivery and Budget Implementation Plan (SDBIP)	41
13. Actual Strategic Performance and Corrective Measures that will be implemented.....	42
14. Strategic performance conclusion.....	54

1. Recommendations

These recommendations are linked to the responsibilities of the Mayor under Section 52 of the MFMA.

- (a) That the content of the quarterly budget statement and supporting documentation be noted.

2. Executive Summary

2.1 Introduction

The mayor, who must provide general political guidance over the fiscal and financial affairs of the Municipality, is required by Section 52(d) of the Municipal Finance Management Act to submit a report on the implementation of the budget and the financial state of affairs of the Municipality, to the Council within 30 days after end of each quarter.

This report is a summary of the main budget issues arising from the monitoring process. It compares the implementation of the budget to the commitments/promises made and contained in the Service Delivery and Budget Implementation Plan (SDBIP), and is intended to inform and enable the Council with a view of giving effect to Council's oversight responsibility.

2.2 Summary of 2019/20 budget progress / implementation

The following table summarises the overall position of the capital and operating budgets.

Detail	Capital Expenditure	Operating Expenditure	Operating Revenue (excluding capital transfers and contributions)
Original Budget	558 276 528	1 808 247 224	1 778 647 259
Adjustment Budget	613 274 958	1 810 200 255	1 780 600 290
Plan to Date (SDBIP)	301 451 197	796 285 249	853 686 211
Actual	202 978 608	625 798 519	844 797 616
Variance to SDBIP	-98 472 589	-170 486 729	-8 888 595
Year to date % Variance to SDBIP	-32.67%	-21.41%	-1.04%

The above figures are explained in more detail throughout this report.

3. Operating Revenue

The following table shows the actual operating revenue per National Treasury Reporting regulations against that planned in the SDBIP for the 2nd Quarter of 2019/20:

Operating Revenue by Source

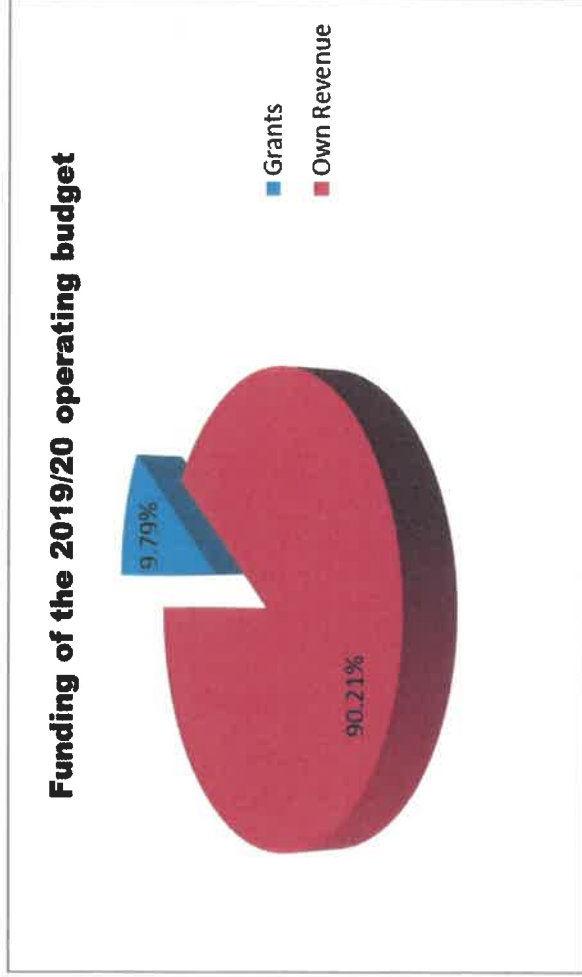
Description	ORIGINAL BUDGET	ADJUSTMENT BUDGET
Revenue by Source		
Property rates	356 121 877	356 121 877
Service charges - electricity revenue	639 886 270	639 886 270
Service charges - water revenue	201 974 611	201 974 611
Service charges - sanitation revenue	113 503 000	113 503 000
Service charges - refuse revenue	69 224 664	69 224 664
Service charges - other	-	-
Rental of facilities and equipment	18 831 474	18 831 474
Interest earned - external investments	44 171 310	44 171 310
Interest earned - outstanding debtors	11 270 156	11 270 156
Fines	108 260 389	108 260 389
Licences and permits	5 398 023	5 398 023
Agency services	2 851 504	2 851 504
Transfers recognised - operational	172 339 472	174 292 503
Other revenue	34 814 509	34 814 509
Gains on disposal of PPE	-	-
Total Revenue (excluding capital transfers and contributions)	1 778 647 259	1 780 600 290

QUARTER 2 2019/20			
	PLANNED	ACTUAL	VAR
	66 250 044	72 855 330	10%
	120 152 229	143 088 784	19%
	58 773 340	39 320 948	-33%
	30 385 707	18 414 115	-39%
	16 613 919	12 296 332	-26%
	-	-	-
	2 615 184	2 100 319	-20%
	11 398 729	8 300 133	-27%
	2 688 250	3 343 721	24%
	6 766 191	7 174 930	6%
	1 138 418	1 449 402	27%
	912 481	819 652	-10%
	56 015 157	48 810 617	-13%
	5 897 782	5 554 487	-6%
	-	-	-
	379 607 432	363 528 770	-4%

