uMGUNGUNDLOVU
UMASIPALA WESIFUNDA
DISTRICT MUNICIPALITY
DISTRIK MUNISIPALITEIT

ANNUAL BUDGET 2022/2023

27 May 2022

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PART 1 – ANNUAL BUDGET

A. MAYOR'S REPORT

Amakhosi Asendlunkulu
Speaker of Council
Deputy Mayor
Council whip
Exco Members
Fellow Councillors
Municipal Manager and Other Senior Managers
Members of the Media and most importantly uMgungundlovu communities

We are committed to building better communities together, we made the following commitments to our people before the 1 November 2021 Local Government Elections, and we remain resolute on those commitments:

We committed to develop accessible participatory budgeting systems which communities and all social partners can actively participate in.

This is also in keeping with the ideals of the Freedom Charter as it postulates that 'The People Shall Govern', in a practical way we invited civil society organisations in the form of Faith based organisations, Community Based Organisations, Non-Governmental Organisations, Ward Committees, business organisations and other community structures to participate in our IDP and budget formulation processes. This was done with the view to ensure that our people could express their views in so far as the IDP and the budget were concerned. We can indicate with certainty that the people of Khamanzi, Ozwathini, Mpolweni, Trusteed, Mpolweni, Swayimane, KwaHhaza, Mpophomeni, Nottingham, Rosetta, Thendele , Nyamvubu, Bruntville, Gomane, KwaKhetha, Fikesuthi, Nguga, Loteni, Maqongqo, Nkanyezini, Camperdown, Ngilanyoni, Nhlazuka, Hopewell and Greater Indaleni feel represented in our IDP and budget due to an extensive consultative process that was carried out when the draft IDP and Budget was presented to various community structures between April and May 2022.

We further made a commitment to make municipalities financially viable, that is we will work with all spheres of government to buttress processes to generate revenue and improve revenue collection. It is on the strength of this commitment that we will prioritise heightening revenue enhancement strategies and strive to ensure that under no circumstances should our collection rate drop below 60%. It is a daunting task noting our current revenue collection but with a focused and dedicated team, it is achievable.

We committed to improving the provision of water, sanitation and sewerage infrastructure and significantly reduce water leaks to our communities through working with national and provincial governments.

Amilcar Cabral, a true African Revolutionary stated, and I quote "Hide nothing from the masses of our people, tell no lies, expose lies whenever they are told, mask no difficulties, mistakes, failures, claim no easy victories". We know that we will need to work hard to achieve this commitment in view of the fact that only 36% of households have access to piped water that is reticulated to their homes and that there are parts of the District where our people still get water

through water tankers as a first level of access to this critical service which is a constitutional right in terms of section 27 of act no 108 of 1996. We need to change this situation around and that is why I invite this Council to commit to uMgungundlovu communities to improve access to piped water to 70% during its term of Office which ends in 2026. In relation to sanitation, a significant part of the District still uses pit toilets, which are dangerous to children and the aged but expose households to health hazards as well. We have a backlog of just over 26 000 across the District. We must aggressively roll back this backlog by providing, Ventilated Pit Latrines in line with standards set by the Department of Water and Sanitation as an elementary access to this critical service. To us it is not just a mantra that Water is Life and Sanitation is Dignity, it is a commitment.

We committed to increase the number of boreholes and water static tanks in communities where bulk water infrastructure is yet to be delivered and rehabilitate water pump stations and waste water treatment plants and improve water reticulation with the view to ensure that we increase the number of people who access water in the comfort of their own homes.

Our focus on water and sanitation also dovetails with the first of the eight priorities of the 6th Provincial Administration as encapsulated in the 2022 State of the Province Address delivered by Premier, Sihle Zikalala. The priority relates to 'Provision of basic services – immediate challenge being water'.

During the 2022 State of the Nation Address, His Excellency, President Cyril Ramaphosa categorically stated that 'water is the country's most precious natural resource, it is vital to life, to development and to economic growth'. This suggests that we should have relentless efforts to ensure water security for households and businesses in our District. This can mainly be achieved through the collaborative work of all spheres of government, in particular we need support from the Department of Water and Sanitation as well as COGTA. Our Technical Services Department must produce costed business plans for all the areas with no bulk water and sanitation infrastructure and submit those to the Department of Water and Sanitation for registration and potential funding.

We further committed to create jobs and drive economic development through working with all levels of government to grow the economy, increase jobs, and reduce poverty, especially for young women and men.

We assured our people that we will use District Development Model to drive local economic development, including township and rural economies based on comparative and strategic advantages and in consultation with district-based stakeholders.

We committed to work towards the establishment of business activities, particularly manufacturing, in and close to rural areas and townships so that people can live closer to their places of work and minimise exodus to major towns and cities.

We will never be deterred on our commitment to develop fresh produce markets and promote the sale of locally produced agricultural products in local markets and beyond.

We remain steadfastly committed to attending to challenges facing women, the disabled and young people in our communities which are quite daunting. Our population is youthful and unemployment amongst young people is very high hence youth development programmes should be prioritised by this Administration. We will do this inspired by the wise words of

President Oliver Reginald Tambo who said, and I quote "The children of any nation are its future, a movement, a person that does not value its youth and children does not value its future". We certainly value our future hence we will continue to work with all spheres of our government, civil society organisations and business organisations to drive youth development programmes.

We should continually strengthen collaborations with all spheres of government as well as civil society organisation with the view to fight against HIV & AIDS and Gender Based Violence (GBV) and Femicide which continue to bedevil our communities. The Local AIDS Councils in all seven local municipalities must be revived and optimally operate to frontally deal with these challenges, this is important for a District with 46% of HIV prevalence and skyrocketing figures of GBV cases. We applaud HIV/TB Care (NGO) which funded the 'Button Project 'as well as Siya Leader, an organisation which developed this first of its kind technology which is used to report GBV cases. We invite more NGOs and business entities to partner with us in our community services programmes which are targeting women, children, disabled sector, LGBTQI population as well as the men's sector. Support must be given to the initiative taken by a leader of the Disability Sector in Richmond, Mr Luthaka that is of building a Special School for the Disabled in Richmond, this will benefit our disabled children across the District and beyond, we are inspired by the interest demonstrated by the National Lotteries Commission to support this great initiative. We have an effective District AIDS Council where all the civil society organisations working with key population groups effectively participate.

Our commitment to develop 'one plan' and 'one budget' for our District, which is aligned to our Integrated Development Plan (IDP) and the medium-term priorities remains unshaken, as a matter of fact, we already have the first generation of 'One Plan 'and One Budget' document, it will be amended and aligned to the new planning and budget priorities of the current Administration.

Local Government is a legally regulated environment but most importantly it derives its mandate from the Constitution itself hence one would like to remind fellow Councillors and Senior Management of our Municipality about the legislative framework which should guide our planning and budgeting priorities throughout our term of Office.

Section 152 of the Constitution, states that the objectives of local government are
1- To provide democratic and accountable government for local communities
2- To ensure the provision of services to communities in a sustainable manner
3- To promote social and economic development
4- To promote a safe and healthy environment and
5- To encourage the involvement of communities and community organisations in the matters of local government.

The above is important as these have to reflect in the IDP, which in turn informs the Budget and translates into the high-level Service Delivery Budget Implementation Plan (SDBIP). We wish to assure our communities that a close scrutiny of our IDP and Budget will demonstrate that our priorities are anchored on our constitutional mandate.

Section 27 (1) of the Municipal Systems Act 2000 (Act 32 of 2000) states that, "Each district municipality, within a prescribed period after the start of its elected term and after following a consultative process with the local municipalities within its area, must adopt a framework for integrated development planning in the area as a whole". This Council adopted a draft IDP and Budget on 31 March 2022 and those documents became the basis of consultation with our community structures across our local municipalities. We have come up with a well consulted IDP and Budget which reflect the wishes and aspirations of our people in uMgungundlovu District. We can confidently indicate that our IDP and Budget are in line with the national and provincial legislation, policies, programmes, and strategies.

In terms of Section 84 of the Municipal Systems Act, the District Municipality is assigned with the following tasks:

* Integrated Development Planning;
* Water and Sanitation;
* Municipal Health Services;
* Solid waste disposal;
* Regulation of passenger transport services;
* Fire Fighting Services;
* Promotion of local tourism;
* Fresh produce markets and abattoirs;
* Control of cemeteries and crematoria servicing a major proportion of the district area;
* Municipal public works relating to the above functions.

It is against this background that our IDP, the Budget and Organisational Structure by and large are aligned to this legislative framework, and this should be the case for the duration of our term of Office.

By law, the Mayor of a municipality must co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies.

In terms of Municipal Finance Management Act, the Mayor of the Municipality must table the final annual budget before the start of the financial year. The budget assumptions and policies which have a direct impact to the tabled budget must also be prepared and submitted for approval as required by Section 21 (1) (a) of the MFMA. Where a municipality has entities under is control, then the Mayor must table a consolidated budget incorporating the entities.

This aims to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible.

This particular budget is tabled under very tough economic conditions and despite the anguish and devastation caused by the global pandemic, we have managed to put together a sound financial strategy to guide us for the year ahead. Loss of revenue at every level and the shrinking economy has forced us to be extremely conservative in our planning and budgeting. The budget is aligned to the Municipality's Integrated Development Plan (IDP) with its vision statement, mission statement, corporate values, key performance areas and its key focus areas but also from inputs by all councillors and our communities across our seven local municipalities particularly between April and May 2022.

The priorities for the municipality over the medium term include the following:

➢ Promotion of Good Governance and achievement of Clean Audits
➢ Improved collaborative work with all spheres of government though the District Development Model
➢ Addressing the sanitation backlog particularly in the rural parts of the District
➢ Expanding the current infrastructure to improve the standard of water provision and achieve 70 % reticulation to households
➢ Replacing ageing Infrastructure as well as asbestos pipes
➢ Heightening Revenue Enhancement Programmes with the view to improve collection rate and achieving financial viability
➢ Significantly reducing Non-Revenue Water in our District
➢ Eradication of meter tampering and illegal connections
➢ Commencing with the process of converting to smart meters and prepaid water meters although they require significant investment
➢ Phased provision of bulk water and sanitation infrastructure to Human Settlement projects in six (6) municipalities where UMDM is a Water Services Authority
➢ Construction of Disaster Management Centre
➢ Decentralisation of Fire Fighting Services with the view of increasing access to services and ensuring a speedy response whenever there are fire incidents
➢ Skills Revolution Programmes driven through partnerships with SETAs
➢ Environmental resilience programmes and projects will certainly be rolled out working with the relevant sector departments.
➢ Promotion of economic development initiatives and attracting investment opportunities in labour intensive industries, this will be anchored on the desire and plan to transform the District from being a consuming one into a manufacturing District.

This budget was also drawn up in line with guidelines set by political leadership and reflects our determination to reduce poverty, create jobs, expand our economy, and build and maintain our infrastructure and better service delivery.

Our focus has therefore been urgent projects and basic service delivery for our entire district. We are going back to basics, focusing on service delivery, and applying the budget to projects that matter most and benefit our residents. It is with all the above that I have the pleasure to table the 2022/23 funded budget as follows:

The budget estimates for the 2022/2023 MTREF period is presented to Council for consideration for approval.

As a water services authority, we are mandated to provide water and sanitation services in 6 of the 7 local municipalities under our area of jurisdiction. One local municipality, Msunduzi Municipality, is a water services authority in its own right.

The 2022/23 medium term expenditure framework, consisting of a R1.150 billion consolidated budget, has been developed with an intention to accelerate transformation towards an inclusive economy, ease and mitigate the negative impact of the Covid 19 pandemic, amongst others, and promote participation by all.

The Operating Revenue is estimated at R1.340 billion and projected to increase to R1.494 billion over the MTREF period ending 2024/2025.

Of the operating revenue, 49% will be funded from internal funding which is an increase from 39% in the 2021/22 adjustment budget. The grants contributing 51% of operating income from 60% as per adjusted budget 2021/22. The fluctuation in grant dependency is due to the introduction of a cost reflective tariff and the anticipated increase in consumption with the discontinuation of the flat rate charge for all metered connections.

The tariff of charges is set to be at a minimum of R22.04 per KL where R10.33 relates to the Umgeni Water bulk water tariff; R 8.04 to operational costs relating to the provision of water and sanitation services; and R3.68 for service growth.

Following the call by National Government to control government spending, the expenditure budget has been kept to the core functions but taking into account the increased demand for services and operational backlogs.

The Operating Expenditure is proposed at R943.811 million which reflects an increase of 10.68% from the special adjusted budget 2021/22. Of the expenditure items, R759.256 (80%) relates to cash items and R184.555 (20%) relates to non-cash items.

R259.299 million (29%) has been allocated to employee related costs including remuneration of Councillors which is within the National Treasury norm of 22–40%. Contracted services contribute 17% (R159.553 million) of the total operating costs. The administration continuously reviews the contracted services and operational costs in an effort to reduce/limit these costs. The anticipated increases in the various categories of operational expenditure are in line with the inflation rate.

The 2022/23 budget for capital expenditure is at a total of R206.974 million of which 99.13% (R205.174 million) of the capital expenditure will be funded by capital grants and 0.87% (R1.8 million) will be funded internally for the commencement of the design and planning of the Disaster Management Centre.

The budget surplus for the 2022/23 the MTREF is projected at R 394.854 million

Over and above our budget commitments in relation to water and sanitation programmes, our communities will benefit from Umgeni Water funded Bulk Water and Sanitation Infrastructure Programme. Some of these projects are underway, some will commence in the near future, and some are still in the planning stages,

Local municipality	Project name
Mpofana	Bruntville Pipeline – Greater Mpofana
Umngeni	Lions River to Nottingham Bulk Water Supply Scheme
Impendle	Impendle –inzinga /stepmore
Umngeni	Vulindlela Regional Bulk Water Supply Scheme
Umngeni	Hilton N3 Corridor
Umngeni	Mpophomeni Waste Water Treatment Works
Umngeni	Mphophomeni Water Leakage and recovery project
	Mkhomazi Bulk Water Supply Scheme
Umngeni	Roseta Water Treatment Works

Umngeni	Mpophomeni Sewer Line &
Umshwathi	Trustfeed Waste Water Treatment Works
Mkhambathini	Waste water treatment plant

On Cost Containment Measures, the municipality has clearly identified major or key cost drivers and committed to reducing its unnecessary operational expenditure, concentrate of core business expenditure, limit or stagger and prioritize filling of posts to those that affect statutory compliances. Further, as part of cost containment measures, the municipality is reviewing all its contracts with an effort to reduce unnecessary services within the contract. As part of cost containment measures, and consideration that water and sanitation are the core business programmes, where minor repairs to the meter and or reticulation are identified, they are fixed on the spot to reduce unaccounted for water and eventually reduce the cost of bulk water purchase. We ought to emphasise to Senior Management that we expect strict compliance with National Treasury Cost Containment Circulars as well as UMDM Cost Containment measures as adopted by Council at various intervals.

On Audit Outcome, our Municipality achieved an unqualified audit opinion on the Annual Financial Statements and improved in the number of findings affecting the audit opinion in the 2020/2021 financial year. This was a significant improvement from the previous audit cycles, the Accounting Officer and his team must be commended for this great achievement. The municipality's audit opinion on the Annual Performance Report improved to an unqualified audit opinion in the 2020/21 financial year.

We must improve the audit opinion on both the Annual Financial Statements and the Annual Performance Report in the current financial year. As a matter of fact, we would like to work towards achieving Clean Audits. This was previously achieved, and it can be achieved once again if Senior Managers ensure compliance with legislation and policies in their respective areas of responsibility. Portfolio Committees must continue to exercise strict oversight over their departments with the view to ensure that positive Audit Outcomes are achieved in each financial year during our term of Office. We also expect our Internal Audit Unit, MPAC and Audit Committee to leave no stone unturned in so far as ensuring Good Governance practices are made a norm in our municipality.

