



6.1.1/30-09-2020

**AMENDMENTS TO INCOME, OPERATIONAL AND CAPITAL  
EXPENDITURE PROJECTIONS - ADJUSTMENT BUDGET 2020/21  
SEPTEMBER 2020**

**FOREWORD MAYOR: REVISED BUDGET 2020/21**

*"Honourable Speaker, Deputy Mayor, Councillors, Municipal  
Manager, Directors and Other staff members*

*In terms of Chapter 4, section 28 (1) of the Municipal Financial Management Act (Act 56 of 2003), a municipality may adjust an approved budget through an adjustment budget. Section 28(4) of the MFMA determines that only the mayor may table an adjustment budget in the municipal council, but an adjustments budget in terms of subsection 28(2)(b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.*

*Section 23(3) of the Municipal Budget and Reporting Regulations determines that – "If a national or provincial adjustment budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustment budget, table an adjustment budget referred to in section 28(2)(b) of the MFMA in the municipal council to appropriate these additional revenues."*

*It is my privilege to table the Revised Budget for 2020/21.*

*The main reason for revising the Annual budget is to ensure sufficient and adequate service delivery*

***The 2020/21 Revised Budget can be summarised as follows:***

- (a) Operational Income
  - The operational income decreased with R0.53 million to adjust to preliminary actual outcomes of 2019-2020.

b) *Operational Expenditure increase with R4,64 million mainly due to the following:*

- *An increase in debt impairment amounting to R6.6 million due to a decrease in the collection rate from 86% to 84%;*
- *A decrease of R0.84 million in the finance charges due to a decrease in the discount rates pertaining to employee provisions;*
- *A decrease in contracted services amounting to R0.92 million due to austerity measures implemented.*

(c) *Capital Expenditure*

- *An increase in capital expenditure funded through own income amounting to R0.24 million to make provision for capital requirements in order to meet service delivery objectives.*

*Cederberg Municipality is in no way immune to the harsh economic realities as a result of the COVID-19 pandemic. As far possible, the Municipality factored into the budget the effect the lockdown levels had on its economic environment. When analysing the results of financial ratio's it can be concluded that the COVID-19 pandemic did have an adverse effect from financial sustainability perspective. At this stage, the uncertainty still remains as to how long the pandemic will remain and how long the economy will take to recover from the lockdowns levels.*

*With the previous budget which was approved in July 2020, a turn-around strategy was also implemented. Given the current uncertainties, it is estimated that the effects from the turn-around strategy will be a slow process which could take 5 to 7 years to restore the current financial position to be a favourable one".*

**RESOLVED:**

1. Council approves the Adjustment Budget for 2020/21 financial year, amendments to income, operational and capital expenditure projections as set out in the following:
  - i. Municipal Budget tables B1 – B10
  - ii. Municipal Budget Supporting Documentation SB1 – SB19
2. The Service Delivery Budget Implementation Plan to be amended in line with these adjustments.

**Proposed:** Cllr. F Kamfer

**Seconded:** Cllr. M Heins

**Counter Proposal:** Cllr. W Farmer

(Never was there an explanation given as to why Treasury did not accept the previous budget)

**Secondant:** Cllr. R Witbooi

  
\_\_\_\_\_  
VOORSITTER / CHAIRPERSON

30 - 09 - 2020  
\_\_\_\_\_  
DATUM / DATE