

“ANNEXURE A”

BUFFALO CITY METROPOLITAN MUNICIPALITY



2011/12 MID-YEAR ADJUSTMENT BUDGET

27 FEBRUARY 2012

TABLE OF CONTENTS

PART 1: ADJUSTMENT BUDGET

1. EXECUTIVE MAYOR'S REPORT
2. COUNCIL RESOLUTIONS
3. EXECUTIVE SUMMARY
4. ADJUSTMENT BUDGET TABLES

PART 2: SUPPORTING DOCUMENTATION

5. ADJUSTMENTS TO BUDGET ASSUMPTIONS
6. ADJUSTMENTS TO BUDGET FUNDING
7. ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES
8. ADJUSTMENTS TO ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY
9. ADJUSTMENTS TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS
10. ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
11. ADJUSTED OPERATING AND CAPITAL EXPENDITURE FRAMEWORK
12. OTHER SUPPORTING DOCUMENTS
13. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

LIST OF TABLES

- TABLE 1 Consolidated Overview of the 2011/12 Adjusted Budget**
- TABLE 2 Adjustments to Budget Funding of Operating Expenditure**
- TABLE 3 Adjustments to Budget Funding of Capital Expenditure**
- TABLE 4 Adjustments to Expenditure on Allocations and Grant Programmes**
- TABLE 5 Summary of Adjusted Revenue Classified by Main Revenue Source**
- TABLE 6 Summary of adjusted operating expenditure by standard classification item**
- TABLE 7 B5 2011/12 Adjusted Budget - Capital budget per vote**
- Table B1 – Budget Summary**
- Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**
- Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**
- Table B4 - Budgeted Financial Performance (revenue and expenditure)**
- Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source**
- Table B6 - Budgeted Financial Position**
- Table B7 - Budgeted Cash Flow Statement**
- Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**
- Table B9 - Asset Management**
- Table B10 - Basic Service Delivery Measurement**

1. EXECUTIVE MAYOR'S REPORT

Buffalo City Metropolitan Municipality's Mid-Year Performance Report was tabled at Council on 31 January 2012 outlining the City's performance over the last six (6) months of the 2011/12 financial year.

It is very disappointing to note that the performance on service delivery projects has declined further due to the challenges being experienced by the City. As a result of this poor performance the City has now envisaged on tabling a Mid-Year Adjustment Budget Report to address the challenges of the low expenditure as outlined in the Mid-Year Performance Report.

I have tasked the Mayor's Capital Spending Evaluation Committee, comprising of Executive Councillors to play a direct oversight role on the implementation of all projects within the various Directorates. It is anticipated that this process will address the spending challenges and/or bottlenecks in the implementation of Council approved programmes and projects.

In tabling this adjustment budget, it must be noted that National Treasury have perused the proposed adjustment budget and have expressed an opinion that the Adjustment Budget Framework is fairly sound with sufficient justification for the material changes.

CLLR Z. NCITHA
EXECUTIVE MAYOR

2. COUNCIL RESOLUTIONS

It is recommended that:

8.1 Council approves the 2011/12 Mid-Year Adjustment Budget in the sum of R4,174,014,970 as reflected in the table below:

2011/2012 2nd MID-YEAR ADJUSTMENT BUDGET	2011/2012 APPROVED BUDGET	2011/2012 1ST ROLL- OVER ADJ BUDGET	2011/2012 MID-YEAR ADJ. BUDGET
Operational Budget	3,653,289,169	3,678,049,783	3,448,368,587
Capital Budget	764,669,130	820,221,400	725,646,383
Total Mid-Year Adjustment Budget	4,417,958,299	4,498,271,183	4,174,014,970

8.2 Council approves adjustments permitted in terms of the Section 28(2) of the Municipal Finance Management Act (No. 56 of 2003); and

8.3 Council approves the revisions to the monthly and quarterly service delivery targets and performance indicators in the Service Delivery and Budget Implementation Plan as informed by the Mid-year Adjustment Budget.

