

EXECUTIVE SUMMARY

BACKGROUND

1. The 2014/2015 Adjustment budget

1.1. Legislative framework

The adjustments budget process is regulated by S 28 of the MFMA as well as the Municipal Budgeting and Reporting Regulations which were developed to establish uniform norms and standards in the budgeting and reporting structures of municipalities.

These regulations further states that an adjustments budget may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled to council, but not later than 28 February of the current year

Medium term service delivery objectives as stated in the Integrated Development Plan (IDP):

The medium term service delivery objectives of Zululand District Municipality include the following strategic focus areas and objectives:

Service delivery - Primarily focusing on the eradication of water and sanitation backlogs through the implementation of regional schemes. Our ultimate objective is to progressively provide a cost effective, reliable water services at a good quality to all potential consumers in the district.

Economic development- The objective is to improve the economy of the district through the creation of job opportunities and additional economic activities.

Social development- The objective is to reduce the occurrence and impact of HIV/Aids and to develop and empower youth, gender and communities in the district.

Institutional development- The focus is on employment equity with the objective of transforming the municipality and capacity development for effective service delivery.

Financial management- our objective is to ensure sound financial management by promoting good financial practices with a view of ensuring a financially viable municipality.

Good governance and public participation- The objectives are to promote good governance, accountability and transparency; to operate the municipality at a minimum risk level.

Other focus areas include:

- Municipal airports
- Fire fighting
- Disaster management
- Solid waste
- Municipal health services
- District tourism
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Financial implications of the medium term service delivery objectives:

As a water services authority, ZDM spends a substantial portion of the municipal infrastructure grant (MIG) on water and sanitation projects. The recovery rate of water tariffs is very low due to the fact that the population within the district is predominantly rural and poor such that the level of service in these areas takes the form of communal stand pipes. As a result, the water is provided as a free basic service with no recovery at all.

As a rural node, the district does not have major industries and economic hubs. As a result, Unemployment is rife and cross subsidization is not possible. Therefore, the district is heavily dependent on grant funding to implement its mandate in terms of the constitution of the Republic.

Linkages between the budget, the IDP and political priorities

Firstly, the budget timetable and the IDP process plan are aligned through an integrated time schedule.

Secondly, the IDP is prepared and the projects therefore are included in the budget.

Moreover, the financial plan comprising the total budget, among other items, is included in the IDP.

Finally, the implementation of water and sanitation projects and other assigned functions through the structures Act constitutes compliance with National, Provincial and Local development goals to eradicate backlogs of the past.

The budget is summarized in more detail in the budget schedules.

However, the comments on the budget are as follows:

MAIN BUDGET SUMMARY

	2013/2014 Budget	2014/2015 Original Budget	Adjustment	2014/2015 Adjusted budget
Total operating budget	464 641 019.00	514,170, 000	(16,669,000)	497,501,000
Capital budget	390 328 401.00	355 008 000	2,480,000	357,488,000
Total budget	R854,969,420	R 869,178, 000	R 14,189,000	R854,989,000

The total budget savings is **R14 189 000**

With the above background, it is important to highlight the major causes for such decreases and increases in both the operating and capital budgets. This will be done through the highlights section. Firstly, the operating budget will be reviewed. Thereafter, the Capital budget will be subjected to a review. The comments are as follows:

OPERATING EXPENDITURE

The municipality has identified the savings amounting to R14 189 000 which is made out of R 16 669 000 savings in operating expenses and the addition in capital expenditure of R 2,480,000

BUDGET RELATED RESOLUTIONS

The council resolves that:

That in terms of section 24 of the Municipal Finance Management Act 56 of 2003, the Final budget of the municipality for the financial year 2013/14 and indicative allocations for the two projected outer years 2014/15 and 2015/16 be approved as set-out in the following tables:

- 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.

That the financial position, cash flow, cash backed reserve/accumulated surplus, asset management and basic delivery targets are adopted as set out in the following tables:

- Table B6 Budgeted Financial Position.
- Table B7 Budgeted Cash Flows
- Table B8 Cash backed reserves/accumulated surplus reconciliation
- Table B9 Asset Management
- Table B10 Basic service delivery measurements

The Municipal Manager to be authorized to proceed with the procedure as stipulated in the MFMA and in terms of the guidelines stipulated by the Minister in terms of Section 168(1) of the Act.

The grants be accepted and approved with appreciation..

The Quality Certificate be approved.