

**EXTRACT VIRTUAL SPECIAL COUNCIL MEETING: 15 JUNE 2020.**

<b>RESOLVED</b>	<b>Item A71/15/06/2020</b>
1.	that the Adjustments Budget of Swellendam Municipality for the Financial year 2019/2020, as set-out in the schedules contained in Section 4, circulated with the agenda be considered and approved as contained in the following prescribed budget tables; (i.) Tables B1: Adjustments Budget summary (ii.) Table B2: Adjustments Budget Financial Performance (expenditure by standard classification) (iii.) Table B3: Adjustments Budget Financial Performance (expenditure by municipal vote) (iv.) Table B4: Adjustments Budget Financial Performance (revenue by source) (v.) Table B5 to B10: as well as the supporting tables SB1 to SB19
2.	that Council in terms of section 54(1)(c) of the MFMA approves the revised SDBIP for 2019/2020 and adjusted performance agreements of the section 57 employees.

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**Item number A71. 15.06.2020**

**ADJUSTMENTS BUDGET – 2019/2020 AND REVISED SDBIP**

Report of the Director: Financial Services: Mr. H Schlebusch

<b>Department</b>	Financial Services
<b>Section</b>	Financial Services
<b>File number</b>	2/13

**PURPOSE OF REPORT**

COVID-19 and the subsequent nationwide lockdown from the 26<sup>th</sup> March 2020, forced the municipality to review and present an adjustments budget for the period 2019/2020.

The purpose of this report is to present this adjustments budget for 2019/2020 to Council for approval as well as the revised SDBIP and adjustment performance agreements of the section 57 employees to Council for approval.

**FACTS AND BACKGROUND**

The lockdown affected the municipality's cash-position two-folded. One in that we were not able to exercise any credit control which resulted in a decrease of the collection ratio of debtors. Furthermore, the effect of lock-down had an adverse impact on the business sector resulting in reduced operations and therefore reduced consumption and revenue.

The effect on the cash position is as follows:

<b>Business Sector</b>	<b>Impact</b>
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Services and Property Rates	R 12 million
Sundry Revenue	R 0.5 million
Traffic Fines	R 8.5 million
<b>Total</b>	<b>R 21 million</b>

As it is imperative and legally required to table a cash-backed budget, the 2019/2020 approved adjustment budget during February 2020, had to be revised to take the above into account.

In order to produce the cash-backed budget, expenditure cuts had to be made to accommodate the revenue loss of R21 million. Ultimately this will affect the flexibility of the budget as well as the level of service which can be delivered for the remainder of 2019/2020.

Savings on projects included in the capital budget that were completed or did not commence were also reallocated to other projects included in the capital budget for completion.

The municipality received grants to the value of R 358,000 and R 500,000 from the Disaster Relief Grant and the Local Government Support Grant respectively.

The purpose of the Local Government Support Grant is to cover humanitarian related expenditure within our community. These funds were utilised on the following:

- Food parcels
- Electricity for poor families
- Food for the homeless shelter

The funds from the Disaster Relief Grant were utilised as follows:

- Installment of five water tanks
- Decontamination of the taxi-rank
- Procurement of PPE
- Additional allocation of black refuse bags to the community

The adjustment of the Budget 2019/20, the Service Delivery and Budget Implementation Plan 2019/20 and the adjustment of the section 57 agreements has been brought in line with the IDP 2019/20.

**The adjustment budget is attached. The performance agreements of the section 57 employees will be circulated as a separate addendum as well as the SDBIP.**

## **LEGAL IMPLICATIONS**

MFMA Section 28 and National Treasury MFMA Annexure to MFMA Circular No 99 provide directives and guidelines for submitting municipal adjustments budget to Council for adoption. In terms of Section 54 (1) (c) the Mayor must consider and, if necessary, make any revisions to the SDBIP, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the Council following the approval of the adjustments budget.

## **FINANCIAL IMPLICATIONS**

As per the tables circulated to Council.

## **PERSONNEL IMPLICATIONS**

None

## **COMMUNICATION IMPLICATIONS**

None

## **COMMENTS FROM DEPARTMENTS**

### **Director: Corporate Services**

None

### **Director: Community Services**

None

### **Director: Financial Services**

None

### **Director: Infrastructure Services**

None

### **Municipal Manager**

None

## **RECOMMENDED**

1. that the Adjustments Budget of Swellendam Municipality for the Financial year 2019/2020, as set-out in the schedules contained in Section 4, circulated with the agenda be considered and approved as contained in the following prescribed budget tables;
  - (i.) Tables B1: Adjustments Budget summary
  - (ii.) Table B2: Adjustments Budget Financial Performance (expenditure by standard classification)
  - (iii.) Table B3: Adjustments Budget Financial Performance (expenditure by municipal vote)
  - (iv.) Table B4: Adjustments Budget Financial Performance (revenue by source)
  - (v.) Table B5 to B10: as well as the supporting tables SB1 to SB19
  
2. that Council in terms of section 54(1)(c) of the MFMA approves the revised SDBIP for 2019/2020 and adjusted performance agreements of the section 57 employees.