

3. EXECUTIVE SUMMARY

Operating Revenue

The Operating Revenue Budget of Council is increased upwards with R 287. 84 million to a total of R 3.01 billion.

The main adjustments to revenue are as follows:

- Property Rates will decreased by R46.15 million,
- Interest earned – external investments will increase by R10 million,
- Interest earned – outstanding debtors will increase with R 230 million,
- Fines, penalties and forfeits will increase with R10 million
- Licences and permits will increase with R3 million, and other revenue will decrease with R75 million.

Property rates is adjusted downwards to correct the provision of the over provision for indigents as the amount of registered indigent persons is on expected to increase.

Interest earned – external investments will increase based on the higher audit figures in the 2018/19 AFS.

Interest earned on outstanding debtors will be increase in line with the increase in the debt book. This will be offset by a provision for bad debt. This is also informed by the outcome of the 2108/19 Annual financial statements.

Fines and penalties will increase as there were a notable increase in the 2018/19 financial year.

Licences and permits will also increase based on a higher collection in the 2018/19 year .

Other revenue will also increase to make the Revenue targets more realistic base on the prior year outcome.

Operating Expenditure

The operating expenditure budget is also recommended for adjustment.

The expenditure budget is increased to a total of R 3.237 billion.

The main adjustments to expenditure are as follows:

- Employee related cost will decrease with R 6.8 million,
- Debt impairment will increase with R141.32 million,
- Other material will decrease with R 15,67 million,
- Contracted Services will decrease with R 68.07 million, and
- Other Expenditure will decrease with R 30.35 million.

Employee related cost will decrease with a reduction in overtime cost.

Debt impairment will increase to bring it in line the 2018/19 annual financial statement outcome.

Other materials will reduce as a result of cost cutting to make the budget funded.

Contracted services will also reduce because of the cutting of cost.

Other expenditure have also been cut.

The total reduction in cash related expenditure items amounts to R 120 million.

Capital Expenditure

The capital budget will remain unchanged.

Measureable Performance Objectives

Due to the impact of the adjustments to the budget, the measurable performance objectives are amended.

Adjustments Budget Tables

The Official National Budget Schedules are reflected as annexure to this report. These tables form the basis of the Council resolutions with regards the approval of the adjustments budget.

The following tables are provided:

Table B1 – Adjustments Budget Summary

Table B2 – Adjustments Budget Financial Performance Standard Classification

Table B3 - Adjustments Budget Financial Performance Revenue and Expenditure by Municipal Vote

Table B4 - Adjustments Budget Financial Performance Revenue and Expenditure

Table B5 – Adjustments Capital Budget by Vote And Funding

Table B6 – Adjustments Budget Financial Position

Table B7 – Adjustments Budget Cash Flow

Table B8 – Cash Backed Reserves and Accumulated Surplus Reconciliation

Table B9 – Asset Management

Table B10 – Basic Service Delivery Measurement