3. EXECUTIVE SUMMARY

On 30 June 2011, Council adopted the 2011/2012 MTREF Budget. Subsequently, on 5 October 2011 Council approved a 2011/2012 first MTREF Adjustment Budget which was necessitated in terms of MFMA Municipal Budget and Reporting Regulations, regulation 23(5) in order to roll-over 2010/11 unspent operating and capital projects budgets funded from Unconditional Grant Funding.

National Treasury visited the Municipality on 9 and 10 February 2012 to discuss the Mid-Year Performance Report and advise on the Mid-Year Adjustment Budget. National Treasury proposed that the Adjustment Budget be forwarded to their offices for comments before submission to Council for adoption. The following comments were received from National Treasury:

- National Treasury has stated that the adjustment budget framework is fairly sound with the sufficient justification for any material changes.
- Cash and cash equivalents are sufficient to meet commitments that is based on the envisaged operating and capital programme.
- The capital expenditure at the end of January 2012 is R108,6 million or 13,2% of the budget, although the capital has been decreased by R94,6 million National Treasury doubts very much that BCMM will be able to spend R600 million over the remaining four (4) months of the financial year.
- National Treasury cannot guarantee that the R139,9 million reverting to the National Revenue Fund will be re-allocated to BCMM. BCMM therefore has to improve on project planning in the remaining months and develop a plan to spend the new allocations in terms of multi-year budgeting.
- A further concern was the Public Transport Infrastructure and Systems Grant (PTIS) which was rolled-over from 2010/11 to 2011/12 and a request for a further roll-over was envisaged by the department. National Treasury cannot guarantee that this funding will be made available in the next financial year.

The mid-year budget adjustment is being prepared as informed by the Mid-Year Budget and Performance Assessment and the following adjustments have been identified in terms of Section 28(2) of the MFMA:

(a) Increase in Revenue

Revenue for Rates, Refuse, Sewer and Fire Levy has been projected to be R7,8 million more than what was originally budgeted for due to the increase in the number of consumers.

(b) Decrease in Revenue

Revenue for Water Services has been projected lower than the approved budget by R7,4 million due to water losses, system losses and non-billing of consumers. Currently the institution is undertaking a data cleanup exercise to identify properties that are not billed for various services and a task team between the Engineering Department and Finance has been established to address the challenge of losses in water revenue, which includes ensuring that all installed meters are captured on our financial system. The Finance Directorate is in the process of increasing the number of meter readers from 62 to 100 to ensure that all meters are read monthly and accurately billed.

Income foregone has been increased by R2,441,196 as a result of the applications for pensioners rebate.

(c) Adjustment to Expenditure Categories

Savings of R3,5 million on employee costs as well as R25,7 million of General Expenses have been identified in the Mid-Year Budget Performance Assessment to fund Councillors "Upper Limits of Salaries and Allowances and Benefits" as a result of BCMM moving from a Grade 5 to a Grade 6 municipality and Operating Projects as well as the establishment of a Municipal Public Accounts Committee.

Bulk Water Purchases

Bulk Water Purchases have been adjusted downwards by R12,4 million as a result of BCMM reducing its purchases of water from Amatola Water and utilizing BCMM's own water treatment works.

The following budget principles and guidelines directly informing the compilation of the 2011/12 Adjustment Budget:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that 1st Adjustments Budget were adopted as the upper limits of the Mid-Year Adjusted Budget;
- There has been no change to the Tariffs that were initially approved by Council on 30 June 2011 where the 2011/12 Annual Budget was adopted and approved;

In view of the aforementioned, the following table is a consolidated overview of the 2011/12 Adjusted Budget:

Table 1 Consolidated Overview of the 2011/12 Adjusted Budget

2011/2012 2nd MID-YEAR ADJUSTMENT BUDGET	2011/2012 APPROVED BUDGET	2011/2012 1ST ROLL-OVER ADJ BUDGET	2011/2012 MID-YEAR ADJ. BUDGET
Operational Budget	3,653,289,169	3,678,049,783	3,448,368,587
Capital Budget	764,669,130	820,221,400	725,646,383
Total Mid-Year Adjustment Budget	4,417,958,299	4,498,271,183	4,174,014,970

The operating revenue has decreased from R3,68 billion to R3,45 billion. The adjustments has resulted in the Revenue Budget being decreased by R230 million when compared to the approved budget.