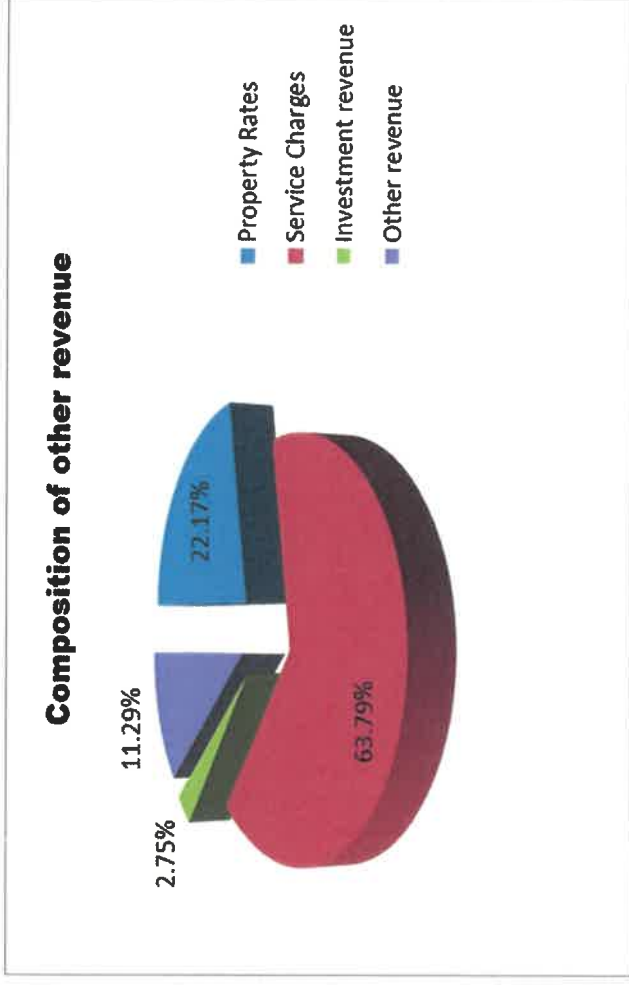
QUARTER 2 2018/19			
	PLANNED	ACTUAL	VAR
	79 749 014	66 582 070	100%
	132 948 773	132 938 117	0%
	54 620 047	37 816 529	-31%
	25 931 358	19 321 561	100%
	13 602 309	12 560 144	100%
	-	-	-100%
	4 302 322	2 074 403	-52%
	10 526 364	11 656 236	11%
	2 561 232	2 674 353	4%
	24 733 650	5 881 195	-76%
	1 233 256	1 270 285	100%
	651 467	670 644	3%
	62 940 712	48 396 000	-23%
	8 236 102	4 348 026	-47%
	-	-	100%
	422 036 608	346 189 563	-18%

NB: - The “year to date actual for property rates income” refers to the total billed for the year and not actual receipts.

Stellenbosch municipality is not dependant on grant funding to fund the operating budget as is evident in the graph below.



Own revenue consists mainly of service charges at 63.79 per cent of the R1 780 600 290 billion revenue budget.



Operating Revenue Variance Report

The variances between actual operating revenue and the planned operating revenue contained in the SDBIP are explained per revenue source and are as follow:

Revenue by Source

3.1 Property Rates and Service charges - refuse

Property rates and service charges refuse are billed monthly. However some consumers applied to have their property rates and service charges billed annually.

3.2 Service charges - water revenue

The municipality has billed R30 281 211 less water than initially anticipated. The average billing for the year amounted to R12 068 976 per month which indicates that the decline in consumption equates to more than two month's billings. The largest variances billed relates to the agricultural and rural water services (R24 888 or 8% of the R298 801 adjusted budget) as well as the low billings for the connection and disconnection of water (R39 753 or 14% of the R274 212 adjusted budget). The water usage fluctuates according to seasonal trends and an increase is anticipated over the summer months. The municipality has re-assessed the water revenue budget and anticipates that a downward adjustment of R40 000 000 will be necessitated during the Mid-year adjustment budget process.

3.3 Service charges - sanitation revenue

An under performance is noted for sanitation revenue due to the noticeable decline in billed revenue. The municipality has re-assessed the sanitation revenue budget as the decline in the industrial effluent charges has negatively affected the revenue stream. However, it is projected that the industrial effluent charges will increase towards the end of the financial year, therefor the sanitation revenue will not be adjusted.

3.4 Rental of facilities and equipment

An under performance was noted for the rental of facilities and equipment to the amount of R980 738. The largest variances relates to the market related rental for housing units which amounts to R4 140 143 of the R18 357 804 adjusted budget amount. The annual levies will be processed during March 2020.

3.5 Interest earned – external investments

An under performance was noted for the interest earned – external investments to the amount of R3 816 056. The journal to account for the monthly interest of R2 992 925 has not been processed and will be captured on the financial system during January 2020. An improvement will therefore be reflected during January 2020.

4. Operating Expenditure

The following table illustrates the actual operating expenditure for each Directorate against planned expenditure in the SDBIP for the 2nd Quarter of 2019/20.

