

R400m less for BCM budget

By **ZOLILE MENZELWA**

Political Reporter

BUFFALO City Metro's operating and capital budget, as well as expected income from ratepayers, has shrunk by over R400-million.

There will be R6-million to spend on land acquisition.

Tabling his mid-term budget adjustment report before a city council meeting in City Hall yesterday, mayor Xola Pakati revealed:

- The operating budget has been cut by R253-million from R6.19-billion to R5.937-billion;

- The capital budget has been reduced by R79-million from R1.714-billion to R1.634-billion; and

- Income from property rates is down by R104-million.

Pakati said one of the reasons for the adjustment was a reallocation of money between the operating and capital budgets.

He said: "A reduction of R73.373-million is income foregone in respect of the social welfare package that is given to registered indigent consumers.

"This was previously classified as an expenditure item prior to the Municipal Standard Chart of Accounts reform."

These cuts were despite improved revenue from service charges, mainly electricity sales, which brought in an extra R58.7-million.

Water service revenue increased by R32.3-million.

Sanitation services revenue decreased by R72.8-million and there was a further reduction of R353 653 in grant funding from the department of public works.

There was a cash reduction of R44.460-million in the urban settlement development grant.

Of this money, R16.2-million was reallocated to spatial planning and development, R8-million to health, public safety and emergency services and R22.7-million to infrastructure services for phase two of the Bhisho, King William's Town and Zwelitsha sanitation project.

Refuse compactor trucks and other sections of the fleet were to receive a budget of R68-million.

Pakati said the adjustment budget was linked to the performance plans of heads of departments who were responsible for spending the revised budget.

"The mid-year adjustments to the 2017-18 budget do not have an impact on tariffs as these are funded from the current operating revenue that was already approved by council," he said.

Pakati said BCM continued to take a conservative approach to budgeting including the mid-year adjustment budget.

He said the approach involved an intensive internal process of assessing and determining whether the budgeted programmes and projects were responding to the city's strategic needs and priorities.

"The process further assessed the implementation readiness of the budgeted programmes and projects and the reallocation of the expenditure budget was informed by this assessment.

"This assessment indicated that the billing of services as at mid-year when compared to approved projections requires minor amendments," Pakati said.

He said the city was committed to putting all necessary revenue collection measures in place to achieve the set target of 92.5%. —

zolilem@tisoblackstar.co.za