On Economy and Investment attraction, Council has a vision that uMgungundlovu District Municipality ultimately becomes a Metropolitan Municipality. On two previous occasions, an application was made to the Municipal Demarcation board and were unsuccessful. There are strict conditions set out by the MDB for the application to be considered successfully. Among these conditions, one, is economic viability, and the other is the availability of quality infrastructure. The latter is very critical when it comes to attracting investors to invest within the Municipality. We have started with the process of working towards achieving the METRO status. As the first step, we have applied to the MDB for three Municipalities to be amalgamated into one Municipality, these are iMpendle, uMngeni and Mpofana.

By so doing, we believe that when that one municipality is created, it will be much stronger financially, resources will be shared and the economy will spread with development happening to cover what is currently the rural parts of the Municipality, where people from iMpendle go to Howick for work as well as people from Mpofana.

When economic development happens for this One Municipality, people from these areas will no longer have to travel for work and will spend money in their own areas.

With an understanding that quality infrastructure is key to attract investors, we are working to ensure that in each of the current municipalities, water and sanitation infrastructure is improved for investors to find it conducive to invest in uMgungundlovu District.

As Council, we have a key role in securing investment in infrastructure. Vital assets such as roads, water, electricity, and sanitation need to be improved to be able to entice investors. Besides economic infrastructure, there is also a compelling need to invest in new social infrastructure, such as housing, industrial and commercial property, new schools, and hospitals, to continue to regenerate and revitalise the town centres, provide critical support to local economies and unlock the community's potential, enabling residents to access new education, skills, and work opportunities.

With the District Development Model already in place, where all spheres of government work together on projects and programmes for development, it only makes lighter work of improving services because of shared resources. We have no doubt in our minds that the five-year IDP that we have come up with, will help us achieve the vision of being a Metropolitan Municipality as well as have good enough infrastructure to attract businesses to invest in our Municipality.

UMgungundlovu Economic Development Agency (UMEDA) has now stabilised with the appointment of the Board with requisite competencies and experience as well as Chief Executive Officer with a wealth of experience in running the entities of the same kind. UMEDA will be focussing on high impact or catalytic economic development projects which include investment attraction to our District. We expect the Agency to operate within the legislative provisions of the MFMA in particular and create self-sustenance models, in a nutshell it should not depend on UMDM to fund its operations in the near future.

Our legitimate expectation which is in line with our vision of transforming the District from being a consuming one into a manufacturing district is that Agricultural economy be revived and be poised to create many jobs through the beneficiation of locally produced products such as timber from forestry in Umshwathi, Umngeni, Msunduzi, Richmond and Impendle local municipalities. Sugar Cane industry is also strong in Umshwathi and Mkhambathini with a number of emerging cane growers needing support that will enable them to operate optimally in this white male dominated industry. Crop and livestock farming must also be given attention with the specific attention being given on investigating the growing of cannabis and hemp in keeping with the pronouncement made by His Excellency, President Ramaphosa in so far it relates to Cannabis and Hemp production, the President stated, and I quote "we will review the policy and regulatory framework for industrial hemp and cannabis to realise the huge potential for investment and job creation". We must leverage on the pronouncement made by the Hon Premier during the 2021 SOPA in relation to the establishment of the Clothing and Textile SEZ in particular and indication about the creation of a clothing and textile belt which should start from Newcastle and link Ladysmith, Mooi River, Pietermaritzburg, Hammarsdale, Isithebe, Dube Trade Port to Richards Bay Industrial Development Zone. Mooi River and Pietermaritzburg once had thriving textile and leather industries respectively and every effort should be made to revive these labour-intensive industries.

We would like to conclude by once again drawing on a well of wisdom of a great African Revolutionary, Amilcar Cabral who said and I quote "*Always bear in mind that the people are not fighting for ideas, for the things anyone's head. They are fighting to win material benefits, to live better and in peace, to see their lives go forward, to guarantee the future of their children*".

Through this funded budget we believe that the lives of our people will be better than in yesteryears and that the future of our children will certainly be better and alive with prospects of success

1.2 RESOLUTIONS

It is recommended that Council considers for approval the budget estimates for the 2022/23 MTREF period as follows:

a) The proposed budget funding of R1 545 639 377 be approved to be funded from the following:

Internally Generated Revenue	R 660 123 377
Grant Funding	R 885 516 000

b) The proposed expenditure appropriations of R 1 150 785 371 be approved and be allocated as follows:

Operating Expenditure	R 943 811 371
Capital Programme	R 206 974 000

c) The capital expenditure programme of R 206 974 000 be approved and funded from the following sources:

MIG	R 116 867 000
WSIG	R 85 600 000
RRAMS	R 2 707 000
Internal Funding	R 1 800 000

d) The funding allocation for UMEDA be approved at R 7 500 000 for the 2022/23 financial year.

e) That the Full Council approves the tariff of charges to be at a minimum of R22.04 per KL where R10.33 relates to the Umngeni Water bulk water tariff; R 8.03 to the operational cost component and R3.68 for service growth.

f) That the Full Council approves the discontinuation of the flat rate on all metered connections.

g) The approved 2022/23 budget estimates be made public in the manner envisaged by Chapter 4 of the Local Government: Municipal Systems Act.

h) The Accounting Officer submit the approved budget as well as all supporting schedules and documentation as required by Sec 17(3) of the MFMA to both the Provincial and National Treasuries.

i) That Council considers and approves the reviewed budget related policies which include:

1. Budget Policy
2. Cash Management, Banking, and Investment Policy
3. Cost Containment Policy
4. Debt Management and Credit Control Policy
5. Debt Write-off Policy
6. Fixed Assets Policy
7. HR Related Policies
8. Indigent Policy
9. Inventory Management Policy
10. Petty Cash Policy
11. Supply Chain Management Policy
12. Tariff Policy

1.3 EXECUTIVE SUMMARY

The Operating Revenue is estimated at R1.340 billion and projected to increase to R1.494 billion over the MTREF period ending 2024/2025.

Of the operating revenue, 49% will be funded from internal funding which is an increase from 39% in the 2021/22 adjustment budget. The grants contributing 51% of operating income from 60% as per adjusted budget 2021/22. The fluctuation in grant dependency is due to the introduction of a cost reflective tariff and the anticipated increase in consumption with the discontinuation of the flat rate charge for all metered connections.

The minimum tariff is set to be at a minimum of R22.04 per KL where R10.33 relates to the Umgeni Water bulk water tariff; R 8.03 to operational costs and R3.68 for service growth.
Bulk water purchases from Umgeni Water which constitute 47% of the proposed tariff value; core operational costs constitute 36% of the proposed tariff value service growth contributes 17% of the proposed tariff value and is key for purposes of enhancing service delivery.

Following the call by National Government to control government spending, the expenditure budget has been kept to the bare necessities but considering the increased demand for services as well as operating backlogs. The Operating Expenditure is proposed at R943.811 million which reflects an increase of 10.68% from the special adjusted budget 2021/22. Of the expenditure items, R759.256 (80%) relates to cash items and R184.555 (20%) relates to non-cash items. Of the total operating expenditure, R259.299 million (29%) has been allocated to Employee Related Costs including Remuneration of Councillors which is within the National Treasury norm of 22–40%. Contracted services contribute 17% (R159.553 million) of the total operating costs. The user departments continuously review the contracted services and operational costs in an effort to reduce these costs.

Capital expenditure is set to decrease by 27% from R 282.335 million in the 2021/22 special adjustment budget to R206.974 million in the 2022/23 budget. There are no expected borrowings to finance the capital investment programme. A total of 18% of the total budget will be spent on the capital investment programme, which is in line with the treasury guide of at least 10%-20% of capital expenditure to total expenditure.

The proposed budget for capital expenditure is at a total of R206.974 million of which 99.13% (R205.174 million) of the capital expenditure will be funded by capital grants and 0.87% (R1.8 million) will be funded internally for the commencement of the design and planning of the Disaster Management Centre.

The budget surplus for the 2022/23 the MTREF is projected at R 394.854 million

1.4 ANNUAL BUDGET TABLES

Table 1 Consolidated Budget Summary

DC22 uMgungundlovu - Table A1 Bunary

Description	2018/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Financial Performance									
Property rates	–	–	–	–	–	–	–	–	–
Service charges	285 428	297 450	366 595	364 095	364 095	272 561	624 472	651 949	681 286
Investment revenue	6 091	2 907	548	2 728	2 728	2 635	2 859	2 985	3 119
Transfers recognised - operational	543 773	585 531	611 851	311 927	311 927	621 770	346 101	364 603	394 415
Other own revenue	48 012	63 766	13 936	354 451	354 451	39 822	367 033	390 457	415 623
Total Revenue (excluding capital transfers and contributions)	883 304	949 654	992 929	1 033 202	1 033 202	936 788	1 340 465	1 409 994	1 494 443
Employee costs	258 925	265 248	275 256	260 394	260 394	225 327	258 671	267 469	279 245
Remuneration of councillors	11 606	11 691	12 957	11 587	11 587	9 241	12 114	12 647	13 216
Depreciation & asset impairment	54 113	51 582	44 590	44 606	44 606	40 248	53 555	53 547	53 547
Finance charges	25 509	21 033	20 120	20 120	20 120	16 999	18 771	17 404	15 921
Inventory consumed and bulk purchases	–	–	278 588	207 181	207 181	233 987	227 286	237 286	247 964
Transfers and grants	5 084	6 500	7 958	9 158	9 158	9 161	7 500	7 830	8 182
Other expenditure	412 863	421 229	210 527	302 301	302 301	190 946	365 914	372 524	388 684
Total Expenditure	768 099	777 283	849 995	855 347	855 347	725 910	943 811	968 707	1 006 760
Surplus/(Deficit)	115 205	172 371	142 934	177 855	177 855	210 878	396 654	441 287	487 683
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	179 434	224 928	195 479	213 479	213 479	180 279	205 174	215 592	220 794
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	7 029	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers &	301 668	397 299	338 413	391 334	391 334	391 157	601 828	656 879	708 477
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	301 668	397 299	338 413	391 334	391 334	391 157	601 828	656 879	708 477
Capital expenditure & funds sources									
Capital expenditure	65 519	162 641	195 479	186 327	186 327	197 925	180 212	187 905	191 192
Transfers recognised - capital	58 260	154 241	195 479	185 634	185 634	196 732	177 101	187 905	191 192
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	7 259	8 400	–	693	693	1 193	3 111	–	–
Total sources of capital funds	65 519	162 641	195 479	186 327	186 327	197 925	180 212	187 905	191 192
Financial position									
Total current assets	262 399	182 037	609 751	774 822	774 822	463 802	1 252 193	1 660 717	2 090 619
Total non current assets	2 039 697	2 155 621	2 288 443	2 316 065	2 316 065	4 587 346	2 476 190	2 610 563	2 747 772
Total current liabilities	407 073	325 449	191 985	249 166	249 166	(385 099)	365 447	444 294	550 452
Total non current liabilities	219 192	210 161	208 229	210 161	210 161	(195 492)	191 090	186 847	182 429
Community wealth/Equity	1 558 317	1 558 422	2 497 799	2 631 541	2 631 541	(3 385 724)	3 171 845	3 640 138	4 105 511
Cash flows									
Net cash from (used) operating	–	–	192 384	201 728	201 728	(55)	356 344	398 281	435 707
Net cash from (used) investing	–	–	(195 479)	(195 479)	(195 479)	–	(205 174)	(215 592)	(220 794)
Net cash from (used) financing	–	–	(10 962)	(10 962)	(10 962)	–	(13 052)	(14 073)	(7 834)
Cash/cash equivalents at the year end	19	22	278 589	77 676	77 676	233 077	219 080	387 696	594 774
Cash backing/surplus reconciliation									
Cash and investments available	88 649	82 391	146 323	82 390	82 390	201 444	79 465	77 903	76 270
Application of cash and investments	304 500	288 092	(18 486)	27 229	27 229	(339 626)	(474 035)	(723 428)	(971 209)
Balance - surplus (shortfall)	(215 851)	(205 701)	164 809	55 161	55 161	541 070	553 500	801 331	1 047 480
Asset management									
Asset register summary (WDV)	2 526 223	2 705 272	2 288 443	2 525 960	2 525 960	2 525 960	2 475 755	2 610 128	2 747 772
Depreciation	46 260	46 880	44 590	44 590	44 590	44 590	53 555	53 547	53 547
Renewal and Upgrading of Existing Assets	46 345	81 603	26 172	3 589	3 589	3 589	94 467	54 667	–
Repairs and Maintenance	430	5	48 883	10 602	10 602	10 602	11 663	12 176	12 724
Free services									
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–
Households below minimum service level									
Water:	–	41	41	41	41	41	41	41	41
Sanitation/sewerage:	–	32	32	32	32	32	32	32	32
Energy:	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–

BUDGET ESTIMATES FOR 2022/23 MTREF TO 2024/25 MTREF								
	Original Budget 2021/22	Adjustment Budget 2021/22	Special Adjustment Budget 1: 2021/22	Special Adjustment Budget 2: 2021/22	Draft Budget 2022/23	Final Budget 2022/23	Budget 2023/24	Budget 2024/25
Operating Grants & Transfers Received	611 851 000.00	623 586 422.54	623 586 422.54	623 586 422.54	691 442 000.00	680 342 000.00	720 825 000.00	774 262 000.00
Internally Generated Revenue	381 078 174.36	409 615 120.05	409 615 120.05	410 140 120.05	707 523 258.38	660 123 376.85	689 168 805.43	720 181 401.67
Operating Expenditure	849 995 163.58	855 346 956.29	855 346 956.29	852 708 672.29	954 417 587.00	943 811 371.41	970 195 302.55	1 009 903 571.70
Operating Surplus / (Deficit)	**142 934 010.78**	**177 854 586.30**	**177 854 586.30**	**181 017 870.30**	**444 547 671.38**	**396 654 005.43**	**439 798 502.87**	**484 539 829.97**
Capital Transfers Recognized	195 479 000.00	213 479 000.00	278 479 000.00	278 479 000.00	205 174 000.00	205 174 000.00	215 592 000.00	220 794 000.00
Surplus/ (Deficit) for the year	**338 413 010.78**	**391 333 586.30**	**456 333 586.30**	**459 496 870.30**	**649 721 671.38**	**601 828 005.43**	**655 390 502.87**	**705 333 829.97**
Less: Capital expenditure	195 479 000.00	214 172 168.55	279 172 168.55	282 335 452.55	205 174 000.00	206 974 000.00	215 591 000.00	220 794 000.00
Budget Cash Surplus	**142 934 010.78**	**177 161 417.75**	**177 161 417.75**	**177 161 417.75**	**444 547 671.38**	**394 854 005.43**	**439 799 502.87**	**484 539 829.97**
Add: Non-Cash Items	89 590 371.38	169 626 588.38	169 626 588.38	169 626 588.38	184 554 785.58	184 554 785.58	192 675 196.14	201 345 579.97
Net Budget Cash Position	**232 524 382.16**	**346 788 006.13**	**346 788 006.13**	**346 788 006.13**	**629 102 456.96**	**579 408 791.01**	**632 474 699.02**	**685 885 409.95**

Table 2 Consolidated Budgeted financial performance (revenue and expenditure by classification)