The capital budget has decreased from R820 million to R725 million in the 2011/12 financial year.

The major contributing factors are:

a) Adjustments to Funding for Conditional Grants

i. Human Settlement Development Grant (HSDG)

The budget for projects funded from HSDG has been adjusted downwards by R214 million [Opex – R197,6 million] [Capex – R16,4 million] due to poor planning by the Housing Department as HSDG funding was secured from the Department of Human Settlement for BCMM before the Environment Impact Assessment (EIA) approvals. However, these projects could not be implemented as we were awaiting EIA approvals. The EIA approvals have since been received on 16 January 2012, but only design work can be taken in the current financial year.

ii. Urban Settlement Development Grant (USDG)

The budget for projects funded from USDG has been adjusted downwards by R48,4 million [Opex – R4,1 million][Capex – R44,3 million] mainly due to internal services for housing projects that could not be implemented in the current financial year as the institution is still awaiting EIA approvals.

iii. Public Transport Infrastructure and Systems Grant (PTIS)

The budget of R180 million initially approved by Council has been adjusted downwards by R80 million due to challenges experienced in the procurement of consultants for the Bus Rapid Transport (BRT) Project. However, service provider was appointed in December 2011.

b) 2010/11 Conditional Grants Roll-over

National Treasury approved the roll-over of 2010/11 Unspent Conditional Grants Roll-over in February 2012 of R108,9 million (PTIS - R71,5 million; Municipal Infrastructure Grant (MIG) – R37,5 million).

i. Public Transport Infrastructure and Systems Grant (PTIS)

The 2010/11 roll-over of R71,5 million is not appropriated by BCMM due to the fact that Buffalo City Metropolitan Municipality will not be able to spend the funding in the current financial year, but in Phase 2 of the Bus Rapid Transport Project to be implemented in the 2012/13 financial year.

ii. Municipal Infrastructure Grant (MIG)

The 2010/11 roll-over of R37,5 million is appropriated in terms of MFMA Circular 55 and Municipal Budgeting and Reporting Regulations, Regulation 23

4. ADJUSTMENTS TO BUDGET TABLES

These tables set out the municipality's 2011/12 Mid-year Adjustment Budget to be approved by Council.

Table B1 – Budget Summary

Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table B4 - Budgeted Financial Performance (revenue and expenditure)

Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Table B6 - Budgeted Financial Position

Table B7 - Budgeted Cash Flow Statement

Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Table B9 - Asset Management

Table B10 - Basic Service Delivery Measurement

5. ADJUSTMENT TO BUDGET ASSUMPTIONS

The Mid-Year Adjustment Budget does not have any impact to the 2011/12 Budget Assumptions as previously approved by Council on 30 June 2011.

6. ADJUSTMENT TO BUDGET FUNDING

Table 2: Adjustments to Budget Funding of Operating Expenditure

Description	Budget Year 2011/12									Budget Year +1 2012/13	Budget Year +2 2013/14
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands											
<u>Financial Performance</u>											
Property rates	521,747	521,747	–	–	–	–	(675)	(675)	521,072	580,704	647,485
Service charges	1,752,582	1,752,582	–	–	–	–	(2,511)	(2,511)	1,750,071	2,066,450	2,443,720
Investment revenue	52,228	52,228	–	–	–	–	–	–	52,228	54,497	57,050
Transfers recognised - operational	966,570	988,889	–	–	–	–	(225,199)	(225,199)	763,690	1,473,485	1,371,595
Other own revenue	360,163	360,163	–	–	–	–	1,145	1,145	361,309	388,287	420,507
Total Revenue (excluding capital transfers and contributions)	3,653,289	3,675,608	–	–	–	–	(227,239)*	(227,239)*	3,448,369	4,563,424	4,940,356