Operating Expenditure (Per Directorate):

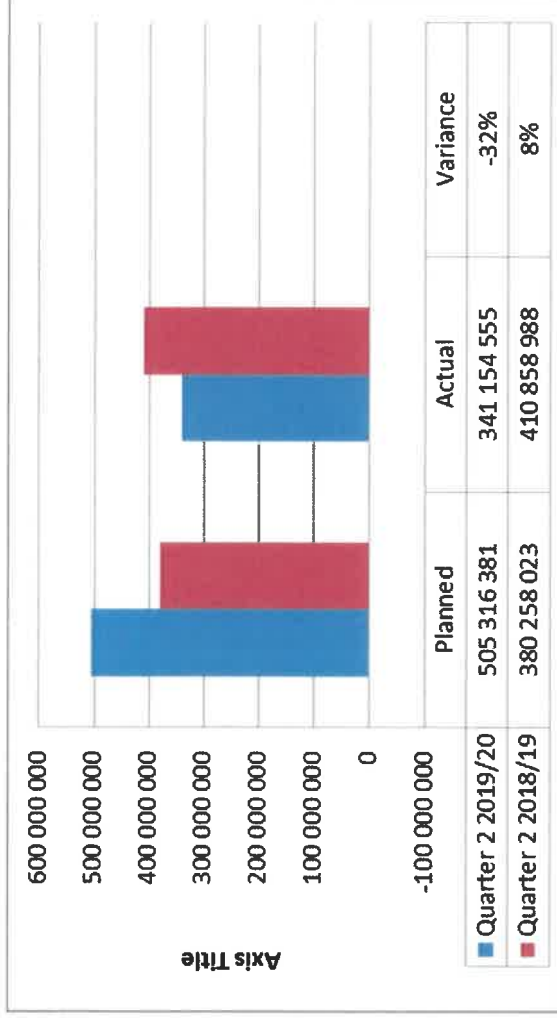
DIRECTORATE	ORIGINAL BUDGET	AMENDED BUDGET
Municipal Manager	52 257 775	52 257 775
Planning & Development	109 278 726	109 278 726
Community and Protection Services	972 005 815	359 478 808
Infrastructure Services	357 525 777	972 005 815
Corporate Services	184 054 859	184 054 859
Financial Services	133 124 272	133 124 272
TOTALS	1 808 247 224	1 810 200 255

QUARTER 2 2019/20	
PLANNED	ACTUALS
14 187 334	11 005 826
26 915 395	15 101 980
6 344 929	61 901 924
370 493 228	196 356 119
51 691 959	32 520 741
35 683 536	24 267 965
505 316 381	341 154 555

QUARTER 2 2018/19	
PLANNED	ACTUALS
6 712 155	5 032 399
23 202 874	30 450 583
81 575 019	53 291 565
208 638 829	249 471 481
38 737 191	51 263 431
21 391 954	21 349 530
380 258 023	410 858 988

During the second quarter of the financial year the directorates spent R164 161 826, 32% less than the planned expenditure. At the same period last year the directorate spent R30 600 965, 8% more than the planned expenditure.

QUARTERLY BUDGET STATEMENT FOR DECEMBER 2019



The year on year comparison for the second quarter is 68% actual spending rate of the planned operating budget for the financial year 2019/20, compared to a 108% actual spending rate for the same period in the previous financial year.

Operating Expenditure Variance Report

The variances between actual operating expenditure and planned operating expenditure contained in the SDBIP are explained per item and are as follows:

4.1 Planning and Development Services

The Planning and Development Services directorate planned to spend R53 662 736 of the adjusted budget. The year to date actual expenditure incurred amounted to R32 339 746 which resulted in an underspending of R21 322 990. The items that attributed to the underspending are as follows:

4.1.1 Operational Cost: Supplier Development Programme

The user department planned to spend R750 000. The year to date actual expenditure incurred amounted R165 526. The department indicated that the following projects will be funded from this item:

- Tourism Strategy of approximately R240 000;
- Job Seekers Database of approximately R450 000 for the next 3 years;
- Klapmuts Feasibility Study of approximately R200 000;
- LED Hubs of approximately R100 000; and
- Idas Valley (ideas how to improve structure) of approximately R200 000

The user department indicated that there are several formal quotations for the above mentioned projects. All funds will be utilised.

4.1.2 Contractors: Management of Informal Settlements

The user department planned to spend R702 272. The year to date actual expenditure incurred amounted R122 871. Invoices to the amount of R319 486 have been submitted for payment.

4.1.3 Business and Advisory: Project Management

The user department planned to spend R351 136. No spending has been incurred to date. The user department indicated that the budget will be decreased during the Mid-year adjustment budget process.

4.1.4 Operating leases: Furniture and Office Equipment

The user department planned to spend R951 504. The year to date actual expenditure incurred amounted R12 520. The user department indicated that the budget will be reduced by R800 000 during the Mid-year adjustment budget process.

4.1.5 Contractors: Catering Services

The user department planned to spend R357 522. The year to date actual expenditure incurred amounted R21 750. The user department indicated that a saving of R500 000 will be transferred to the Cleaning Services: Informal Trading Sites ukey. This saving was due to the implementation of the cost containment policy.