DC22 uMgungundlovu - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional										
Governance and administration		**499 190**	**541 640**	**646 300**	**610 100**	**617 290**	**617 290**	**674 464**	**724 384**	**777 981**
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		499 190	541 640	646 300	610 100	617 290	617 290	674 464	724 384	777 981
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**2 310**	**3 394**	**2 956**	**2 299**	**2 299**	**2 299**	**2 287**	**–**	**–**
Community and social services		2 310	3 394	2 956	2 299	2 299	2 299	2 287	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**9 380**	**9 043**	**10 546**	**2 586**	**14 321**	**14 321**	**9 707**	**2 718**	**2 817**
Planning and development		6 849	6 362	7 994	–	11 735	11 735	–	–	–
Road transport		2 531	2 681	2 552	2 586	2 586	2 586	2 707	2 718	2 817
Environmental protection		–	–	–	–	–	–	7 000	–	–
Trading services		**500 427**	**515 238**	**514 779**	**573 423**	**612 770**	**612 770**	**859 181**	**898 484**	**934 439**
Energy sources		–	–	–	–	–	–	–	–	–
Water management		471 994	492 331	499 311	542 191	568 539	568 539	780 026	815 845	848 082
Waste water management		28 433	22 907	15 468	31 232	44 232	44 232	79 156	82 638	86 357
Waste management		–	–	–	–	–	–	–	–	–
Other	4	**781**	**451**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Revenue - Functional	2	**1 012 087**	**1 069 767**	**1 174 582**	**1 188 408**	**1 246 681**	**1 246 681**	**1 545 639**	**1 625 586**	**1 715 237**
Expenditure - Functional										
Governance and administration		**436 334**	**582 138**	**411 965**	**290 764**	**(47 626)**	**(47 626)**	**385 292**	**393 108**	**405 278**
Executive and council		43 966	45 356	55 482	41 355	47 506	47 506	48 674	50 823	53 110
Finance and administration		391 891	535 426	356 304	244 678	(98 655)	(98 655)	327 196	333 807	343 308
Internal audit		477	1 355	179	4 731	3 523	3 523	9 421	8 479	8 860
Community and public safety		**86 281**	**87 452**	**92 439**	**94 387**	**96 531**	**96 531**	**43 616**	**45 271**	**47 291**
Community and social services		85 491	87 634	89 619	11 666	90 281	90 281	27 348	28 551	29 836
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		790	(236)	2 812	82 720	6 250	6 250	16 268	16 720	17 455
Housing		–	–	–	–	–	–	–	–	–
Health		–	54	8	–	–	–	–	–	–
Economic and environmental services		**24 982**	**40 799**	**29 997**	**6 902**	**18 547**	**18 547**	**69 176**	**64 912**	**67 833**
Planning and development		17 063	34 048	24 847	886	6 812	6 812	61 626	64 338	67 233
Road transport		2 137	2 451	2 219	1 159	–	–	–	–	–
Environmental protection		5 782	4 300	2 930	4 856	11 735	11 735	7 550	574	600
Trading services		**391 641**	**281 948**	**513 906**	**457 943**	**787 895**	**787 895**	**445 727**	**465 415**	**486 359**
Energy sources		–	–	–	–	–	–	–	–	–
Water management		332 822	378 018	423 574	433 712	767 977	767 977	309 757	323 386	337 939
Waste water management		58 819	(96 070)	90 332	24 231	19 918	19 918	135 970	142 029	148 420
Waste management		–	–	–	–	–	–	–	–	–
Other	4	**14 922**	**262**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Expenditure - Functional	3	**954 160**	**992 599**	**1 048 306**	**849 995**	**855 347**	**855 347**	**943 811**	**968 707**	**1 006 760**
Surplus/(Deficit) for the year		**57 927**	**77 168**	**126 276**	**338 413**	**391 334**	**391 334**	**601 828**	**656 879**	**708 477**

Table 3 Consolidated Budgeted financial performance (revenue and expenditure by municipal vote)

DC22 uMgungundlovu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote	1									
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–
Vote 2 - Finance & Administration		22 536	11 451	71 561	610 100	320 397	320 397	338 850	360 981	384 766
Vote 3 - Community & Social Services		476 654	530 189	574 739	–	296 893	296 893	335 614	363 403	393 215
Vote 4 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 5 - Water Management		–	26	–	–	–	–	–	–	–
Vote 6 - Waste Water Management		–	–	–	–	–	–	–	–	–
Vote 7 - Planning and Development		6 849	6 362	7 842	–	11 735	11 735	–	–	–
Vote 8 - Waste Management		–	–	–	–	–	–	7 000	–	–
Vote 9 - Road Transport		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - Public Safety		474 525	495 012	501 863	544 777	571 125	571 125	782 733	818 563	850 899
Vote 12 - 0		28 433	22 907	15 468	31 232	44 232	44 232	79 156	82 638	86 357
Vote 13 - 0		2 310	3 368	2 956	2 299	2 299	2 299	2 287	–	–
Vote 14 - 0		781	451	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**1 012 087**	**1 069 767**	**1 174 430**	**1 188 408**	**1 246 681**	**1 246 681**	**1 545 639**	**1 625 586**	**1 715 237**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive & Council		43 966	53 319	63 475	48 599	54 750	54 750	48 674	50 823	53 110
Vote 2 - Finance & Administration		339 758	482 657	314 778	138 231	(156 753)	(156 753)	269 431	274 104	281 535
Vote 3 - Community & Social Services		58 545	49 890	40 032	107 161	60 012	60 012	65 265	67 533	69 955
Vote 4 - Internal audit		477	1 355	179	4 731	3 523	3 523	9 421	8 479	8 860
Vote 5 - Water Management		61 352	67 583	69 479	2 261	81 121	81 121	19 848	20 721	21 654
Vote 6 - Waste Water Management		–	–	19 660	–	–	–	–	–	–
Vote 7 - Planning and Development		17 063	34 048	24 847	886	6 812	6 812	61 626	64 338	67 233
Vote 8 - Waste Management		5 782	4 300	2 930	4 856	11 735	11 735	7 550	574	600
Vote 9 - Road Transport		790	(236)	2 812	82 720	6 250	6 250	16 268	16 720	17 455
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - Public Safety		334 959	380 469	425 793	434 871	767 977	767 977	309 757	323 386	337 939
Vote 12 - 0		58 819	(96 070)	70 672	24 231	19 918	19 918	135 970	142 029	148 420
Vote 13 - 0		14 112	14 927	13 640	1 447	2	2	–	–	–
Vote 14 - 0		14 922	262	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**950 544**	**992 505**	**1 048 298**	**849 995**	**855 347**	**855 347**	**943 811**	**968 707**	**1 006 760**
Surplus/(Deficit) for the year	2	**61 543**	**77 262**	**126 132**	**338 413**	**391 334**	**391 334**	**601 828**	**656 879**	**708 477**

Table 4 Consolidated Budgeted financial performance (revenue and expenditure)

DC22 uMgungundlovu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	224 849	262 520	281 982	335 363	337 863	337 863	254 918	545 316	569 310	594 929
Service charges - sanitation revenue	2	28 433	22 907	15 468	31 232	26 232	26 232	17 643	79 156	82 638	86 357
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		257	11	–	–	–	–	936	–	–	–
Interest earned - external investments		8 090	6 091	2 907	548	2 728	2 728	2 635	2 859	2 985	3 119
Interest earned - outstanding debtors		39 000	46 835	47 999	13 936	42 792	42 792	31 979	32 792	34 235	35 776
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	673	–	–	–	–	6 876	–	–	–
Licences and permits		–	–	–	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		493 081	543 773	585 531	611 851	311 927	311 927	621 770	346 101	364 603	394 415
Other revenue	2	832	493	15 767	–	311 659	311 659	32	334 241	356 222	379 847
Gains		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**794 541**	**883 304**	**949 654**	**992 929**	**1 033 202**	**1 033 202**	**936 788**	**1 340 465**	**1 409 994**	**1 494 443**
Expenditure By Type											
Employee related costs	2	242 633	258 925	265 248	275 256	260 394	260 394	225 327	258 671	267 469	279 245
Remuneration of councillors		11 628	11 606	11 691	12 957	11 587	11 587	9 241	12 114	12 647	13 216
Debt impairment	3	221 071	169 656	187 820	45 000	125 020	125 020	222	131 000	136 764	142 918
Depreciation & asset impairment	2	46 642	54 113	51 582	44 590	44 606	44 606	40 248	53 555	53 547	53 547
Finance charges		14 634	25 509	21 033	20 120	20 120	20 120	16 999	18 771	17 404	15 921
Bulk purchases - electricity	2	–	–	–	–	–	–	–	–	–	–
Inventory consumed	8	–	–	–	278 588	207 181	207 181	233 987	227 286	237 286	247 964
Contracted services		200 877	187 886	191 044	130 852	119 444	119 444	132 240	159 554	157 909	165 015
Transfers and subsidies		6 416	5 084	6 500	7 958	9 158	9 158	9 161	7 500	7 830	8 182
Other expenditure	4, 5	46 413	55 321	42 365	34 675	57 837	57 837	58 483	75 361	77 851	80 751
Losses		–	–	–	–	–	–	–	–	–	–
Total Expenditure		**790 312**	**768 099**	**777 283**	**849 995**	**855 347**	**855 347**	**725 910**	**943 811**	**968 707**	**1 006 760**
Surplus/(Deficit)		**4 229**	**115 205**	**172 371**	**142 934**	**177 855**	**177 855**	**210 878**	**396 654**	**441 287**	**487 683**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		217 546	179 434	224 928	195 479	213 479	213 479	180 279	205 174	215 592	220 794
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	7 029	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**221 775**	**301 668**	**397 299**	**338 413**	**391 334**	**391 334**	**391 157**	**601 828**	**656 879**	**708 477**
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		**221 775**	**301 668**	**397 299**	**338 413**	**391 334**	**391 334**	**391 157**	**601 828**	**656 879**	**708 477**
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**221 775**	**301 668**	**397 299**	**338 413**	**391 334**	**391 334**	**391 157**	**601 828**	**656 879**	**708 477**
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		**221 775**	**301 668**	**397 299**	**338 413**	**391 334**	**391 334**	**391 157**	**601 828**	**656 879**	**708 477**

Table 5 Consolidated Budgeted Capital Expenditure by vote, standard classification, and funding

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote											
Multi-year expenditure ***to be appropriated***	2										
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance & Administration		–	–	–	–	–	–	–	–	–	–
Vote 3 - Community & Social Services		–	–	–	–	–	–	–	–	–	–
Vote 4 - Internal audit		–	–	–	–	–	–	–	–	–	–
Vote 5 - Water Management		–	–	–	–	–	–	–	–	–	–
Vote 6 - Waste Water Management		–	–	–	–	–	–	–	–	–	–
Vote 7 - Planning and Development		–	–	–	–	–	–	–	–	–	–
Vote 8 - Waste Management		–	–	–	–	–	–	–	–	–	–
Vote 9 - Road Transport		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 12 - 0		–	–	–	–	–	–	–	–	–	–
Vote 13 - 0		–	–	–	–	–	–	–	–	–	–
Vote 14 - 0		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Single-year expenditure ***to be appropriated***	2										
Vote 1 - Executive & Council		4	–	–	–	–	–	–	–	–	–
Vote 2 - Finance & Administration		68 138	7 116	170	–	693	693	1 193	–	–	–
Vote 3 - Community & Social Services		9 218	143	1 601	–	–	–	–	–	–	–
Vote 4 - Internal audit		–	–	–	–	–	–	–	–	–	–
Vote 5 - Water Management		–	–	–	–	–	–	–	1 800	–	–
Vote 6 - Waste Water Management		–	–	–	–	–	–	–	–	–	–
Vote 7 - Planning and Development		2 970	–	–	–	–	–	–	–	–	–
Vote 8 - Waste Management		–	–	–	–	–	–	–	–	–	–
Vote 9 - Road Transport		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - Public Safety		2 061 299	58 260	160 871	191 479	153 460	153 460	315 478	177 977	187 470	191 192
Vote 12 - 0		837 000	–	–	4 000	32 174	32 174	–	435	435	–
Vote 13 - 0		–	–	–	–	–	–	–	–	–	–
Vote 14 - 0		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**2 978 630**	**65 519**	**162 641**	**195 479**	**186 327**	**186 327**	**316 671**	**180 212**	**187 905**	**191 192**
Total Capital Expenditure - Vote		**2 978 630**	**65 519**	**162 641**	**195 479**	**186 327**	**186 327**	**316 671**	**180 212**	**187 905**	**191 192**
Capital Expenditure - Functional											
Governance and administration		**77 360**	**7 259**	**1 771**	**–**	**693**	**693**	**1 193**	**–**	**–**	**–**
Executive and council		4	–	–	–	–	–	–	–	–	–
Finance and administration		77 356	7 259	1 771	–	693	693	1 193	–	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1 800**	**–**	**–**
Community and social services		–	–	–	–	–	–	–	1 800	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**2 970**	**–**	**–**	**2 586**	**2 249**	**2 249**	**–**	**2 354**	**2 363**	**2 450**
Planning and development		2 970	–	–	–	–	–	–	–	–	–
Road transport		–	–	–	2 586	2 249	2 249	–	2 354	2 363	2 450
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		**2 898 299**	**58 260**	**160 871**	**192 893**	**183 385**	**183 385**	**315 478**	**176 058**	**185 543**	**188 743**
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		2 061 299	58 260	160 871	188 893	151 211	151 211	315 478	175 623	185 108	188 743
Waste water management		837 000	–	–	4 000	32 174	32 174	–	435	435	–
Waste management		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	**2 978 630**	**65 519**	**162 641**	**195 479**	**186 327**	**186 327**	**316 671**	**180 212**	**187 905**	**191 192**
Funded by:											
National Government		2 887 485	58 260	155 162	195 479	169 982	169 982	315 478	178 412	187 905	191 192
Provincial Government		–	–	–	–	15 652	15 652	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**2 887 485**	**58 260**	**155 162**	**195 479**	**185 634**	**185 634**	**315 478**	**178 412**	**187 905**	**191 192**
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		80 331	7 259	7 480	–	693	693	1 193	1 800	–	–
Total Capital Funding	7	**2 967 815**	**65 519**	**162 641**	**195 479**	**186 327**	**186 327**	**316 671**	**180 212**	**187 905**	**191 192**

Table 6 Consolidated Budgeted Financial Position

DC22 uMgungundlovu - Table A6 Budgeted Financial Position

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
ASSETS											
Current assets											
Cash		30 450	84 345	78 070	142 573	78 069	78 069	196 268	75 145	73 582	71 950
Call investment deposits	1	15 811	4 304	4 321	3 750	4 321	4 321	5 176	4 321	4 321	4 321
Consumer debtors	1	74 773	87 340	90 238	460 590	218 406	218 406	249 574	504 171	805 129	1 119 631
Other debtors		52 180	83 890	4 901	318	469 519	469 519	8 277	664 068	773 196	890 230
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	2 461	2 520	4 507	2 520	4 507	4 507	4 507	4 488	4 488	4 488
Total current assets		**175 675**	**262 399**	**182 037**	**609 751**	**774 822**	**774 822**	**463 802**	**1 252 193**	**1 660 717**	**2 090 619**
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	1 955 507	2 039 517	2 154 009	2 288 439	2 297 446	2 297 446	4 587 068	2 454 277	2 588 634	2 725 844
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		1 329	175	1 609	0	18 615	18 615	274	21 909	21 924	21 924
Other non-current assets		4	4	4	4	4	4	4	4	4	4
Total non current assets		**1 956 839**	**2 039 697**	**2 155 621**	**2 288 443**	**2 316 065**	**2 316 065**	**4 587 346**	**2 476 190**	**2 610 563**	**2 747 772**
TOTAL ASSETS		**2 132 514**	**2 302 096**	**2 337 658**	**2 898 195**	**3 090 887**	**3 090 887**	**5 051 149**	**3 728 383**	**4 271 279**	**4 838 392**
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	9 670	10 008	10 962	–	–	–	(10 962)	13 678	7 421	7 739
Consumer deposits		6 533	6 844	7 259	7 116	7 258	7 258	7 495	7 999	8 394	8 807
Trade and other payables	4	261 957	386 670	302 802	181 317	237 483	237 483	(386 058)	339 905	424 912	530 651
Provisions		19 093	3 552	4 425	3 552	4 425	4 425	4 427	3 865	3 567	3 255
Total current liabilities		**297 253**	**407 073**	**325 449**	**191 985**	**249 166**	**249 166**	**(385 099)**	**365 447**	**444 294**	**550 452**
Non current liabilities											
Borrowing		207 633	186 492	175 530	175 530	175 530	175 530	(160 861)	149 542	142 121	134 381
Provisions		33 285	32 699	34 631	32 699	34 631	34 631	(34 631)	41 548	44 727	48 048
Total non current liabilities		**240 918**	**219 192**	**210 161**	**208 229**	**210 161**	**210 161**	**(195 492)**	**191 090**	**186 847**	**182 429**
TOTAL LIABILITIES		**538 170**	**626 265**	**535 610**	**400 214**	**459 327**	**459 327**	**(580 591)**	**556 538**	**631 141**	**732 881**
NET ASSETS	5	**1 594 344**	**1 675 831**	**1 802 049**	**2 497 981**	**2 631 559**	**2 631 559**	**5 631 739**	**3 171 845**	**3 640 138**	**4 105 511**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 529 551	1 533 688	1 533 785	2 473 170	2 606 904	2 606 904	(3 361 087)	3 147 208	3 615 501	4 080 874
Reserves	4	24 629	24 629	24 637	24 629	24 637	24 637	(24 637)	24 637	24 637	24 637
TOTAL COMMUNITY WEALTH/EQUITY	5	**1 554 179**	**1 558 317**	**1 558 422**	**2 497 799**	**2 631 541**	**2 631 541**	**(3 385 724)**	**3 171 845**	**3 640 138**	**4 105 511**