*The amount of R2,4 million which represents income foregone is included under expenditure as per the National

Treasury Tables

Table 3: Adjustments to Budget Funding of Capital Expenditure

Description	Budget Year 2011/12									Budget Year +1 2012/13	Budget Year +2 2013/14
	Original Budget A	Prior Adjusted 5 A1	Accum. Funds 6 B	Multi-year capital 7 C	Unfore. Unavoid. 8 D	Nat. or Prov. Govt 9 E	Other Adjusts. 10 F	Total Adjusts. 11 G	Adjusted Budget 12 H	Adjusted Budget	Adjusted Budget
R thousands Funded by:											
National Government	614,234	614,234	–	–	–	–	(86,851)	(86,851)	527,383	701,127	884,603
Provincial Government	40,184	57,552	–	–	–	–	(17,186)	(17,186)	40,366	23,511	27,866
District Municipality	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–	–	–
Total Capital transfers recognized	654,418	671,786	–	–	–	–	(104,037)	(104,037)	567,749	724,638	912,469
Public contributions & donations	–	2,961	–	–	–	–	(171)	(171)	2,790	–	–
Borrowing Internally generated funds	–	17,577	–	–	–	–	–	–	17,577	–	–
	110,251	127,897	–	–	–	–	9,633	9,633	137,530	20,000	20,000
Total Capital Funding	764,669	820,221	–	–	–	–	(94,575)	(94,575)	725,646	744,638	932,469

7. ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Table 4: Adjustments to Expenditure on Allocations and Grant Programmes

Description	Budget Year 2011/12									Budget Year +1 2012/13	Budget Year +2 2013/14
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands Funded by:											
National Government	614,234	614,234	–	–	–	–	(86,851)	(86,851)	527,383	701,127	884,603
Provincial Government	40,184	57,552	–	–	–	–	(17,186)	(17,186)	40,366	23,511	27,866
District Municipality	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–	–	–
Total Capital transfers recognized	654,418	671,786	–	–	–	–	(104,037)	(104,037)	567,749	724,638	912,469
Public contributions & donations	–	2,961	–	–	–	–	(171)	(171)	2,790	–	–
Borrowing Internally generated funds	–	17,577	–	–	–	–	–	–	17,577	–	–
	110,251	127,897	–	–	–	–	9,633	9,633	137,530	20,000	20,000
Total Capital Funding	764,669	820,221	–	–	–	–	(94,575)	(94,575)	725,646	744,638	932,469

8. ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

There are no adjustments to allocations and grants made by the municipality, the allocations are still as previously approved by Council

9. ADJUSTMENTS TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Employee costs have been adjusted downwards by R3,5 million and Councillors Allowances have been increased by R13.2 million due to Councillors "Upper Limits of Salaries and Allowances and Benefits" as a result of BCMM moving from a Grade 5 to a Grade 6 municipality.

10. ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The service delivery targets and performance indicators for the Service Delivery and Budget Implementation Plan will be revised in March 2012 in line with the Mid-year Adjustment Budget and will be tabled to Council for approval.

11. ADJUSTMENTS TO OPERATING AND CAPITAL EXPENDITURE

11.1 ADJUSTMENTS TO OPERATING REVENUE

BCMM will continue improving the quality of services provided to its citizens to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. Rating Afrika has rated BCMM as the second best financial sustainable municipality in the country in managing its finances.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City.

The following table is a summary of the 2011/12 Adjustment Budget (classified by main revenue source):