4.2 Community and Protection Services

The Community and Protection Services directorate planned to spend R148 828 087 of the adjusted budget. The year to date actual expenditure incurred amounted to R111 676 177 which resulted in an underspending of R37 151 910. The items that attributed to the under spending are as follows:

4.2.1 Contractors: Maintenance of buildings and facilities

The user department planned to spend R3 505 094 of the adjusted budget. The year to date actual expenditure incurred amounted R1 719 327. The user department indicated that a saving is envisaged.

4.2.2 Outsourced Services: Clearing and Grass Cutting Services

The user department planned to spend R2 602 537 of the adjusted budget. The year to date actual expenditure incurred amounted R583 855. The user department indicated that the funds will be used in conjunction with the funds allocated for forestry earmarked for the rehabilitation of the rivers. The user department further indicated that the current costs incurred are lower than expected due to the low tender price awarded.

4.2.3 Contractors: Preservation/Restoration/Dismantling

The user department planned to spend R14 331 348 of the adjusted budget. The year to date actual expenditure incurred amounted R6 834. The user department indicated that slow spending was experienced due to the Techno

park dam being closed. Some of the funds will be utilised for the procurement of trees in the Techno park areas.

4.3 Corporate Services

The Corporate Services directorate planned to spend R84 589 421 of the adjusted budget. The year to date actual expenditure incurred amounted to R60 055 339 which resulted in an underspending of R24 534 083. The items that attributed to the under spending are as follows:

4.3.1 Contractors: Maintenance of Buildings and Facilities

The user department planned to spend R3 706 986 of the adjusted budget. The year to date actual expenditure incurred amounted to R1 865 560. Orders to the amount of R3 188 305 have been loaded on the financial system.

4.3.2 Training

The user department planned to spend R1 496 204 of the adjusted budget. The year to date actual expenditure incurred amounted R836 083. The user department indicated that a service provider has been appointed and that the funds will be spent during the remainder of the financial year.

4.3.3 Operational Cost: Bargaining Council

The user department planned to spend R1 932 000 of the adjusted budget. No spending has been incurred to date. The payment will be made during the last quarter of the financial year.

4.4 Infrastructure Services

The Infrastructure Services directorate planned to spend R424 049 219 of the adjusted budget. The year to date actual expenditure incurred amounted to R363 046 203 which resulted in an under spending of R61 003 017. The items that attributed to the over spending are as follows:

4.4.1 Bulk Purchases: Water

The user department planned to spend R14 378 778 of the adjusted budget. The year to date actual expenditure incurred amounted to R9 198 415. The usage is demand driven and originates from the low water consumption which is depicted on page 10 (service charges – water revenue). The budget will be decreased during the Mid-year adjustment budget process.

4.4.2 Contractors: Maintenance of unspecified assets

The user department planned to spend R11 957 950 of the adjusted budget. The year to date actual expenditure incurred amounted to R1 802 245. The budget will be decreased by R1 500 000 during the Mid-year adjustment budget process.

5. Capital Expenditure

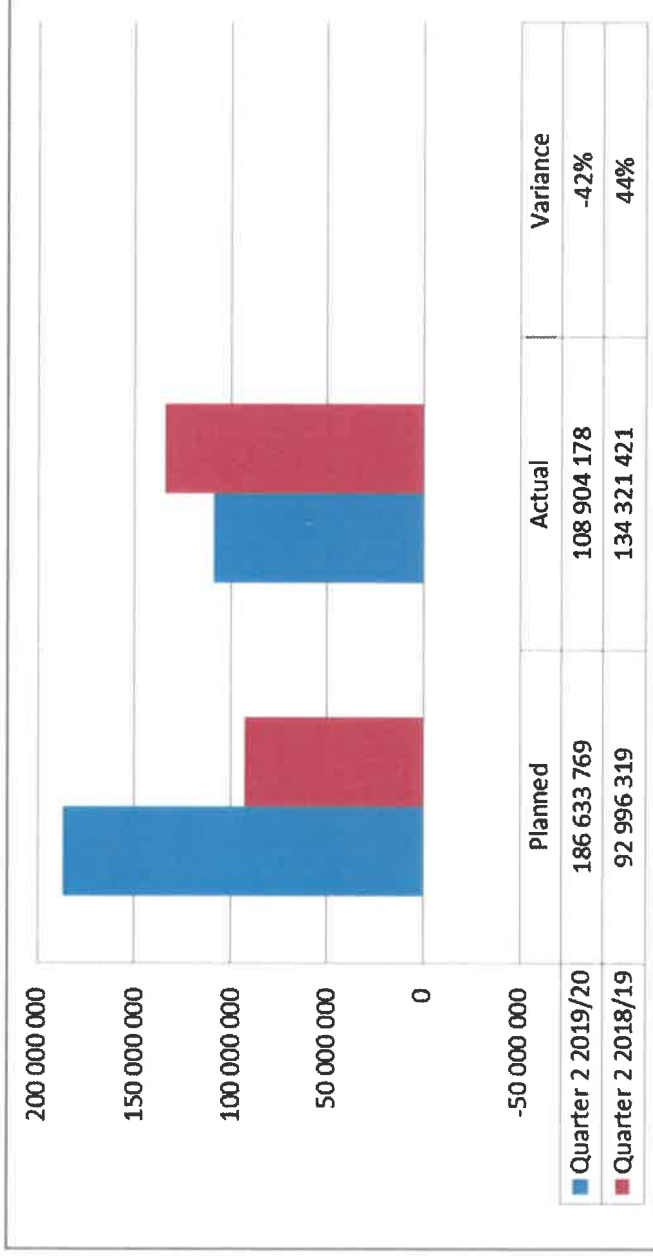
The following table illustrates the actual capital expenditure per directorate against the planned in the SDBIP for the 2nd Quarter of 2019/20.