Table 7 Consolidated Budgeted Cash Flow

DC22 uMgungundlovu - Table A7 Budgeted Cash Flows

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	–	–	–	–	–	–	–	–
Service charges		–	–	–	141 999	151 204	151 204	–	226 217	236 171	246 799
Other revenue		–	–	–	–	–	–	–	334 241	356 222	379 847
Transfers and Subsidies - Operational	1	–	–	–	611 851	623 586	623 586	(55)	346 101	364 603	394 415
Transfers and Subsidies - Capital	1	–	–	–	195 479	213 479	213 479	–	205 174	215 592	220 794
Interest		–	–	–	–	–	–	–	2 859	2 985	3 119
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		–	–	–	(728 867)	(756 557)	(756 557)	–	(731 426)	(751 491)	(784 441)
Finance charges		–	–	–	(20 120)	(20 120)	(20 120)	–	(19 322)	(17 971)	(16 644)
Transfers and Grants	1	–	–	–	(7 958)	(9 865)	(9 865)	–	(7 500)	(7 830)	(8 182)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**–**	**–**	**–**	**192 384**	**201 728**	**201 728**	**(55)**	**356 344**	**398 281**	**435 707**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		–	–	–	(195 479)	(195 479)	(195 479)	–	(205 174)	(215 592)	(220 794)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**–**	**–**	**(195 479)**	**(195 479)**	**(195 479)**	**–**	**(205 174)**	**(215 592)**	**(220 794)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	(741)	(395)	(413)
Payments											
Repayment of borrowing		–	–	–	(10 962)	(10 962)	(10 962)	–	(12 310)	(13 678)	(7 421)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**–**	**(10 962)**	**(10 962)**	**(10 962)**	**–**	**(13 052)**	**(14 073)**	**(7 834)**
NET INCREASE/ (DECREASE) IN CASH HELD		**–**	**–**	**–**	**(14 057)**	**(4 713)**	**(4 713)**	**(55)**	**138 118**	**168 615**	**207 079**
Cash/cash equivalents at the year begin:	2	7	19	22	292 645	82 390	82 390	233 131	**80 962**	**219 080**	**387 696**
Cash/cash equivalents at the year end:	2	**7**	**19**	**22**	**278 589**	**77 676**	**77 676**	**233 077**	**219 080**	**387 696**	**594 774**

Table 9 Consolidated Asset Management

DC22 uMgungundlovu - Table A9 Asset Management

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CAPITAL EXPENDITURE										
Total New Assets	1	**116 216**	**19 174**	**81 039**	**169 307**	**182 738**	**182 738**	**85 311**	**132 804**	**191 192**
Roads Infrastructure		–	–	–	2 586	2 249	2 249	2 354	2 363	2 450
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		99 458	19 174	81 039	162 721	147 790	147 790	81 157	130 441	188 743
Sanitation Infrastructure		13 788	–	–	4 000	32 174	32 174	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***113 246***	***19 174***	***81 039***	***169 307***	***182 212***	***182 212***	***83 511***	***132 804***	***191 192***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	1 800	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	***1 800***	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	**526**	**526**	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		**2 970**	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	**2 334 270**	**7 259**	**1 771**	–	**168**	**168**	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		1 433 697	–	–	–	–	–	–	–	–
Sanitation Infrastructure		823 213	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***2 256 910***	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		**4**	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		31 850	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***31 850***	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		9 218	143	1 601	–	–	–	–	–	–
Intangible Assets		***9 218***	***143***	***1 601***	–	–	–	–	–	–
Computer Equipment		**7 714**	**46**	**169**	–	–	–	–	–	–
Furniture and Office Equipment		**5 086**	**26**	**1**	–	**168**	**168**	–	–	–
Machinery and Equipment		**18 009**	**1 869**	–	–	–	–	–	–	–
Transport Assets		**5 480**	**5 174**	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	6	**528 144**	**39 085**	**79 832**	**26 172**	**3 422**	**3 422**	**94 467**	**54 667**	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		528 144	39 085	79 832	26 172	3 422	3 422	94 467	54 667	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***528 144***	***39 085***	***79 832***	***26 172***	***3 422***	***3 422***	***94 467***	***54 667***	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4	**2 978 630**	**65 519**	**162 641**	**195 479**	**186 327**	**186 327**	**179 777**	**187 470**	**191 192**
Roads Infrastructure		–	–	–	2 586	2 249	2 249	2 354	2 363	2 450
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		2 061 299	58 260	160 871	188 893	151 211	151 211	175 623	185 108	188 743
Sanitation Infrastructure		837 000	–	–	4 000	32 174	32 174	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***2 898 299***	***58 260***	***160 871***	***195 479***	***185 634***	***185 634***	***177 977***	***187 470***	***191 192***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		**4**	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		31 850	–	–	–	–	–	1 800	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***31 850***	–	–	–	–	–	***1 800***	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		9 218	143	1 601	–	–	–	–	–	–
Intangible Assets		***9 218***	***143***	***1 601***	–	–	–	–	–	–
Computer Equipment		**7 714**	**46**	**169**	–	**526**	**526**	–	–	–
Furniture and Office Equipment		**5 086**	**26**	**1**	–	**168**	**168**	–	–	–
Machinery and Equipment		**18 009**	**1 869**	–	–	–	–	–	–	–
Transport Assets		**5 480**	**5 174**	–	–	–	–	–	–	–
Land		**2 970**	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		**2 978 630**	**65 519**	**162 641**	**195 479**	**186 327**	**186 327**	**179 777**	**187 470**	**191 192**

ASSET REGISTER SUMMARY - PPE (WDV)	5	1 956 839	2 386 426	2 528 553	2 288 443	2 525 960	2 525 960	2 475 755	2 609 693	2 747 772
Roads Infrastructure		–	486 526	549 651	419 220	922 666	922 666	922 771	921 855	1 109 413
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		1 062 161	1 050 863	1 129 755	984 313	727 849	727 849	704 140	843 106	795 956
Sanitation Infrastructure		837 000	788 705	789 770	827 213	799 607	799 607	767 433	767 433	767 433
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***1 899 161***	***2 326 094***	***2 469 177***	***2 230 745***	***2 450 121***	***2 450 121***	***2 394 343***	***2 532 394***	***2 672 801***
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		4	4	4	4	4	4	4	4	4
Investment properties		–	–	–	–	–	–	–	–	–
Other Assets		26 722	26 154	25 586	25 586	25 334	25 334	26 566	24 198	23 630
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		1 329	175	1 609	0	18 615	18 615	21 909	21 924	21 924
Computer Equipment		4 414	3 773	3 447	3 265	3 792	3 792	5 871	5 461	5 050
Furniture and Office Equipment		3 242	3 039	2 690	2 825	2 510	2 510	2 295	2 092	1 888
Machinery and Equipment		14 942	15 621	14 853	14 852	14 425	14 425	14 085	13 317	12 548
Transport Assets		4 056	8 595	8 217	8 195	8 188	8 188	7 711	7 333	6 956
Land		2 970	2 970	2 970	2 970	2 970	2 970	2 970	2 970	2 970
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	**1 956 839**	**2 386 426**	**2 528 553**	**2 288 443**	**2 525 960**	**2 525 960**	**2 475 755**	**2 609 693**	**2 747 772**
EXPENDITURE OTHER ITEMS		**48 763**	**46 690**	**46 885**	**93 473**	**55 193**	**55 193**	**65 217**	**65 723**	**66 271**
Depreciation	7	46 523	46 260	46 880	44 590	44 590	44 590	53 555	53 547	53 547
Repairs and Maintenance by Asset Class	3	**2 239**	**430**	**5**	**48 883**	**10 602**	**10 602**	**11 663**	**12 176**	**12 724**
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	33 000	10 602	10 602	11 663	12 176	12 724
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***–***	***–***	***–***	***33 000***	***10 602***	***10 602***	***11 663***	***12 176***	***12 724***
Community Facilities		596	202	3	15 883	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		***596***	***202***	***3***	***15 883***	**–**	**–**	**–**	**–**	**–**
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		1 643	228	2	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***1 643***	***228***	***2***	**–**	**–**	**–**	**–**	**–**	**–**
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Machinery and Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transport Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL EXPENDITURE OTHER ITEMS		**48 763**	**46 690**	**46 885**	**93 473**	**55 193**	**55 193**	**65 217**	**65 723**	**66 271**
Renewal and upgrading of Existing Assets as % of total capex		*96.1%*	*70.7%*	*50.2%*	*13.4%*	*1.9%*	*1.9%*	*52.5%*	*29.2%*	*0.0%*
Renewal and upgrading of Existing Assets as % of deprecn		*6152.7%*	*100.2%*	*174.1%*	*58.7%*	*8.0%*	*8.0%*	*176.4%*	*102.1%*	*0.0%*
R&M as a % of PPE		*0.1%*	*0.0%*	*0.0%*	*2.1%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*
Renewal and upgrading and R&M as a % of PPE		*146.0%*	*2.0%*	*3.0%*	*3.0%*	*1.0%*	*1.0%*	*4.0%*	*3.0%*	*0.0%*

Table 10 Consolidated Basic Service Delivery

DC22 uMgungundlovu - Table A10 Basic service delivery measurement

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Household service targets	1									
Water:										
Piped water inside dwelling		–	–	51 243	51 243	51 243	51 243	51 243	51 243	51 243
Piped water inside yard (but not in dwelling)		–	–	17 823	17 823	17 823	17 823	17 823	17 823	17 823
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	8 024	8 024	8 024	8 024	8 024	8 024	8 024
Minimum Service Level and Above sub-total		–	–	77 090	77 090	77 090	77 090	77 090	77 090	77 090
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	19 417	19 417	19 417	19 417	19 417	19 417	19 417
No water supply		–	–	21 216	21 216	21 216	21 216	21 216	21 216	21 216
Below Minimum Service Level sub-total		–	–	40 633	40 633	40 633	40 633	40 633	40 633	40 633
Total number of households	5	**–**	**–**	**117 723**	**117 723**	**117 723**	**117 723**	**117 723**	**117 723**	**117 723**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	29 397	29 397	29 397	29 397	29 397	29 397	29 397
Flush toilet (with septic tank)		–	–	7 984	7 984	7 984	7 984	7 984	7 984	7 984
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	48 839	48 839	48 839	48 839	48 839	48 839	48 839
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	86 220	86 220	86 220	86 220	86 220	86 220	86 220
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	31 503	31 503	31 503	31 503	31 503	31 503	31 503
Below Minimum Service Level sub-total		–	–	31 503	31 503	31 503	31 503	31 503	31 503	31 503
Total number of households	5	**–**	**–**	**117 723**	**117 723**	**117 723**	**117 723**	**117 723**	**117 723**	**117 723**

PART 2

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e., in August 2021) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule in August 2021.

The newly elected Council was inaugurated in November 2021. Thereafter, inductions and workshops were conducted to assist in capacitating the new Council with the aim of aiding the Council to exercise their oversight responsibilities.

The Key dates applicable to the process were:

- **25 January 2022** - Council considers the 2021/22 Mid-year Review and Budget Implementation.
- **03 February 2022** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2022/23 MTREF.
- **February 2022** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines.
- **February 2022** – Multi-year budget proposals are submitted to the Management Committee for endorsement.
- **28 February 2022** - Council considers the 2021/22 Mid-year Adjustments Budget.
- **March 2022**- Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations.
- **March 2022 -** 2022/23 Recommendations of the proposed budget estimates are communicated to the Budget Steering Committee, the Executive Committee and to the respective departments.
- **29 March 2022** - Tabling in Council of the draft 2022/23 IDP and budget estimates for public consultation.
- **April - May 2022** – Public consultation and roll out of indigent registration and indigent status review.
- **19 April 2022** - Closing date for written comments.
- **11 to 18 May 2022**– finalization of the 2022/23 IDP and 2022/23 MTREF, taking into consideration comments received from the public, comments from National and Provincial Treasuries, and updated information from the most recent Division of Revenue Bill and financial framework.
- **27 May 2022** - Tabling of the 2022/23 MTREF before Council for consideration and approval.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The following key factors and planning strategies have informed the compilation of the 2022/23 MTREF:

- Growth of the District;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
- Performance trends;
- The approved 2020/2021 adjustments budget and performance against the SDBIP;
- Financial Recovery Strategy;
- Debtor payment levels;
- Loan servicing and investment possibilities;
- The need for tariff increases to achieve cost reflection versus the ability of the community to pay for services; and
- Improved and sustainable service delivery.

IDP Strategic Objectives / Budget Priority Areas

2021/2022 MTREF		2022/23 MTREF	
1.	Provision of quality basic services and infrastructure	1.	Provision of quality basic services and infrastructure
2.	Economic growth and development that leads to sustainable job creation	2.	Economic growth and development that leads to sustainable job creation
3.1	Fight poverty and build clean, healthy, safe, and sustainable communities	3.1	Fight poverty and build clean, healthy, safe, and sustainable communities
3.2	Integrated Social Services for empowered and sustainable communities	3.2	Integrated Social Services for empowered and sustainable communities
4.	Foster participatory democracy and Batho Pele principles through a caring, accessible, and accountable service	4.	Foster participatory democracy and Batho Pele principles through a caring, accessible, and accountable service
5.1	Promote sound governance	5.1	Promote sound governance
5.2	Ensure financial sustainability	5.2	Ensure financial sustainability
5.3	Optimal institutional transformation to ensure capacity to achieve set objectives	5.3	Optimal institutional transformation to ensure capacity to achieve set objectives
5.4	Financial Sustainability	5.4	Financial Sustainability

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements, and provision of free basic service to the poor.

Within the uMgungundlovu District, the priorities of providing sustainable, good quality water and decent sanitation services were identified as part of the IDP review process and budget allocation which is directly aligned to that of the national and provincial priorities.

Furthermore, the municipality identified the following priorities:

- Strengthening of the uMgungundlovu Economic Development Agency
- Fight poverty and build clean, healthy, safe, and sustainable communities – allocation for Environmental Health and Environmental Services
- Integrated Social Services for empowered and sustainable communities - special communities such as Children, Elderly, People with Disabilities etc.
- Promote sound governance and transparency
- Ensure financial sustainability through reviewing the use of contracted services, implementation of cost cutting measures and continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Refer to Annexure A.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

The following budget related policies were reviewed:

The budget related policies were reviewed to ensure that are aligned with the relevant legislation and regulations. These policies were to guide the budget process and include the following:

- Budget Policy
- Cash Management, Banking, and Investment Policy
- Cost Containment Policy
- Debt Management and Credit Control Policy
- Debt Write-off Policy
- Fixed Assets Policy
- HR Related Policies
- Indigent Policy
- Inventory Management Policy
- Petty Cash Policy
- Supply Chain Management Policy
- Tariff Policy

Budget Policy: The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations

Cash Management, Banking, and Investment Policy: This policy establishes a cash management and investment framework for the Municipality and to set out the objectives, policies, statutory requirements, and guidelines including defining levels of risk considered prudent for investing surplus funds.