Table 5: Summary of Adjusted Revenue Classified by Main Revenue Source

REVENUE & EXPENDITURE	2011/2012	2011/2012	2011/2012
	ADOPTED BUDGET	1ST ROLL-OVER ADJ BUDGET	MID-YEAR ADJ BUDGET
REVENUE PER SOURCE			
Assessment Rates	(540,381,469)	(540,381,469)	(542,148,603)
Refuse Charges	(173,905,216)	(173,905,216)	(176,193,101)
Sewerage Charges	(180,202,568)	(180,202,568)	(182,819,826)
Trade Effluent	(9,499,304)	(9,499,304)	(9,499,304)
Water Charges	(233,282,971)	(233,282,971)	(225,867,262)
Electricity Charges	(1,142,651,894)	(1,142,651,894)	(1,142,651,894)
Fire Levy	(39,519,662)	(39,519,662)	(40,665,078)
Fuel Levy	(170,477,000)	(170,477,000)	(170,477,000)
Grants and Subsidies	(966,570,086)	(991,330,695)	(763,689,501)
Fines	(10,656,828)	(10,656,828)	(10,656,828)
Housing Rentals	(105,120)	(105,120)	(105,120)
Other Rentals	(12,653,893)	(12,653,893)	(12,653,893)
Income Foregone	19,870,741	19,870,741	22,312,727
Other	(193,253,900)	(193,253,904)	(193,253,904)
Total Direct Operating Income	(3,653,289,169)	(3,678,049,783)	(3,448,368,587)

11.2 ADJUSTMENT TO OPERATING EXPENDITURE

The City's expenditure framework for the 2011/12 adjusted budget is informed by Section 28 of the MFMA;

The following table is a high level summary of the 2011/12 adjustment budget (classified per main type of operating expenditure):

Table 6 - Summary of adjusted operating expenditure by standard classification item

Description	Budget Year 2011/12									Budget Year +1 2012/13	Budget Year +2 2013/14
	Original Budget	Prior Adjusted	Accum Funds	Multi-year capital	Unfore. Unavoid	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands Expenditure By Type											
Employee related costs	983,308	983,308	–	–	–	–	(3,467)	(3,467)	979,841	1,073,158	1,151,490
Remuneration of councillors	28,871	28,871	–	–	–	–	13,204	13,204	42,074	30,881	33,032
Debt impairment	165,450	165,450	–	–	–	–	–	–	165,450	175,377	185,900
Depreciation & asset impairment	473,248	473,248	–	–	–	–	–	–	473,248	466,738	464,782
Finance charges	93,951	93,951	–	–	–	–	–	–	93,951	89,112	84,904
Bulk purchases	940,528	940,528	–	–	–	–	(12,409)	(12,409)	928,119	1,170,679	1,463,438
Other materials	–	–	–	–	–	–	–	–	–	–	–
Contracted services	8,317	8,317	–	–	–	–	–	–	8,317	8,841	9,416
Transfers and grants	27,616	27,616	–	–	–	–	–	–	27,616	29,464	31,501
Other expenditure	1,205,702	1,228,021	–	–	–	–	(222,822)	(222,822)	1,005,199	1,717,692	1,654,863
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	3,926,991	3,949,310	–	–	–	–	(225,494)	(225,494)	3,723,816	4,761,944	5,079,325

The budget for Employee costs decreased by R3,47 million to R979 million.

The Councillors budget has been adjusted upwards by R13,2 million to accommodate payment of the “Upper Limits of Salaries and Allowances and Benefits” as a result of BCMM moving from a Grade 5 to a Grade 6 municipality and Operating Projects as well as the establishment of a Municipal Public Accounts Committee, this has resulted in the General Expenses being adjusted downwards.

Bulk Water Purchases have been adjusted downwards by R12,4 million as a result of BCMM reducing its purchases of water from Amatola Water and utilizing BCMM’s own water treatment works.

Included in other expenditure is the amount of R197,1 million pertaining to Operating Projects.