DIRECTOR	ORIGINAL BUDGET	AMENDED BUDGET
Municipal Manager	35 000	35 000
Planning & Development	9 950 000	13 222 038
Community and Protection Services	64 315 000	70 642 597
Infrastructure Services	378 856 528	421 133 115
Corporate Services	104 970 000	108 092 208
Financial Services	150 000	150 000
TOTALS	558 276 528	613 274 958

QUARTER 2 2019/20		
PLANNED	ACTUAL EXPENDITURE	VAR %
7 500	3 485	100
4 011 702	3 209 452	-20%
22 100 138	2 710 752	-14%
108 347 583	93 458 457	-82%
52 156 846	9 520 495	100%
10 000	1 536	-
186 633 769	108 904 178	-42%

QUARTER 2 2018/19		
PLANNED	ACTUAL EXPENDITURE	VAR %
802 648	8 527	-99%
2 310 409	2 365 535	100%
10 755 284	6 250 171	-42%
74 251 244	121 880 726	64%
4 796 201	3 538 236	100%
80 534	278 227	100%
92 996 319	134 321 421	44%

QUARTERLY BUDGET STATEMENT FOR DECEMBER 2019



The year on year comparison for the end of the second quarter is [202 978 608/ R613 274 958] 33% of the total capital budget of R613 274 958 for the 2019/20 financial year compared to a [R147 499 939/ R587 748 280] 25% spending rate for the same period in the previous financial year measured against a budget of R587 748 280.

Capital Expenditure Variance Report

The variances between actual capital expenditure and the planned capital expenditure contained in the SDBIP are explained per directorate and are as follows:

5.1 Planning and Development

The Directorate planned to spend R7 749 026 of the adjusted budget. The year to date actual expenditure incurred amounted to R4 744 130. This resulted in an under spending of R3 004 896. The projects that attributed to the under spending are as follows:

5.1.1 Establishment of Informal Trading Sites: Groendal

The user department planned to spend R2 360 140 of the adjusted budget. The year to date actual expenditure incurred amounted to R1 527 729. The user department has transferred R1 650 632 from the Establishment of Informal Trading Sites: Klapmuts.

5.1.2 Establishment of Informal Trading Sites: Kayamandi

The user department planned to spend R1 800 000 of the adjusted budget. The year to date actual expenditure incurred amounted to R942 183. There has been challenges with this project resulting in the dismissal of the architect. The user department indicated that they are currently busy with the bill of quantities as well as the building plans. The professional fees have been fully committed. The tender will be advertised during January 2020.

5.1.3 Establishment of Informal Trading Sites: Klapmuts

The user department planned to spend R1 521 514 of the adjusted budget. The year to date actual expenditure incurred amounted to R816 611. Invoices to the amount of R210 870 have been submitted for payment. An improvement will therefore be reflected in the next reporting period.

5.2 Community and Protection Services

The Directorate planned to spend R42 081 926 of the adjusted budget. The year to date actual expenditure incurred amounted to R14 144 103. This resulted in an under spending of R27 937 823. The projects that attributed to the under spending are as follows:

5.2.1 Integrated parks

The user department planned to spend R2 416 666 of the adjusted budget. The year to date actual expenditure incurred amounted to R1 077 027. The user department indicated that the tender for the different play items will be advertised in January 2020. Orders for the parkways have been loaded on the financial system. The construction of fencing will commence as soon as the fencing tender has been concluded.

5.2.2 Hydraulic Ladder Fire Truck

The user department planned to spend R12 000 000 of the adjusted budget. The year to date actual expenditure incurred amounted to R10 743 380. The user department indicated that the saving of R1 256 420 will be utilised for the purchase of specialized equipment.

5.2.3 Upgrading of Stellenbosch Fire Station

The user department planned to spend R3 487 776 of the adjusted budget. No spending has been incurred to date. The tender has closed on 21 September 2019. The user department indicated that the technical evaluation has been concluded. The tender has not served before the Bid Evaluation Committee and no Bid Adjudication date has been scheduled yet. R3 000 000 will be rolled over to the 2020/21 financial year.

5.2.4 Install and Upgrade CCTV Cameras in WC024

The user department planned to spend R683 333 of the adjusted budget. The year to date actual expenditure incurred amounted to R136 151. The tender has closed on 6 December 2019. The user department indicated that spending is anticipated to commence in March 2020.

5.2.5 Law Enforcement: Vehicle Fleet

The user department planned to spend R2 135 000. No spending has been incurred to date. The user department indicated that requisitions to the amount of R2 025 642 have been loaded on the financial system.

5.2.6 Purchase of Specialised Vehicles

The user department planned to spend R1 166 666 of the adjusted budget. No spending has been incurred to date. The user department

indicated that requisitions to the amount of R1 781 124 have been loaded on the financial system.

5.2.7 Upgrading of the Cloetesville Library

The user department planned to spend R1 083 333 of the adjusted budget. No spending has been incurred to date. The user department indicated that technical evaluations are being done as a large number of bids have been received which is pro-longing the evaluation process. The bid prices are higher than initially anticipated.