Cost containment policy: The policy aims to regulate municipal spending by implementing cost containment measures to ensure compliance with the Cost Containment Regulations as promulgated by National Treasury from time to time.

Debt Management and Credit Control Policy: The policy is updated, credible, sustainable, manageable, and informed by affordability and value for money. There has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition, emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

Debt Write-off Policy: This policy provides a framework for regulating the writing off of irrecoverable debt and further enhances of the municipality's debt management strategy.

Fixed Assets Policy: The Asset Management, Infrastructure and Funding Policy a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilized as a guide to the selection and prioritization of individual capital projects. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant.

Indigent policy: The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

Inventory Policy: This policy outlines the procedures and processes for procurement management and control over inventory or stock items in accordance with the relevant regulations and legislations and other municipal policies and directives. The envisaged outcome is an efficient and effective control and inventory management tool for the municipality.

Petty Cash: The policy provides a convenient way to pay for small expenses but keeping cash in any office entails risk of misuse or theft. This policy provides procedures designed to mitigate these risks

Tariff Policy: The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent, and affordable charges that also promote sustainable service delivery.

Supply Chain Management Policy: The supply chain management policy aims to ensure the efficient and uniform acquisition as well as contractual agreements of works, goods, and services. The policy requires the Municipality to contract for goods or services in accordance with a system that is Fair, Equitable, Transparent, Competitive, and Cost effective.

Below are other budgeted related policies as per Municipal Budget and Reporting Regulations

- Employee Benefits Policy
- Budget Related policy - Human Resources

The above policies were reviewed, and the draft policies will be submitted for comments during the budget preparation process.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

When preparing the 2022/2023 budget estimates, the following were considered:

The National Treasury projects real economic growth of 5.1 per cent in 2021, following an expected contraction of 6.4 per cent in 2020. Real GDP growth is expected to moderate to 1.8 per cent in 2022,1.6 per cent in 2023 and 1.7 per cent in 2024.

South Africa experienced its largest recorded decline in economic output in 2020 due to the strict COVID-19 lockdown. Real GDP contracted by 7.2 per cent in 2020 compared to 0.1 per cent increase in 2019. It is expected to increase by 6.2 per cent in 2021/22 and moderate by an average increase of 1.7 per cent over the 2022/23 MTREF.

The main risks to the economic outlook are slowdown in economic growth. The evolution of COVID-19 and slow progress in vaccine rollout reinforces uncertainty and poses risks to economic recovery.
A further deterioration in the public finances due to various spending pressures and the materialization of contingent liabilities could trigger further credit rating downgrades. Pressures on the government wage bill ceiling, including the implementation of the non-pensionable salary increases undermine fiscal consolidation.

To maximize the value of spending, government needs to contain costs, more especially consumption related spending, exercise prudent and compliant financial management, and eradicate wasteful treatment of public funds and resources.
Compensation of employees remains a major cost pressure. It remains critical for municipalities to adhere to compensation ceilings, manage headcounts proactively and conduct staff audit to ensure the staff complement is aligned to the approved organogram. This will assist government is to improve its fiscal position.

The 2022/2023 budget has been prepared under an tough fiscal climate taking into account the following assumptions:

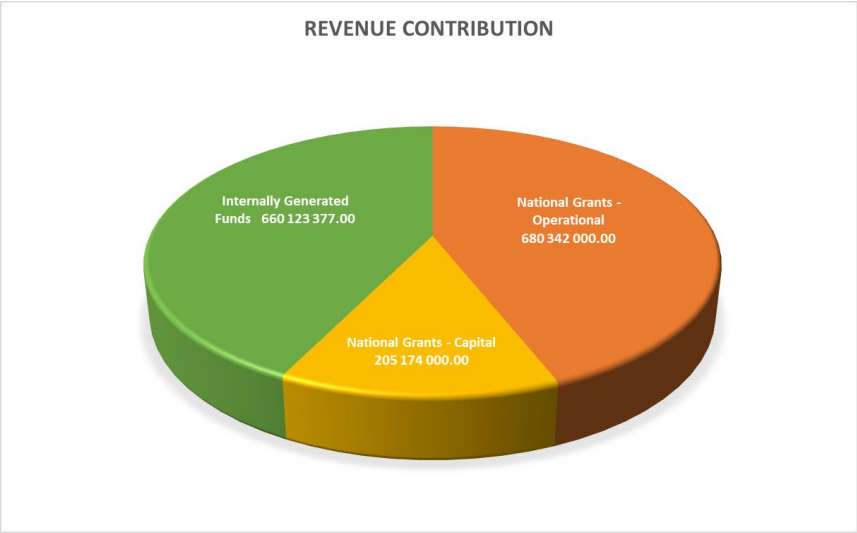
- The average CPI is 4.8 for the period 01 July 2022 to 30 June 2023.
- The tariff of charges to be at a minimum of R22.04 per KL where R10.33 relates to the Umgeni Water bulk water tariff; R 8.03 to operational costs and R3.68 for service growth.
- The employee related costs will be allowed a maximum 4.9% increase based on Bargaining Council Circular 01/2022.
- Critical positions will be filled, and the strategic positions of Technical Services Executive Manager; Community Services Executive Manager and Economic Development Executive Manager will be filled.
- Interest rates will remain the same – Interest to service the long-term loan will not increase.
- An increase of 20% in Eskom tariffs.
- The average collection rate will be at 35.9% initially, gradually increasing with the full implementation of revenue collection strategies.

2.6 OVERVIEW OF BUDGET FUNDING

Revenue Source	2022/23	2023/24	2024/25
National Grants -Operational	680 342 000.00	726 205 000.00	779 642 000.00
National Grants - Capital	205 174 000.00	215 592 000.00	219 871 000.00
Internally Generated Funds	660 123 377.00	738 654 281.75	771 893 724.43
	1 545 639 377.00	**1 680 451 281.75**	**1 771 406 724.43**

The illustration below depicts the total anticipated revenue for the 2022/23 financial year which amounts to R1.545 billion. Of the total revenue, 43% will be funded from internal funding; 44% from operating grants and 13% from capital grants.

Graph 1



2.6.1 OPERATING REVENUE FRAMEWORK

Table 1

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	224 849	262 520	281 982	335 363	337 863	337 863	254 918	545 316	569 310	594 929
Service charges - sanitation revenue	2	28 433	22 907	15 468	31 232	26 232	26 232	17 643	79 156	82 638	86 357
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		257	11	–	–	–	–	936	–	–	–
Interest earned - external investments		8 090	6 091	2 907	548	2 728	2 728	2 635	2 859	2 985	3 119
Interest earned - outstanding debtors		39 000	46 835	47 999	13 936	42 792	42 792	31 979	32 792	34 235	35 776
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	673	–	–	–	–	6 876	–	–	–
Licences and permits		–	–	–	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		493 081	543 773	585 531	611 851	311 927	311 927	621 770	346 101	364 603	394 415
Other revenue	2	832	493	15 767	–	311 659	311 659	32	334 241	356 222	379 847
Gains		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		794 541	883 304	949 654	992 929	1 033 202	1 033 202	936 788	1 340 465	1 409 994	1 494 443

Table 2: Revenue Estimates

REVENUE FRAMEWORK				
OPERATING GRANTS AND TRANSFERS RECEIVED	**623 586 422.54**	**680 342 000.00**	**720 825 000.00**	**774 262 000.00**
NATIONAL	**611 851 000.00**	**673 342 000.00**	**720 825 000.00**	**774 262 000.00**
Equitable Share	296 893 000.00	335 614 000.00	363 403 000.00	393 215 000.00
Levy Replacement Grant	311 659 000.00	334 241 000.00	356 222 000.00	379 847 000.00
Finance Management Grant	1 000 000.00	1 200 000.00	1 200 000.00	1 200 000.00
EPWP Incentive Grant	2 299 000.00	2 287 000.00	-	-
PROVINCIAL	**11 735 422.54**	**7 000 000.00**	**-**	**-**
Umgeni Resilience Project	11 735 422.54	7 000 000.00		
CAPITAL GRANTS AND TRANSFERS RECEIVED	**278 479 000.00**	**205 174 000.00**	**215 592 000.00**	**220 794 000.00**
NATIONAL	**278 479 000.00**	**205 174 000.00**	**215 592 000.00**	**220 794 000.00**
Municipal Infrastructure Grant (MIG)	132 893 000.00	116 867 000.00	122 224 000.00	127 923 000.00
Water Services Infrastructure Grant (WSIG)	125 000 000.00	85 600 000.00	90 650 000.00	90 054 000.00
Rural Roads Asset Management System Grant (RRAMS)	2 586 000.00	2 707 000.00	2 718 000.00	2 817 000.00
Accelerated Water Intervention Programme	18 000 000.00			
TOTAL GRANTS & TRANSFERS	**902 065 422.54**	**885 516 000.00**	**936 417 000.00**	**995 056 000.00**
INTERNALLY GENERATED REVENUE	**410 140 120.05**	**660 123 376.85**	**689 168 805.43**	**720 181 401.67**
Service Charges - Water Revenue	332 853 237.50	542 146 205.90	566 000 638.96	591 470 667.71
Service Charges - Sanitation Revenue	26 231 647.86	79 155 610.44	82 638 457.30	86 357 187.87
Service Charges - Other charges	2 509 630.50	550 000.00	574 200.00	600 039.00
Interest Earned - Outstanding Debtors	42 792 347.39	32 792 347.39	34 235 210.68	35 775 795.16
Interest Earned - External Investments	2 728 256.79	2 859 213.12	2 985 018.50	3 119 344.33
Water Tankering - DOE	2 500 000.00	2 620 000.00	2 735 280.00	2 858 367.60
Donations - Umgeni Water: Emergency Relief	500 000.00	-	-	-
Donations - Umgeni Water: Public Participation	25 000.00	-	-	-
TOTAL OPERATING REVENUE	**1 033 726 542.59**	**1 340 465 376.85**	**1 409 993 805.43**	**1 494 443 401.67**
TOTAL REVENUE	**1 312 205 542.59**	**1 545 639 376.85**	**1 625 585 805.43**	**1 715 237 401.67**

2.6.2. Tariffs

2.6.2.1 Service Charges – Water and Sanitation

While everything possible is done to reduce the costs of operating for services and to avoid tariff increases, it is sometimes inevitable to increase tariff charges in order to recover the cost of providing a service and achieve sustainable delivery of services.

The provision of water to communities throughout the district has considerable cost implications; and for the municipality to provide these services in a sustainable manner, a cost reflective tariff is crucial.
The municipality embarked on a costing exercise to ensure that the tariff structure is in a manner that will realize the recovery of costs incurred to provide water services to communities as well as achieve sustainability. It is therefore proposed that the tariff of charges is set to be at a minimum of R22.04 per KL where R10.33 relates to the Umgeni Water bulk water tariff; R 8.03 to operational costs relating to the provision of water and sanitation services; and R3.68 for service growth.

The proposed increase in tariff charges is R7.35 per kiloliter which is above the average Consumer Price Index as it considers the increase in the bulk water tariff the capital unit charge as approved by the Minister; and the operational cost and service growth components of the municipality which were previously not factored into the tariff value. Given that the 2021/22 tariff of R14.69 is not cost reflective, the proposed 2022/23 minimum tariff is rendered incomparable.

The proposed tariff structure for 2022/23 is as follows:

Water	2021/2022	2022/2023	Consumption	Rand Value
0 - 6	14.69	22.04	382 835	8 435 764.82
7 - 15	28.38	42.57	1 030 577	43 871 654.38
16 - 25	33.92	50.88	858 710	43 691 185.15
26 - 35	47.10	70.65	436 271	30 822 532.02
36 - 60	66.07	99.11	515 092	51 048 153.02
60 +	81.20	121.80	1 017 372	123 915 909.60
Basic charge	45.45	68.18	31 292	2 133 332.10
Business /Commercial				
0 - 999999	40.65	60.98	3 887 000	237 009 825.00
Builder/Construction Sites		170.41		
NGO's (Public benefit)	18.38	27.57	42 292	1 165 990.44
WSA				
Breakeven - Basic charge	22.04	33.05	1 569	51 859.37
				542 146 205.90

Sewerage	2021/2022	2022/2023	Consumption	Rand Value
0 - 6	8.26	16.53	29 721	491 176.68
7 - 15	14.79	31.93	488 281	15 589 591.63
16 - 25	19.12	38.16	715 592	27 306 990.72
26 +	24.10	52.99	366 975	19 445 087.81
Business /Commercial				
0 - 999999	17.21	45.73	356 928	16 322 763.60
				79 155 610.44

The rate per kiloliter charged by the bulk service provider for the 2021/2022 financial year is R9.98, anticipated to increase to a maximum of R10.33 including the Capital Unit Charge (CUC), uMkhomazi Dam charge and the Water Research Commission levy.

The proposed lowest tariff to be charged by the municipality for water supply is R22.04 per kiloliter. where R10.33 relates to the Umgeni Water bulk water tariff; R 8.03 to operational costs and R3.68 for service growth.

The cost model of the proposed minimum tariff is detailed below.

Cost Structure	**2022/23**
Umngeni Water Base Tariff 2021/2022	8.12
Increase Approved by Minister on R8.12 Bulk Cost	0.25
Base Tariff	**8.37**
Capital Unit Charge	1.74
Mkhomazi Dam	0.16
WRC levy	0.07
Bulk Purchase Tariff 2022/ 2023	**10.33**
100% of 27.47%. Employee Cost Increase as per Coll Agreement and January 2022 STATS CPI Release	2.84
100% of Operations 31.89% Maintenance and Quality Cost to Service Production	3.30
100% of Depreciation 19.35% Contribution to Service Production	0.20
100% of Finance Charges 7.04% Contribution to Service Production	0.73
100% ESKOM Costs 6.05%	0.63
100% of Security Charges 3.32% Contribution to Service Production	0.34
Capital Development	3.68
Proposed Tariff to attempt cost reflection excluding Water Tanker Hire	22.04
2021/ 2022 u MDM Tariff minimum tariff	14.69
Difference in Rand Value	**7.35**
Difference in Percentage Value Increase	50.00

The key cost drivers for the provision services were isolated to determine the cost to deliver a kilolitre of water. The cost drivers include the following:

- Bulk water purchases from Umgeni Water which constitute 47% of the proposed tariff value.

- Core operational costs constitute 36% of the proposed tariff value and include –
    i. employee related costs for the officials who are specifically involved in the provision of water and sanitation;
    ii. costs of repairs and maintenance to infrastructure;
    iii. wear and tear of infrastructure through consumption/usage;
    iv. finance charges on the loan with the Development Bank of South Africa (the funds of which were used for capital investment);
    v. electricity costs; and
    vi. security costs for the safeguard of infrastructure.

- Service growth contributes 17% of the proposed tariff value and is key for purposes of enhancing service delivery. The optimal functioning of the municipality will improve access to water for all communities and contribute towards the revitalisation of infrastructure to achieve operating efficiencies and reduce service interruptions. Furthermore, it will contribute to the necessary replacement of asbestos pipes in response to studies which have revealed that such pipes pose health risks to humans.

With the introduction of a cost reflective tariff, the municipality acknowledges and appreciates its responsibility to provide improved service delivery. Strategies have been developed and are being implemented to ensure –

- operational effectiveness;
- customer queries are resolved efficiently;
- reported water leaks are attended to timeously; and
- service delivery is enhanced.

The discontinuation of the flat rate for all metered connections is key in ensuring equitable and sustainable service delivery in line with our mission; promoting water conservation and reducing non-revenue water.

The municipality continues in the drive to register all qualifying indigent customers in the district and ensuring that they have access to free basic water as required by the Constitution of the Republic of South Africa.