11.3 ADJUSTMENTS TO CAPITAL EXPENDITURE

The following table provides a breakdown of the budgeted capital expenditure by vote:

Table 7: B5 2011/12 Adjusted Budget - Capital budget per vote

Description	Budget Year 2011/12									Budget Year +1 2012/13	Budget Year +2 2013/14
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands											
<u>Capital Expenditure - Standard</u>											
<i>Governance and administration</i>	13,370	25,206	–	–	–	–	(1,891)	(1,891)	23,315	–	–
Executive and council	–	2,061	–	–	–	–	50	50	2,111	–	–
Budget and treasury office	5,497	15,508	–	–	–	–	(1,941)	(1,941)	13,567	–	–
Corporate services	7,873	7,638	–	–	–	–	–	–	7,638	–	–
<i>Community and public safety</i>	146,469	164,252	–	–	–	–	(42,618)	(42,618)	121,634	100,605	172,825
Community and social services	10,686	11,086	–	–	–	–	539	539	11,625	8,764	20,000
Sport and recreation	2,627	13,303	–	–	–	–	282	282	13,585	–	–
Public safety	22,163	28,126	–	–	–	–	(171)	(171)	27,955	–	10,000
Housing	107,159	107,804	–	–	–	–	(42,368)	(42,368)	65,436	91,841	142,825
Health	3,834	3,934	–	–	–	–	(900)	(900)	3,034	–	–
<i>Economic & environmental services</i>	293,000	313,158	–	–	–	–	(60,084)	(60,084)	253,074	377,925	480,789
Planning and development	221,667	226,245	–	–	–	–	(80,641)	(80,641)	145,605	259,781	319,305
Road transport	67,376	82,933	–	–	–	–	20,556	20,556	103,490	111,144	151,484
Environmental protection	3,957	3,979	–	–	–	–	–	–	3,979	7,000	10,000

Trading services	304,030	300,947	-	-	-	-	10,019	10,019	310,965	246,108	178,854
Electricity	36,401	30,173	-	-	-	-	11,100	11,100	41,273	20,000	20,000
Water	21,000	21,000	-	-	-	-	3,009	3,009	24,009	15,000	37,000
Waste water management	204,000	205,380	-	-	-	-	1,410	1,410	206,790	197,108	102,854
Waste management	42,628	44,393	-	-	-	-	(5,500)	(5,500)	38,893	14,000	19,000
Other	7,800	16,658	-	-	-	-	-	-	16,658	20,000	100,000
Total Capital Expenditure - Standard	764,669	820,221	-	-	-	-	(94,575)	(94,575)	725,646	744,638	932,469

The budget for the capital projects has been adjusted downwards by R94,58 million due to the following:

i. OWN FUNDS

Additional requests of R14,6 million from the various Departments that have been accommodated, which are reflected in detail in Annexure C.

ii. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

The budget has been adjusted downwards by R44,3 million mainly due to delays experienced in receiving EIA approvals for housing projects as well as multi-year water and sanitation projects that were budgeted for in full in the 2011/12 financial year.

ii. HUMAN SETTLEMENT DEVELOPMENT GRANT (HSDG)

The budget has been adjusted downwards by R16,4 million due to delays experienced in receiving EIA approvals for housing projects.

iii. **PUBLIC TRANSPORT INFRASTRUCTURE AND SYSTEMS GRANT (PTIS)**

The budget of R180 million initially approved by Council has been adjusted downwards by R80 million due to challenges experienced in the procurement of consultants in the Bus Rapid Transport (BRT) Project. However, service provider was appointed in December 2011.

iv. **2010/11 ROLL-OVER PROJECTS**

Municipal Infrastructure Grant (MIG)

The 2010/11 roll-over of R37,5 million is appropriated in terms of MFMA Circular 55 and Municipal Budgeting and Reporting Regulations, Regulation 23.

Other 2010/11 Roll-over Projects

The budget for other rolled-over projects has been adjusted downwards by R5,8 million due to savings on completed projects and unspent funds for the upgrading of King Williams Town Civic Centre and Mdantsane Zone 6 Office as a result of insufficient budget to implement the projects. These projects will be budgeted for in the 2012/13 financial year.

12. OTHER SUPPORTING DOCUMENTS/TABLES

The following pages represent the supporting adjustment budget tables from SB1 – SB20.

13. CITY MANAGER'S QUALITY CERTIFICATE

I ANDILE FANI, Acting City Manager of Buffalo City Metropolitan Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name ANDILE FANI

Acting City Manager of Buffalo City Metropolitan Municipality (EC 125)

Signature _____

Date _____