5.2.8 Upgrade of the Sport Facilities

The user department planned to spend R1 048 545 of the adjusted budget. The year to date actual expenditure incurred amounted to R4 748. The user department indicated that the tender has been advertised and will close on 14 February 2019. A site-meeting has been scheduled for January 2020.

5.2.9 Upgrade of the swimming pool

The user department planned to spend the entire budget allocation of R2000 000. No spending has been incurred to date. The user department indicated that a consultant has been appointed.

5.2.10 Mont Rochelle Nature Reserve: Upgrade of Facilities

The user department planned to spend R844 446 of the adjusted budget. The year to date actual expenditure incurred amounted to R106 799. The user department indicated that the project manager has been appointed. Phase 1 and 2 will be completed during the current financial year. R1 000 000 will be rolled over to the 2020/21 financial year.

5.2.11 Replacement of Patrol Vehicles

The user department planned to spend R1 062 293 of the adjusted budget. No spending has been incurred to date. The user department indicated that requisitions to the amount of R813 267 have been loaded on the financial system.

5.3 Infrastructure Services

The Directorate planned to spend an amount of R194 493 300 of the adjusted budget. The year-to-date actual expenditure incurred amounted to R110 322 876. This resulted in an under spending of R84 170 424. The projects that attributed to the under spending are as follows:

5.3.1 Stellenbosch WC024 Material Recovery Facility

The user department planned to spend R17 469 337 of the adjusted budget. The year to date actual expenditure incurred amounted to R8 528 006. The user department indicated that the project is on par with the implementation of the project milestones. The delivery of the weigh bridge will take approximately 6 weeks. The user department has indicated that additional funds will be required to complete the construction of the Materials Recovery Facility. A budget increase of R11 500 000 has been requested.

5.3.2 Vehicles

The user department planned to spend R4 000 000 of the adjusted budget. The year to date actual expenditure incurred amounted to R2 986 743. The user department has loaded requisitions of R2 649 157 on the financial system.

5.3.3 Energy Efficiency and Demand Side Management

The user department planned to spend R1000 000 of the adjusted budget. The year to date actual expenditure incurred amounted to R6 781. The user department indicated that they are awaiting the delivery of some materials. The majority of the materials are available at the stores.

5.3.4 Network Cable Replace 11Kv

The user department planned to spend R2000 000 of the adjusted budget. The year to date actual expenditure incurred amounted to R33 039. The user department indicated that all materials are available at the stores. An order has been generated for the labour portion of the tender. It should be noted that the projects will only commence towards the end of January 2020 as the construction industry will be closing for the December holidays. All funds will be spent.

5.3.5 Basic Services Improvements: Langrug

The user department planned to spend R2 500 000 of the adjusted budget. No spending has been incurred to date. The user department indicated that a consultant has been appointed for the construction of the road. The bill of quantities are being compiled. The tender will be finalized by end of January 2020. The budget will be adjusted downwards during the Mid-year adjustments budget process.

5.3.6 Idas Valley IRDP/FLISP

The user department planned to spend R6 500 000 of the adjusted budget. No spending has been incurred to date. The project has been fully committed. The user department indicated that invoices have been received and are being processed.

5.3.7 Langrug Dam

The user department planned to spend R1 500 000 of the adjusted budget. No spending has been incurred to date. The user department indicated that the feasibility report for Erf 3229 was compiled and received. The forecasted program received from the consultant suggests a multi-year project. The budget will be decreased by R1 000 000 during the Mid-year adjustments budget process. Funds will be rolled over to the 2020/21 financial year.

5.3.8 Longlands Vlottenburg: Housing Internal Services

The user department planned to spend R1 000 000 of the adjusted budget. No spending has been incurred to date. The user department indicated that the site handover meeting was held during December 2019 in order to finalise the tender documents and prices that were received from the contractor. The user department indicated that the installation of services will commence in January 2020 and will amount to approximately R8 000 000.

5.3.9 Upgrading of the Steps/Orlean Lounge

The user department planned to spend R2 000 000 of the adjusted budget. No spending has been incurred to date. The user department indicated that the appeal period came to an end at 31 December 2019.

5.3.10 Bulk Sewer Outfall: Jamestown

The user department planned to spend R19 401 142 of the adjusted budget. The year to date actual expenditure incurred amounted to R9 967 474. The user department indicated that the project is progressing well and will be closely monitored to ensure full utilisation of the allocated adjustment budget. Orders to the amount of R21 493 896 has been loaded on the financial system.

5.3.11 Upgrade of WWTW: Pniel & Decommissioning Of Franschhoek

The user department planned to spend R24 907 278 of the adjusted budget. The year to date actual expenditure incurred amounted to R6 192 697. Order to the amount of R28 558 535 have been loaded on the financial system.

5.3.12 Water Conservation & Demand Management

The user department planned to spend R4 000 000 of the adjusted budget. No spending has been incurred to date. The user department indicated that a consultant has been appointed to manage the project.

5.3.13 Main Road Intersection Improvements: Stellenbosch

The user department planned to spend R4 000 000 of the adjusted budget. The year to date actual expenditure incurred amounted to R1 250 266. The user department indicated that they are in the process of appointing consultants. Construction will commence during the current financial year. The budget will be decreased by R5 000 000 during the Mid-year adjustment budget process.