Consumer education and awareness remains a key strategy in improving consumer behaviour. It is important that consumers are well educated on paying for services to improve the service delivery and promote sustainability; on saving water to assist in the conservation of our valuable limited resource; and on reporting water leaks timeously to assist in reducing water losses.

For purposes of due diligence, a comparison of tariffs for the 0-6KL band was performed against Water Service Authorities who are serviced by Umgeni Water and have a similar standard/quality of drinking water.

The table below illustrates the minimum tariffs and the cost of the first 6KL for each municipality, the result of which indicates that despite the introduction of a cost reflective tariff, the municipality's minimum tariff per kilolitre remains competitive.

Tariff	uMgungundlovu	Msunduzi	Ethekwini
0-6KL band	22.04	94.63	29.47
Cosumption	6	6	6
Revenue	**132.24**	**567.78**	**176.83**

2.6.2.2 Environmental Health Services

The municipality is also responsible for environmental health matters as designated in the Municipal Structures Act.
The following aspects were considered when the tariffs for environmental health were decided upon:

i. Users and consumers of municipal services should be treated equitable in the application of the tariffs.

ii. The amount individual users or consumers pay for services should generally be in proportion to their use of that service.

iii. Tariffs of charges must reflect the costs reasonably associated with rendering the service.

iv. Tariffs of charges must be set at levels that facilitate financial sustainability of the service.

Table 4

ENVIRONMENTAL HEALTH TARIFFS	2021/22	2022/23
1. Issuing of health certificate for accommodation establishment	385	403
2. Issuing of health certificate for hairdressing/beauty/cosmetology	385	403
3. Issuing of health certificate for child-care facility	385	403
4. Offensive trade permit	1 210	1 268
5. Issuing of a certificate for the introduction of milk and/or milk products into the municipal area for human consumption	300	314
6. Annual renewal of the certificate for the introduction of milk and/or milk products into the municipal area for human consumption	200	210
7. Re-inspection of food premises for the removal of a prohibition	605	634
8. Issuing of a destruction of food certificate	275	288
9. Processing of certificate of acceptability for food premises	385	403
10. Processing of Certificate of Competence	1 210	1 268
11. Renewal of certificate of competence	550	576
12. Processing of provisional certificate of competence	550	576
13. Issuing of an export certificate	-	605

2.6.2.3 Fire and Emergency Services

The municipality is also responsible for fire and emergency services matters as designated by the Municipal Structures Act.

Except where specifically provided for, these tariffs determine the fees payable by a Controlling Authority, Governing Body, or any other person in terms of Section 10 (1) of the Fire Brigade Services Act 99 of 1987 on whose behalf the Fire and Rescue Services of the uMgungundlovu District Council is applied outside or inside the area of jurisdiction of the Council:

(a) For the attendance of services
(b) For the use of the services and any equipment, or
(c) For any material consumed

General Comments:

i. Any Fire, Rescue or other emergency incident involving property or activities of the uMgungundlovu District Municipality shall not attract charges.
ii. Any incident of a humanitarian nature or request for assistance of a humanitarian nature shall not attract charges.
iii. Services performed in the assistance of Community projects or departmental public relations exercises and displays shall not attract charges.
iv. The applicable attendance rate charge shall be calculated from the time that the first arriving appliance is in attendance at an incident until the last departing appliance leaves the scene at the conclusion of the incident, due allowances being made for breakdown or mishap, or time occupied by relief personnel.
v. When the time used to calculate the applicable attendance rate charge is less than 30 minutes no charge shall be raised.

Table 5

COMMUNITY SERVICES DEPARTMENT				
EMERGENCY SERVICES UNIT				
		2018/19	**2021/22**	**2022/23**
		Incl. Vat	Incl. Vat	Incl. Vat
Except as is specifically otherwise provided, these tariffs determine the fees payable by a				
Controlling Authority, Governing Body or any other person in terms of Section 10 (1) of the				
Fire Brigade Services Act 99 of 1987 on whose behalf the Fire and Rescue Services				
of the Msunduzi Council is applied outside or inside the area of jurisdiction of the Council:				
(a) For the attendance of services				
(b) For the use of the services and any equipment, or				
(c) For any material consumed				
Any person who feels aggrieved by an assessment of the charges raised may within 14 days				
after receipt of that assessment object in writing against that assessment as such, or the				
amount thereof, to the Municipal Manager of the Msunduzi Council, whereby the Council may				
confirm, alter or revoke the assessment.				
Tariff of Charges for Services Rendered at Fire and Special Service Incidents				
For Services Rendered at Incidents Classified as Fire and Rescue:				
per hour or part thereof				
Structural		2035.806977	2 178.31	3 223.90
Transport		1621.57921	1 735.09	2 567.93
Fire – Vegetation, Grass, Bush, Rubbish or Plantation		1323.36359	1 416.00	2 095.68
Fire – Hazmat		2035.806977	2 178.31	3 223.90
Fire – Other		1266.368119	1 355.01	2 005.42
Special Service – Transport		1015.231826	1 086.30	1 607.72
Special Service – Structural		1015.231826	1 086.30	1 607.72
Special Service – Hazmat		2035.806977	2 178.31	3 223.90
Special Service – Water		1015.231826	1 086.30	1 607.72
Special Service – Other		1015.231826	1 086.30	1 607.72
Out of Area				
Applicable rate as per incident plus 50% of applicable category plus charge				
For consumables used at any incident				
Cost of consumables used plus 15%				
Tariff of Charges in respect of the attendance & employment of Special Appliances and Plant to Fire & Rescue incidents				
For the attendance and employment (per hour or part thereof) of a:				
High Rise Fire fighting Appliance		1015.231826	1 086.30	1 607.72
Water Foam Carrier		1015.231826	1 086.30	1 607.72
Foam Tanker and / or Foam Service Vehicle		1015.231826	1 086.30	1 607.72
Mobile Lighting Unit		1015.231826	1 086.30	1 607.72
		1015.231826	1 086.30	1 607.72
Tariff of Charges in respect of the employment of Outside Agencies at any incident				
For costs incurred as a result of the employment of an outside agency in:				
the mitigation of any incident				
Cost incurred plus 15% of applicable charge				
Tariff of Charges in respect of Fire Prevention Services				
For the attendance of staff at stage/theatre performances standby duty and the like, per staff member				
	First Hour	203.0463651	217.26	321.54
	Per Hour thereafter	108.6476164	116.25	172.05
For scheduled inspections, consultations, inspections of safety exits & appliances				
in public buildings				
	First Hour	203.0463651	217.26	321.54
	Per Hour thereafter	99.7420741	106.72	157.95
For the monitoring of direct alarm links – per alarm p.m.		153.1753281	163.90	242.57
For a certified copy of a fire report - per copy		203.0463651	217.26	321.54
For issuing a certificate of Registration - per certificate		48.08992858	51.46	76.16
For issuing a certificate of Competence – per certificate		507.6159128	543.15	803.86
For a copy of a Fire Investigation Report	- per copy	755.1899896	808.05	1 195.92
For the monitoring of non-emergency telephone lines (after hours complaints etc)				
	– per line per annum	31767.8506	33 991.60	50 307.57

COMMUNITY SERVICES DEPARTMENT

EMERGENCY SERVICES UNIT

		2018/19	2021/22	2022/23
		Incl. Vat	Incl. Vat	Incl. Vat
Tariff of Charges in respect of Professional Fire Fighting and Rescue Training Course				
(Per Candidate excluding course materials, accommodation etc.)				
Fire Fighter One		10789.95509	11 545.25	17 086.97
Fire Fighter Two		3588.933559	3 840.16	5 683.44
Hazmat 1st Responder (Awareness)		1672.46085	1 789.53	2 648.51
Hazmat 2nd Responder (Operations)		4794.743991	5 130.38	7 592.96
Fire Officer One		4481.268901	4 794.96	7 096.54
Handling of Chlorine Emergencies		712.4433864	762.31	1 128.23
Elementary Breathing Apparatus		712.4433864	762.31	1 128.23
Aerial Appliance (HPP)		1437.354532	1 537.97	2 276.19
Vehicle Rescue & Extrication		2397.371995	2 565.19	3 796.48
Elementary Fire fighting, Fire prevention		0		
(Disaster Management)		235.1063175	251.56	372.31
Pump Operator/Driver – Basic Course				
Pump Operator/Driver – IFSAC Course				
Re-Issue of Certificates - per certificate				
Re-Issue of Certificates				
Cost plus 15% of applicable IFSAC tariff				
Testing, scrubbing and drying of hose per length		197.7030397	211.54	313.08
Testing, scrubbing and drying of Hazmat contaminated				
hose - per length		397.1871879	424.99	628.99
plus cost of any consumables used in decontamination				
plus 15% of cost of consumables				
Seizing of Couplings to hose – per coupling		197.7030397	211.54	313.08
Repairing of Hose – per length		197.7030397	211.54	313.08
plus materials at cost plus 15%				
Tariff of Charges in respect of the attendance & employment of Special Appliances				
and Plant to standby at sports & special events				
For attendance and employment (per hour or part thereof)				
High Rise fire fighting appliance		524.7373427	561.47	830.97
Water Carrier		262.3686713	280.73	415.49
Mobile lighting unit		262.3686713	280.73	415.49
Major pumper		524.7373427	561.47	830.97
Light pumper		262.3686713	280.73	415.49
Tariff of Charges in respect of Various Miscellaneous Services and Hire Charges				
per hour or part thereof in respect of 10.1 – 10.4				
Hire of Portable Pump and related equipment		377.5949948	404.03	597.96
Hire of Extension Ladder		377.5949948	404.03	597.96
Gaining Access/Lock-Outs		377.5949948	404.03	597.96
Miscellaneous Service – per service		377.5949948	404.03	597.96
In addition to the above applicable charge, mileages for out of area				
call- outs are as follows - per km				
	Heavy duty vehicles	9.43987487	10.10	14.95
	Light duty vehicles	5.667163301	6.06	8.97
All tariffs reflected above are inclusive of VAT				

2.6.3 REVENUE MANAGEMENT

Section 64 of the Municipal Finance Management Act sets out the processes and procedures for revenue management, part of which addresses the issue of debt collection where 2(a) states that the accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has effective revenue collection systems consistent with section 95 of the MFMA and the municipality's credit control and debt collection policy.

Furthermore, MFMA Circular 74 and 89 highlights the importance of municipalities tabling funded budgets or where budgets are not funded, the municipality must table to Council a plan on how and when the budget be funded.

The 2021/2022 first draft budget was tabled to Council in March 2021 and was submitted to both National and Provincial Treasuries and was evaluated as funded. The final draft tabled in May 2021 was assessed as unfunded by both the National and Provincial Treasuries.

The framework for the development of the funding plan to improve the unfunded position of the municipality was released by the National Treasury. As a result of the unfunded budget position as assessed by Treasury, uMgungundlovu District Municipality is tabling this plan in line with the framework and in consultation with the Provincial Treasury. The budget funding plan was approved by Council on 29 September 2021.

The executive strategies for the revenue enhancement are detailed below:

Table 6

Financial Objective	Strategy	Focus Areas	Key Performance Indicator	Key Activities
Improve financial sustainability through increased revenue streams	Strengthen Own Revenue Streams	Correct Customer Information	Reduced returned unknown mail and increased online statements generated	Increase online and WhatsApp statements sent
		Credible Billing	Reduced billing disputes	Correct meter reading and capturing of readings
		Efficient, Effective, and Responsive Debtor Management	Reduced turnaround times in debtor management including new	Dispute resolution
		Effective Credit Control Implementation	applications, terminations and Improved self-funding position and reduced grant reliance	Increased cash coverage and increased percentage of own revenue as percent to income streams
		Bulk Water Purchases	Visible relationship between water purchased and water sold	Bulk meter reading verifications, reduced delays in burst pipe repairs and reduced water leaks.

i. Revenue Raising Strategies

The drive to increase revenues through data cleansing, customer information update has been running at a small scale since June 2018 and has been on going ever since, as a joint initiative between all departments. As a pilot project, the municipality engaged the Development Bank of Southern Africa as a strategic partner to fund the revenue enhancement and collection strategy. The main purpose and principal strategic objective of the joint effort is to sustain and re-engineer the processes of revenue raising, improve customer relations, collection, and effective debt management to address and reduce the risk of financial distress. The project has since been completed and the close out report has been signed between the partners. The project has now been rolled out to the entire District Municipality.
The main focus areas and key deliverables for the project are:

a. Effective communication and Customer Care

- Creating a sound and effective communication strategy for our customers.
- Enhance levels of customer care and increase responsiveness in addressing billing and other service delivery queries
- Improve efficiency at our customer contact points and
- Improve accessibility of customer access points
- Improve and intensify the indigent customer registration drive

b. Meter reading which involves

- Improve capacity of human capital to improve efficiency and accuracy,
- Effective management of meter readers,
- Improve data collection and data integrity.
- Identification and verification of meters.
- Meter location
- Meter replacements
- GIS Integration with the billing system.

c. Billing

- Correct customer information / details
- Ensure accuracy of billing,
- Timeous posting of statements

Another strategic partner is Umgeni Water who has pledged assistance to the municipality in a form of a fixing all leaks and change of meters in the Mpophomeni area. This will reduce unaccounted for water and also reduce non-revenue water as meters will be replaced and or repaired for effective and correct billing which will result in reliable billing information.

ii. Revenue Collection Strategies – Debt Management

The 2021/2022 original budget assumption was that the Municipality will collect 40% of its raised bills which has been revised to 37% in line with the recalculation by the Provincial Treasury.
With the implementation of the revenue raising strategies, the municipality anticipates improvements in the quantity and quality of bills. The approved water and sanitation revenue budget translates to an increase in internally generated revenue, but the impact of the increased revenue is expected to be eroded by the slow economic recovery following the adverse effects of the Covid-19 pandemic on the income of both households and businesses as well as the historic creditors balances and the delay in payments which we aim to gradually reduce year on year by improving cashflow management.
Previously, the municipality implemented a debt amnesty drive in efforts to encourage customers to pay and settle their bills and the project did bear fruit during the effective period. Council resolved to implement an Incentive Scheme for consumers effective from 15 June 2021 and is valid until 01 February 2022. We anticipate that this incentive scheme will have a positive contribution in the collection of outstanding debt in the year to come.
Furthermore, proposed debt write-offs will be presented to Council for consideration for consumers categorized as qualifying indigent customers with long outstanding balances, duplicate customers with balances and other irrecoverable debtors identified to be written off within the current financial year.

The write-offs are still in the process of conclusion. As and when they are assessed as recoverable, they will be recognized as bad debts recovered accordingly, or recorded as reserves for the purposes of capital replacement.

iii. Revenue Collection Approach

The municipality has established a Revenue Enhancement and Collections Committee with a specific purpose to look into and address the financial and institutional challenges faced by the municipality contributing to reduced collection rate. The Committee is constituted by members of staff from the following sections /departments:

- Community Services including Planning and GIS
- Technical Services
- Financial Services
- Corporate Services
- Municipal Manager's Office including Water Services Authority and Intergovernmental Relations.

The short-term phase concentrates on collection from government, organs of state and businesses; and on stabilizing and improving the billing system, improving the quality of billing data; enhanced customer care and indigent support. The activities that will realize these outcomes are in progress.

The medium-term phase involves the following:

- data cleansing
- meter replacements
- policy revisions
- verification of customers
- changes to policies, such as the account holder will be in the name of the property owner
- all flats to have bulk meters
- body corporate responsible for individualized collections
- revitalization of the indigent support applications processes etc. which is already in progress.

iv. Strengthen Own Revenue Streams

Focus Area 1: Correct Customer Care Information

With the completion of the pilot project funded by the DBSA, the Municipality has continued with the data cleansing exercise. The first phase includes clearing of duplicate information / accounts, updating of customer information by utilizing facilities such as ITC and deeds search as well as appealing to consumers to visit customer care centres to update their information.

Key Performance Indicators

- Reduced returned mail due to incorrect addresses and outdated customer details.
- Increased online statement and contact management.

Focus Area 2: Credible Billing

Improve on Billing Information.

Key Performance Indicators

- Reduced billing disputes.

Key Activities

- Eliminated disputes and reduced turnaround time in dispute resolution.
- Appointment of meter readers.

Focus Area 3: Efficient, Effective and Responsive Debtor Management

Key Performance Indicators

- Reduced turnaround times in debtor management including new applications, terminations, and account disputes
- Effective Customer Care Management.

Key Activities

- Dispute Resolution

Focus Area 4: Revenue / Debt Collection

Increased revenue collection

Key Performance Indicators

- Increased debt collection and reduction of debtors' day collection days.

Key Activities

- Full Implementation of Credit Control and Debt Management Policy
- Establishment of District Cluster War Room for Government and Business Debt
- Appointment of Revenue Protection Restrictors and Bulk Check Meter Readers.

v. Debt Management (Revenue Protection)

The 2021/2022 budget assumption is that the Municipality will collect 37% of its raised bills which is in line with the calculation by the Provincial Treasury. The implementation of a revised revenue collection strategy, which amongst others, involves restrictions and disconnections is expected to assist in improving the collection rate and, consequently, cash coverage of the municipality's operational costs.

With the implementation of the revenue raising strategies, the municipality anticipates enhancing the quantity and quality of bills. The approved water and sanitation revenue budget, based on cost reflective tariffs, translates to an increase in internal revenue which when paired with the effective implementation of debt collection strategies should see the municipality steering towards improved financial health. The impact of increased revenue with effective collection will result in a reduced trade creditors balance with each year and improve the and liquidity of the municipality.

Previously, the municipality implemented a debt amnesty drive in efforts to encourage customers to pay and settle their bills and the project did bear fruit during the effective period. This was re-introduced in the 2021/22 financial year but, unfortunately, yielded underwhelming results.

The municipality continued with meter restrictions, disconnections, and meter verification during the 2021/2022 financial year which was disrupted by the surges in Covid-19 cases in the country which stimulated increased alert levels/restrictions.

Table 7

Debtors Age Analysis		
	Mar-22	**Apr-22**
0- 30 days	26 194	52 048
31- 60 days	50 018	-593
61- 90 days	22 153	46 395
91-120 days	-26	21 642
121-150 days	23 791	-21
151+ days	1 098 007	1 118 241
TOTAL	**1 220 137**	**1 237 712**

The debt impairment assessment was conducted as at 30 June 2021 where the entire debtors' database was tested for impairment in line with GRAP 104. The results of the assessment were used as the basis for the analysis of qualifying debt write offs. As at 30 April 2022, the debtors' book was at a total of R 1.237 billion of which 92% related to amounts owing above 90 days.

As at 30 April 2022, the average collection rate of 40% was achieved, the municipality has revitalized its Revenue Enhancement Clusters and re-assessed its strategies which seek to achieve an improved collection rate by the end of the 2021/22 financial year.

The table below details the month-to-month billing against receipts for the 2021/2022 financial year for the period ending 30 April 2022.

Table 8

Month	Billing	Receipts	Collection %
June 2021	31,098,498.76	16,123,060.04	52%
July 2021	34,130,359.93	16,599,637.65	49%
August 2021	34,088,135.92	15,821,733.95	47%
September 2021	33,133,579.61	19,373,579.98	58%
October 2021	26,406,763.09	13,163,326.17	50%
November 2021	29,033,606.72	15,285,130.19	53%
December 2021	29,611,337.16	14,499,786.69	49%
January 2022	32,059,407.28	13,467,994.28	42%
February 2022	34,675,739.54	16,456,997.56	47%
March 2022	34,312,547.12	16,676,117.44	49%
April 2022	34,478,308.62		

vi. Impact Of Implementation of The Revenue Enhancement Strategies

During the preparation of the 2021/2022 Budget Funding Plan, the Municipality, in consultation with the Provincial Treasury calculated a collection rate of 37%. With the implementation of the planned revenue enhancement, protection and collection strategies, the collection for the Municipality is envisaged to increase in the years to come. The anticipated increase in collection rate is as follows:

Year 1 – 2021/ 2022 Projected Collection Rate: 37% of billed revenue.
Year 2 – 2022/ 2023 Projected Collection Rate: 35.9% of billed revenue.
Year 3 – 2023/ 2024 Projected Collection Rate: 42% of billed revenue.
Year 4 – 2024/ 2025 Projected Collection Rate: 48% of billed revenue.
Year 5 – 2025/ 2026 Projected Collection Rate: 50% of billed revenue.

2.7 OPERATING EXPENDITURE FRAMEWORK

OPERATIONAL COSTS

Operating expenditure is proposed at R954.418 million which reflects an increase of 12% from the adjusted budget 2021/22. Of the expenditure items, R769.863 (81%) relates to cash items and R184.555 (19%) relates to non-cash items.

Table 9

Expenditure By Type											
Employee related costs	2	242 633	258 925	265 248	275 256	260 394	260 394	225 327	258 671	267 469	279 245
Remuneration of councillors		11 628	11 606	11 691	12 957	11 587	11 587	9 241	12 114	12 647	13 216
Debt impairment	3	221 071	169 656	187 820	45 000	125 020	125 020	222	131 000	136 764	142 918
Depreciation & asset impairment	2	46 642	54 113	51 582	44 590	44 606	44 606	40 248	53 555	53 547	53 547
Finance charges		14 634	25 509	21 033	20 120	20 120	20 120	16 999	18 771	17 404	15 921
Bulk purchases - electricity	2	–	–	–	–	–	–	–	–	–	–
Inventory consumed	8	–	–	–	278 588	207 181	207 181	233 987	227 286	237 286	247 964
Contracted services		200 877	187 886	191 044	130 852	119 444	119 444	132 240	159 554	157 909	165 015
Transfers and subsidies		6 416	5 084	6 500	7 958	9 158	9 158	9 161	7 500	7 830	8 182
Other expenditure	4, 5	46 413	55 321	42 365	34 675	57 837	57 837	58 483	75 361	77 851	80 751
Losses		–	–	–	–	–	–	–	–	–	–
Total Expenditure		**790 312**	**768 099**	**777 283**	**849 995**	**855 347**	**855 347**	**725 910**	**943 811**	**968 707**	**1 006 760**

Of the expenditure items, R759.256 (80%) relates to cash items and R184.555 (20%) relates to non-cash items. Of the total operating expenditure, R259.299 million (29%) has been allocated to Employee Related Costs including Remuneration of Councillors which is within the National Treasury norm of 22–40%. Contracted services contribute 17% (R159.553 million) of the total operating costs. The user departments continuously review the contracted services and operational costs in an effort to reduce these costs.

The contributions per expense type are detailed in the table below.

Table 10

DESCRIPTION	2021/22	2022/23	2023/24	2024/25
EMPLOYEE COSTS	264 255 963	259 299 691	270 567 990	282 538 165
REMUNERATION OF COUNCILLORS	11 702 488	12 259 163	12 798 566	13 374 502
BAD DEBTS WRITTEN OFF	20 209	-	-	-
DEBT IMPAIRMENT	125 000 000	131 000 000	136 764 000	142 918 380
DEPRECIATION	44 590 371	53 554 786	55 911 196	58 427 200
LOSS ON DISPOSAL OF ASSETS	16 008	-	-	-
FINANCE CHARGES	20 119 571	18 771 274	17 403 733	15 920 860
TRANSFERS AND SUBSIDIES -UMEDA	9 158 074	7 500 000	7 830 000	8 182 350
GRANT FUNDED PROJECTS	3 299 000	3 487 000	1 200 000	1 200 000
CONTRACTED SERVICES	115 840 492	159 553 722	157 908 886	165 014 786
INVENTORY CONSUMED	204 834 219	227 285 780	237 286 354	247 964 240
OPERATING LEASE	16 460 523	20 219 600	20 274 934	20 586 016
OPERATIONAL COST	37 411 754	50 880 356	53 079 643	55 459 423
TOTAL OPERATING EXPENDITURE	**852 708 672**	**943 811 371**	**971 025 303**	**1 011 585 922**

Graph 2

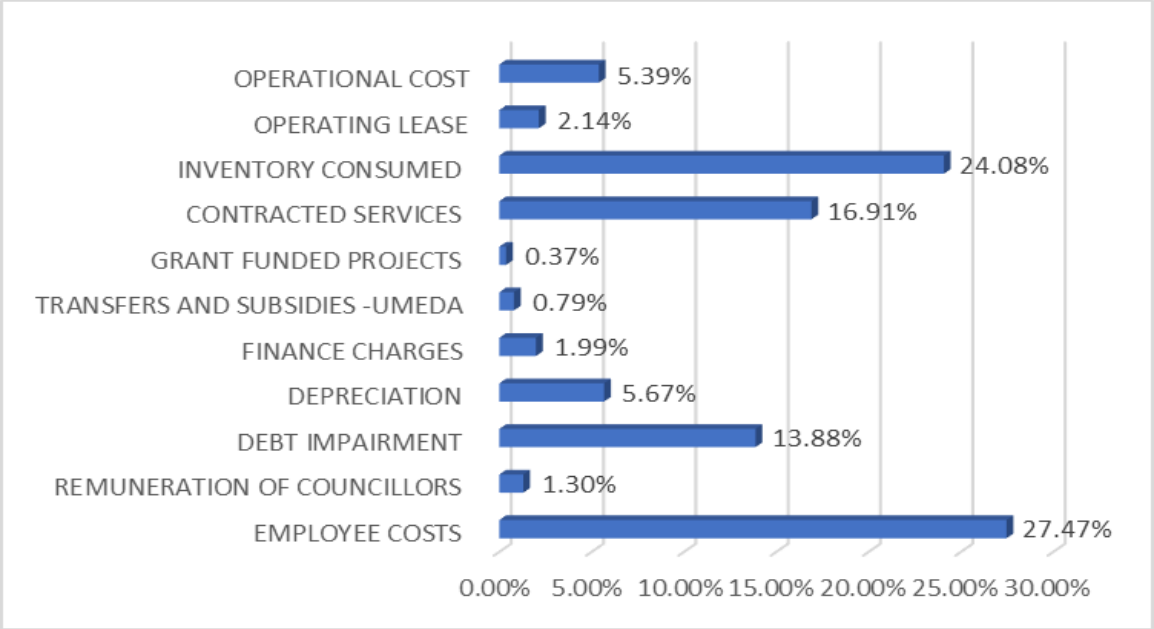

OPERATIONAL COST
OPERATING LEASE
INVENTORY CONSUMED
CONTRACTED SERVICES
GRANT FUNDED PROJECTS
TRANSFERS AND SUBSIDIES -UMEDA
FINANCE CHARGES
DEPRECIATION
DEBT IMPAIRMENT
REMUNERATION OF COUNCILLORS
EMPLOYEE COSTS
5.39%
2.14%
24.08%
16.91%
0.37%
0.79%
1.99%
5.67%
13.88%
1.30%
27.47%
0.00% 5.00% 10.00% 15.00% 20.00% 25.00% 30.00%

Table 11: Operating Expenditure Estimates

OPERATIONAL EXPENDITURE				
EMPLOYEE COSTS	**264 255 963.14**	**259 299 690.69**	**270 567 989.80**	**282 538 164.70**
COMMUNITY	**87 440 373.56**	**86 782 491.30**	**90 600 920.92**	**94 677 962.36**
ACTING ALLOWANCE	43 002.17	-	-	-
BARGAINING COUNCIL	17 820.00	8 362.84	8 730.80	9 123.69
BASIC SALARY	47 463 039.44	49 788 728.38	51 979 432.42	54 318 506.88
BONUSES	4 308 895.81	4 520 031.70	4 718 913.10	4 931 264.19
FIRE - SHIFT ALLOWANCE	9 350 303.88	9 808 468.77	10 240 041.39	10 700 843.26
HOUSING ALLOWANCE	351 055.47	368 257.19	384 460.50	401 761.23
LONG SERVICE AWARDS	271 000.92	191 271.14	199 687.07	208 672.99
MEDICAL AID	4 750 187.52	2 130 668.67	2 224 418.09	2 324 516.91
OVERTIME	1 851 033.44	-	-	-
PENSION	10 743 446.90	11 269 875.79	11 765 750.33	12 295 209.09
RENTAL SUBSIDY	39 000.00	40 911.00	42 711.08	44 633.08
SDL	609 347.25	639 205.27	667 330.30	697 360.16
STANDBY ALLOWANCE	2 046 736.00	2 147 026.06	2 241 495.21	2 342 362.50
TOOLS / CELLPHONE ALLOWANCE	245 013.25	257 018.90	268 327.73	280 402.48
TRAVEL	5 065 992.19	5 314 225.81	5 548 051.74	5 797 714.07
UIF	279 029.36	292 701.80	305 580.67	319 331.80
UNIFORM ALLOWANCE	5 469.96	5 737.99	5 990.46	6 260.03
CORPORATE	**25 016 596.19**	**26 358 530.66**	**27 442 591.48**	**28 600 072.79**
ACTING ALLOWANCE	22 806.44	-	-	-
BARGAINING COUNCIL	6 058.80	7 755.90	8 097.16	8 461.53
BASIC SALARY	17 284 973.35	18 131 937.04	18 929 742.27	19 781 580.68
BONUSES	1 180 205.03	1 364 767.66	1 424 817.44	1 488 934.22
HOUSING ALLOWANCE	127 319.65	127 315.32	132 917.19	138 898.47
LONG SERVICE AWARDS	182 558.28	457 876.62	478 023.19	499 534.23
MEDICAL AID	1 510 417.08	1 584 427.52	1 654 142.33	1 728 578.73
PROVIDENT FUND	-	-	-	-
PENSION	3 231 920.63	3 163 182.15	3 226 647.64	3 294 411.46
RENTAL SUBSIDY	29 892.00	31 356.71	32 736.40	34 209.54
SDL	186 501.58	223 116.48	232 933.61	243 415.62
STANDBY ALLOWANCE	-	-	-	-
TOOLS / CELLPHONE ALLOWANCE	157 755.42	190 883.13	199 281.99	208 249.68
TRAVEL	913 787.93	958 563.53	1 000 740.33	1 045 773.64
UIF	182 400.00	117 348.60	122 511.94	128 024.98
FINANCE	**30 424 214.62**	**31 620 336.79**	**32 859 129.59**	**34 209 841.10**
ACTING ALLOWANCE	126 793.74	-	-	-
BARGAINING COUNCIL	7 840.80	8 930.08	9 323.01	9 742.54
BASIC SALARY	20 140 373.46	21 127 251.76	22 056 850.84	23 049 409.13
BONUSES	1 552 545.31	1 671 420.27	1 744 962.76	1 823 486.08
HOUSING ALLOWANCE	396 787.25	416 238.21	434 552.69	454 107.56
LONG SERVICE AWARDS	338 976.29	388 753.44	405 858.59	424 122.23
MEDICAL AID	1 723 437.72	1 807 886.17	1 887 433.16	1 972 367.65
OVERTIME	34 346.54	54 182.86	56 566.90	59 112.42
PENSION	4 397 533.73	4 613 012.89	4 663 483.43	4 745 390.86
RENTAL SUBSIDY	46 200.00	48 463.80	50 596.21	52 873.04
SDL	222 203.49	233 091.46	243 347.49	254 298.13
PROVIDENT FUND				
TOOLS / CELLPHONE ALLOWANCE	88 800.00	144 796.11	151 167.14	157 969.66
TRAVEL	1 233 192.19	958 563.53	1 000 740.33	1 045 773.64
UIF	115 184.09	147 746.21	154 247.04	161 188.16
OFFICE OF THE MUNICIPAL MANAGER	**27 213 375.58**	**27 209 054.60**	**28 406 253.00**	**29 684 534.39**
ACTING ALLOWANCE	18 589.89	-	-	-
BARGAINING COUNCIL	4 752.00	4 984.85	5 204.18	5 438.37
BASIC SALARY	17 681 406.12	18 547 795.02	19 363 898.01	20 235 273.42
BONUSES	1 467 173.91	1 539 065.43	1 606 784.31	1 679 089.60
HOUSING ALLOWANCE	81 023.43	84 993.58	88 733.30	92 726.29
LONG SERVICE AWARDS	255 864.10	209 121.89	218 323.26	228 147.80
MEDICAL AID	853 025.76	894 824.02	934 196.28	976 235.11
OVERTIME	483 114.98	1 035 298.25	1 080 851.37	1 129 489.69
PENSION	2 267 143.37	2 143 834.21	2 238 162.91	2 338 880.24
RENTAL SUBSIDY	29 400.00	6 294.00	6 570.94	6 866.63
SDL	193 376.34	239 227.76	249 753.79	260 992.71
STANDBY ALLOWANCE	912 659.63	-	-	-
TOOLS / CELLPHONE ALLOWANCE	252 850.00	212 265.15	221 604.82	231 577.03
TRAVEL	2 560 298.21	2 127 993.12	2 221 624.82	2 321 597.93
UIF	81 588.36	88 763.46	92 669.06	96 839.16
UNIFORM ALLOWANCE	71 109.48	74 593.84	77 875.97	81 380.39
TECHNICAL	**83 078 801.26**	**75 992 010.55**	**79 411 651.02**	**82 985 175.32**
ACTING ALLOWANCE	270 265.76	-	-	-
BARGAINING COUNCIL	23 284.80	24 425.76	25 524.91	26 673.54
BASIC SALARY	47 983 237.04	50 334 415.65	52 599 464.35	54 966 440.25
BONUSES	3 816 813.94	4 003 837.82	4 184 010.53	4 372 291.00
HOUSING ALLOWANCE	266 213.36	279 257.82	291 824.42	304 956.52
LONG SERVICE AWARDS	397 094.00	416 551.61	435 296.43	454 884.77
MEDICAL AID	3 652 385.52	3 831 352.41	4 003 763.27	4 183 932.62
OVERTIME	4 802 305.30	-	-	-
PENSION	10 991 107.09	6 329 903.41	6 614 749.07	6 912 412.78
RENTAL SUBSIDY	19 200.00	20 140.80	21 047.14	21 994.26
SDL	605 826.61	635 512.11	664 110.16	693 995.11
STANDBY ALLOWANCE	5 014 091.45	5 259 781.93	5 496 472.12	5 743 813.36
TOOLS / CELLPHONE ALLOWANCE	629 400.00	660 240.60	689 951.43	720 999.24
TRAVEL	4 326 098.89	3 901 320.72	4 076 880.15	4 260 339.76
UIF	281 477.51	295 269.91	308 557.05	322 442.12
GROUP LIFE	2 185 000.00	2 292 065.00	2 395 207.93	2 502 992.28
POST RETIREMENT BENEFITS	6 852 605.00	6 900 000.00	7 210 500.00	7 534 972.50
WORKMEN'S COMPENSATION	2 044 996.93	2 145 201.78	2 241 735.86	2 342 613.97