5.3.14 Khayamandi Pedestrian Crossing (R304, River and Railway Line)

The user department planned to spend R1 000 000 of the adjusted budget. No spending has been incurred to date. The user department indicated that they are awaiting approvals from the Provincial department and PRASA before the tender can be advertised. Construction will commence during the 2020/21 financial year. The budget will be decreased by R1 500 000 during the Mid-year adjustment budget process.

5.3.15 Non-Motorised Transportation (NMT) Implementation

The user department planned to spend R1 700 000 of the adjusted budget. No spending has been incurred to date. The user department indicated that a contractor has been appointed. The budget will be decreased by R2 000 000 during the Mid-year adjustment budget process due to an increase in the requests for sidewalks.

5.4 Corporate Services

The Directorate planned to spend R57 104 445 of the adjusted budget. The year-to-date actual expenditure incurred amounted to R73 757 414. This resulted in an over spending of R16 652 969. The projects that attributed to the over spending are as follows:

5.4.1 Purchasing of land

The user department planned to spend R45 000 000 of the adjusted budget. The year to date actual expenditure incurred amounted to R63 196 263. The user department indicated that the sales agreement for the second land purchase has been concluded and the transfer of the property is in progress. A request for additional funding of R35 000 000 has been submitted to the Financial Services Directorate for the purchase of a building to be utilised for office space. The R35 000 000 will be funded by the investment portfolio.

QUARTERLY BUDGET STATEMENT FOR DECEMBER 2019

6. Investments and Borrowings
6.1 Investments

ACC. NR	BANK	Type/ Period	INTEREST RATE	MATURITY DATE	OPENING BALANCE AS AT 1 NOVEMBER 2019	Quarter 2 Oct - Dec 2019		TOTAL INVESTMENTS/ WITHDRAWALS FOR THE QUARTER	INTEREST CAPITALISED FOR QUARTER 2	CLOSING BALANCE YTD
						INVEST	WITHDRAW			
'9313956927	ABSA BANK A#6927	CALL	6.700%	CALL	-	50 000 000.00	(30 000 000.00)	20 000 000.00	401 124.69	20 401 124.69
						50 000 000.00	(30 000 000.00)	20 000 000.00	401 124.69	20 401 124.69
03/7881123974/...014	<u>NEDBANK</u> N#014	FIXED / 12 Mths	9.050%	06-Sep-19	0.03				-	0.03
03/7881123974/...015	N#015	FIXED / 12 Mths	9.050%	11-Oct-19	119 682 260.22		(119 955 000.00)	(119 955 000.00)	272 739.72	(0.06)
03/7881123974/...016	N#016	FIXED / 3 MTHS	8.050%	09-Jul-19	0.55				-	0.55
03/7881123974/...017	N#017	FIXED / 5 MTHS	7.900%	24-Feb-20	136 910 117.01				2 722 663.53	139 632 780.54
03/7881123974/...018	N#018	FIXED / 7 MTHS	8.000%	15-Jun-20	-	100 000 000.00		100 000 000.00	1 052 054.79	101 052 054.79
					256 592 377.82	100 000 000.00	(119 955 000.00)	(19 955 000.00)	4 047 458.04	240 684 835.86
258489367-025	<u>STANDARD BANK</u> S#025	CALL ACCOUNT	6.750%	CALL ACCOUNT	50 718 068.58		(30 000 000.00)	(30 000 000.00)	680 557.76	21 398 626.34
258489367-026	S#026	FIXED DEPOSIT	7.550%	14-Aug-19	(0.00)				-	(0.00)
258489367-027	S#027	FIXED DEPOSIT	7.900%	11-Nov-19	101 731 506.84		(102 640 547.95)	(102 640 547.95)	909 041.10	(0.01)
258489367-028	S#028	FIXED DEPOSIT	7.825%	24-Feb-20	53 335 965.99				1 050 609.20	54 386 575.19
258489367-029	S#029	FIXED 5 MINTHS	7.875%	14-Apr-20	-	100 000 000.00		100 000 000.00	1 035 616.44	101 035 616.44
					205 785 541.41	100 000 000.00	(132 640 547.95)	(32 640 547.95)	3 675 824.50	176 820 817.96
INVESTMENT TOTAL					462 377 919.23	250 000 000.00	(282 595 547.95)	(32 595 547.95)	8 124 407.23	437 906 778.51

QUARTERLY BUDGET STATEMENT FOR DECEMBER 2019

6.2 Borrowings

Lending Institution	Balance 1/12/2019	Received December 2019	Interest Capitalised December 2019	Capital Repayments December 2019	Balance 31/12/2019	Percentage	Sinking Funds (R'000)
DBSA @ 9.25%	5 298 958	-		1 685 528	3 613 430	9.25%	
DBSA@ 11.1%	18 247 653	-		1 102 916	17 144 737	11.10%	
DBSA@ 10.25%	51 570 033	-		2 588 281	48 981 753	10.25%	
DBSA @ 9.74%	83 683 504	-		2 369 448	81 314 056	9.74%	
NEBANK @ 9.70%	160 000 000	-		4 740 800	155 259 200	9.70%	
	318 800 148	-	-	12 486 973	306 313 175		

QUARTERLY BUDGET STATEMENT FOR DECEMBER 2019

7. Allocations and grant receipts and expenditure for the 2nd Quarter of 2018/19

OPERATING & CAPITAL GRANTS	TOTAL 2018/19 INCLUSIVE OF ROLL OVER AMOUNTS	EXPECTED ALLOCATION	OPENING BALANCE 1 JULY 2019	ACCUMULATED RECEIPTS	ACCUMULATED ACTUAL EXPENDITURE	QUARTER 2 RECEIPTS	QUARTER 2 ACTUAL EXPENDITURE	UNSPENT CONDITIONAL GRANTS - QUARTER 2
Municipal Systems Improvement	1 750 000	1 750 000	-	-	-	-	-	-
EPWP Integrated Grant for Municipalities	5 227 000	5 227 000	-	1 307 000	1 800 626	-	931 829	(493 626)
Local Government Financial Management Grant	1 550 000	1 550 000	-	1 550 000	1 069 676	-	970 579	480 324
Integrated National Electrification Programme (Municipal) Grant	15 640 000	15 640 000	-	15 640 000	2 790 410	8 000 000	2 513 304	12 849 590
Shared Economic infrastructure facility	-	-	-	35 000	-	35 000	-	35 000
Integrated Urban Development Grant	46 886 000	46 886 000	-	5 000 000	29 552 750	-	27 762 007	(24 552 750)
Library Services: Conditional Grant	12 454 000	12 454 000	-	8 302 667	3 691 363	4 151 333	2 376 003	4 611 304
Community Development Workers Operational Support Grant	-	-	-	-	-	-	-	-
Human Settlements Development Grant	83 610 000	37 900 000	45 710 000	-	50 187 575	-	5 121 020	(4 477 575)
LG Graduate Internship Grant	-	-	-	-	-	-	-	-
WC Financial Management Support Grant	255 000	255 000	-	255 000	6 210	255 000	758	248 790
Financial Management Capacity Building Grant	380 000	380 000	-	-	-	-	-	-
Maintenance and Construction of Transport Infrastructure	384 000	384 000	-	-	-	-	-	-
Municipal Accreditation and Capacity Building Grant	448 000	224 000	224 000	-	-	-	-	224 000
Regional Socio-Economic Project/violence through urban upgrade	1 500 000	1 500 000	-	1 500 000	-	-	-	1 500 000
Integrated Transport Planning	600 000	600 000	-	-	87 033	-	87 033	(87 033)
Natural Resources Management	9 418 031	7 465 000	1 953 031	-	247 007	-	17 052	1 706 024
TOTAL	180 102 031	132 215 000	47 887 031	33 589 667	89 432 650	12 441 333	39 779 586	(7 955 952)

QUARTERLY BUDGET STATEMENT FOR DECEMBER 2019

8. Personnel Expenditure

In terms of Section 66 of the MFMA, all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits must be reported to council.

Employee - Related Costs	Original Budget	Adjustments Budget	Year-to-date Budget	Year-to-date Actual	YTD %
Basic Salary and Wages	349 070 959	349 070 959	168 960 904	160 085 288	46%
Bonus	27 014 271	27 014 271	12 938 527	21 669 356	80%
Acting and Post Related Allowances	1 364 023	1 364 023	653 296	376 590	28%
Non Structured	33 943 753	33 943 753	16 257 409	14 034 814	41%
Standby Allowance	14 289 607	14 289 607	6 844 023	6 921 654	48%
Travel or Motor Vehicle	13 968 860	13 968 860	6 721 291	4 743 514	34%
Accommodation, Travel and Incidental	325 230	325 230	155 766	73 494	23%
Bargaining Council	216 706	216 706	103 799	142 893	66%
Cellular and Telephone	1 003 201	1 003 201	480 483	819 463	82%
Current Service Cost	29 859 746	29 859 746	14 929 872	3 501 992	12%
Essential User	623 520	623 520	298 634	455 990	73%
Entertainment	-	-	56 314	-	0%
Fire Brigade	2 630 594	2 630 594	1 259 928	1 313 906	50%
Group Life Insurance	3 833 697	3 833 697	1 836 152	1 764 218	46%
Housing Benefits	2 874 701	2 874 701	1 376 844	1 489 287	52%
Interest Cost	20 905 100	20 905 100	-	-	0%
Leave Gratuity	-	-	-	-	0%
Leave Pay	2 006 574	2 006 574	961 050	1 159 397	58%
Long Service Award	5 979 839	5 979 839	2 864 052	6 030	0%
Medical	26 405 991	26 405 991	20 171 169	11 298 527	43%
Non-pensionable	839 301	839 301	401 985	70 702	8%
Pension	57 394 074	57 394 074	27 488 971	24 582 825	43%
Scarcity Allowance	2 509 444	2 509 444	1 201 903	831 923	33%
Shift Additional Remuneration	1 860 670	1 860 670	891 171	2 093 597	113%
Structured	1 451 296	1 451 296	695 101	968 217	67%
Unemployment Insurance	2 896 734	2 896 734	1 387 396	1 220 835	42%
Totals	603 267 891	603 267 891	288 936 040	259 624 513	43%

During the second quarter of the financial year the directorates spent R17 240 932, 11% less than the planned expenditure of R156 560 432.