REMUNERATION OF COUNCILLORS	**11 702 488.43**	**12 259 163.02**	**12 798 566.19**	**13 374 501.67**
OFFICE OF THE MUNICIPAL MANAGER	**11 702 488.43**	**12 259 163.02**	**12 798 566.19**	**13 374 501.67**
CHIEF WHIP: BASIC SALARY	388 697.19	318 910.50	332 942.56	347 924.98
CHIEF WHIP: CELLPHONE ALLOWANCE	41 810.00	40 800.00	42 595.20	44 511.98
CHIEF WHIP: SDL	8 374.00	8 775.95	9 162.09	9 574.39
CHIEF WHIP: TRAVEL ALLOWANCE	129 066.88	106 303.50	110 980.85	115 974.99
DEPUTY MAYOR: BASIC SALARY	350 040.18	366 842.11	382 983.16	400 217.40
DEPUTY MAYOR: MEDICAL AID	25 564.00	29 216.00	30 501.50	31 874.07
DEPUTY MAYOR: PENSION	73 289.72	69 799.73	72 870.92	76 150.11
DEPUTY MAYOR: SDL	3 162.00	7 223.43	7 541.26	7 880.61
DEPUTY MAYOR: TRAVEL ALLOWANCE	161 964.62	169 738.92	177 207.44	185 181.77
DEPUTY MAYOR: CELLPHONE ALLOWANCE	18 500.00	40 800.00	42 595.20	44 511.98
EXCO: BASIC SALARY	1 926 119.39	2 026 640.78	2 115 812.97	2 211 024.56
EXCO: CELLPHONE ALLOWANCE	271 826.67	284 874.35	297 408.82	310 792.22
EXCO: MEDICAL AID	71 206.30	35 712.00	37 283.33	38 961.08
EXCO: PENSION	165 511.33	173 455.87	181 087.93	189 236.88
EXCO: SDL	28 972.00	50 564.00	52 788.82	55 164.31
EXCO: TRAVEL ALLOWANCE	720 043.35	754 605.43	787 808.07	823 259.43
MAYOR: BASIC SALARY	816 249.91	855 429.91	893 068.82	933 256.92
MAYOR: CELLPHONE ALLOWANCE	44 276.67	40 800.00	42 595.20	44 511.98
MAYOR: MEDICAL AID	12 893.87	-	-	-
MAYOR: SDL	10 802.00	11 320.50	11 818.60	12 350.43
MAYOR: TRAVEL ALLOWANCE	232 777.86	745 494.00	778 295.74	813 319.04
OTHER COUNCILLORS: BASIC SALARY	2 869 181.65	3 288 418.00	3 433 108.39	3 587 598.27
OTHER COUNCILLORS: CELLPHONE ALLOWANCE	483 850.00	507 074.80	529 386.09	553 208.47
OTHER COUNCILLORS: MEDICAL AID	118 800.80	30 301.00	31 634.24	33 057.78
OTHER COUNCILLORS: OTHER ALLOWANCES	544 728.00	570 874.94	595 993.44	622 813.15
OTHER COUNCILLORS: PENSION	246 697.53	25 399.00	26 516.56	27 709.80
OTHER COUNCILLORS:SDL	55 456.43	58 118.34	60 675.55	63 405.95
OTHER COUNCILLORS: TRAVEL ALLOWANCE	1 029 808.52	745 495.00	778 296.78	813 320.14
SPEAKER: BASIC SALARY	552 155.86	628 197.75	655 838.45	685 351.18
SPEAKER: CELLPHONE ALLOWANCE	46 990.00	49 245.52	51 412.32	53 725.88
SPEAKER: PENSION	45 874.14	-	-	-
SPEAKER: SDL	8 905.00	9 332.44	9 743.07	10 181.51
SPEAKER: TRAVEL ALLOWANCE	198 892.56	209 399.25	218 612.82	228 450.39
BAD DEBTS WRITTEN OFF	**20 209.00**	**-**	**-**	**-**
FINANCE	**20 209.00**	**-**	**-**	**-**
DEBT WRITE-OFF	400 020 209.00	-	-	-
DEBT IMPAIRMENT REVERSAL	- 400 000 000.00	-	-	-
DEBT IMPAIRMENT	**125 000 000.00**	**131 000 000.00**	**136 764 000.00**	**142 918 380.00**
FINANCE	**125 000 000.00**	**131 000 000.00**	**136 764 000.00**	**142 918 380.00**
NON-CASH ITEM	125 000 000.00	131 000 000.00	136 764 000.00	142 918 380.00
DEPRECIATION	**44 590 371.38**	**53 554 785.58**	**55 911 196.14**	**58 427 199.97**
FINANCE	**44 590 371.38**	**53 554 785.58**	**55 911 196.14**	**58 427 199.97**
NON-CASH ITEM	44 590 371.38	53 554 785.58	55 911 196.14	58 427 199.97
LOSS ON DISPOSAL OF ASSETS	**16 008.00**	**-**	**-**	**-**
FINANCE	**16 008.00**	**-**	**-**	**-**
NON-CASH ITEM	16 008.00	-	-	-
FINANCE CHARGES	**20 119 571.41**	**18 771 274.00**	**17 403 733.00**	**15 920 860.00**
FINANCE	**20 119 571.41**	**18 771 274.00**	**17 403 733.00**	**15 920 860.00**
LOAN	20 119 571.41	18 771 274.00	17 403 733.00	15 920 860.00
TRANSFERS AND SUBSIDIES -UMEDA	**9 158 074.00**	**7 500 000.00**	**7 000 000.00**	**6 500 000.00**
ECONOMIC DEVELOPMENT & PLANNING	**9 158 074.00**	**7 500 000.00**	**7 000 000.00**	**6 500 000.00**
UMEDA	9 158 074.00	7 500 000.00	7 000 000.00	6 500 000.00
GRANT FUNDED PROJECTS	**3 299 000.00**	**3 487 000.00**	**1 200 000.00**	**1 200 000.00**
ECONOMIC DEVLOPMENT & PLANNING	**2 299 000.00**	**2 287 000.00**	**-**	**-**
EPWP	2 299 000.00	2 287 000.00	-	-
FINANCE	**1 000 000.00**	**1 200 000.00**	**1 200 000.00**	**1 200 000.00**
FMG	1 000 000.00	1 200 000.00	1 200 000.00	1 200 000.00

CONTRACTED SERVICES	**115 840 491.51**	**159 553 722.16**	**157 908 885.94**	**165 014 785.80**
COMMUNITY	**-**	**300 000.00**	**313 200.00**	**327 294.00**
LABORATORY COSTS	-	300 000.00	313 200.00	327 294.00
CORPORATE	**3 805 965.61**	**4 750 000.00**	**4 959 000.00**	**5 182 155.00**
HYGIENE SERVICES	70 500.00	300 000.00	313 200.00	327 294.00
IT TECHNICAL SUPPORT	2 602 453.66	1 800 000.00	1 879 200.00	1 963 764.00
MAINTENANCE OF BUILDINGS AND FACILITIES	1 132 051.95	2 000 000.00	2 088 000.00	2 181 960.00
MEDICAL SERVICES	960.00	350 000.00	365 400.00	381 843.00
EMPLOYEE ASSISTANCE PROGRAMME	-	300 000.00	313 200.00	327 294.00
ECONOMIC DEVELOPMENT & PLANNING	**11 845 885.54**	**8 530 000.00**	**1 597 320.00**	**1 669 199.40**
COMMITTEE FEES - JMPT	110 463.00	300 000.00	313 200.00	327 294.00
PROJECT MANAGEMENT - URP	11 735 422.54	7 000 000.00		
PROJECT MANAGEMENT - ENVIRO MNGT	-	500 000.00	522 000.00	545 490.00
PROJECT MANAGEMENT - GIS DATASETS UPGRADE	-	380 000.00	396 720.00	414 572.40
PROFESSIONAL SERVICES - LED	-	350 000.00	365 400.00	381 843.00
FINANCE	**1 040 000.00**	**1 089 920.00**	**1 137 876.48**	**1 189 080.92**
ACTUARIAL SERVICES	40 000.00	41 920.00	43 764.48	45 733.88
ACCOUNTING SUPPORT	1 000 000.00	1 048 000.00	1 094 112.00	1 143 347.04
OFFICE OF THE MUNICIPAL MANAGER	**15 160 203.91**	**17 421 246.86**	**16 830 581.72**	**17 587 957.90**
AUDIT COMMITTEE	115 693.57	71 246.86	74 381.72	77 728.90
PROFESSIONAL FEES	-	50 000.00	52 200.00	54 549.00
LEGAL SERVICES	7 745 000.00	8 000 000.00	8 352 000.00	8 727 840.00
SECURITY SERVICES	7 244 282.08	8 000 000.00	8 352 000.00	8 727 840.00
SECTOR PLANS - PROJECT MANAGEMENT	-	1 300 000.00		
CATERING - MEDIA BRIEFING	20 500.00	-	-	-
CATERING (FOOD PACKS - INAUGURATION)	11 250.00	-	-	-
MEDIA - INAUGURATION PHOTOGRAPHY	23 478.26	-	-	-
TECHNICAL	**83 988 436.45**	**127 462 555.30**	**133 070 907.73**	**139 059 098.58**
WATER QUALITY	1 515 992.06	1 800 000.00	1 879 200.00	1 963 764.00
REPAIRS AND MAINTENANCE	10 562 354.47	11 662 555.30	12 175 707.73	12 723 614.58
SEWERAGE SERVICES - UMNGENI WWW	17 910 089.92	60 000 000.00	62 640 000.00	65 458 800.00
WATER TANKERS	54 000 000.00	54 000 000.00	56 376 000.00	58 912 920.00
INVENTORY CONSUMED	**204 834 218.70**	**227 285 779.86**	**237 286 354.18**	**247 964 240.12**
CORPORATE	**550 493.00**	**616 299.86**	**643 417.06**	**672 370.83**
CLEANING MATERIALS	206 393.00	216 299.86	225 817.06	235 978.83
STATIONERY	344 100.00	400 000.00	417 600.00	436 392.00
TECHNICAL	**203 244 585.70**	**223 469 480.00**	**233 302 137.12**	**243 800 733.29**
BULK PURCHASES	202 426 800.00	222 669 480.00	232 466 937.12	242 927 949.29
LABORATORY - CHEMICALS	817 785.70	800 000.00	835 200.00	872 784.00
FINANCE	**500 000.00**	**1 200 000.00**	**1 252 800.00**	**1 309 176.00**
MATERIALS	500 000.00	1 200 000.00	1 252 800.00	1 309 176.00
COMMUNITY	**536 140.00**	**2 000 000.00**	**2 088 000.00**	**2 181 960.00**
CONSUMABLES - FOAM	152 640.00	160 000.00	167 040.00	174 556.80
DISASTER MANAGEMENT - TENTS	195 000.00	520 000.00	542 880.00	567 309.60
DISASTER MANAGEMENT - SPECIALISED TRAINING	-	-	-	-
DISASTER MANAGEMENT - PUBLIC AWARENESS	-	100 000.00	104 400.00	109 098.00
DISASTER MANAGEMENT - BREATHING APPARATUS	-	240 000.00	250 560.00	261 835.20
DISASTER MANAGEMENT - SMALL GEAR	-	200 000.00	208 800.00	218 196.00
DISASTER MANAGEMENT - PLASTIC SHEETS	112 500.00	180 000.00	187 920.00	196 376.40
DISASTER MANAGEMENT - LIGHTENING RODS	-	600 000.00	626 400.00	654 588.00
DISASTER MANAGEMENT - ROOF SAILS AND MATRESSES	76 000.00	-	-	-
OFFICE OF THE MUNICIPAL MANAGER	**3 000.00**	**-**	**-**	**-**
CONSUMABLES - INAUGURATION	3 000.00	-	-	-
OPERATING LEASE	**16 460 522.50**	**20 219 600.00**	**20 274 934.40**	**20 586 016.45**
COMMUNITY	**6 000 000.00**	**6 000 000.00**	**6 000 000.00**	**6 252 000.00**
FIRE ENGINES	6 000 000.00	6 000 000.00	6 000 000.00	6 252 000.00
CORPORATE	**10 460 522.50**	**14 219 600.00**	**14 274 934.40**	**14 334 016.45**
EQUIPMENT	852 000.00	962 000.00	962 000.00	962 000.00
FLEET	8 408 522.50	12 000 000.00	12 000 000.00	12 000 000.00
OPERATING LEASE - PREMISES	1 200 000.00	1 257 600.00	1 312 934.40	1 372 016.45
OPERATIONAL COST	**37 411 754.22**	**50 880 356.11**	**53 079 642.90**	**55 459 422.99**
COMMUNITY	**97 686.00**	**330 000.00**	**313 200.00**	**327 294.00**
ASSETS EXPENSED (HOSES)	97 686.00	300 000.00	313 200.00	327 294.00
TENDER ADVERTS	-	30 000.00	31 320.00	32 729.40
CORPORATE	**11 696 060.75**	**20 500 252.40**	**21 402 263.51**	**22 365 365.36**
ELECTRICITY & RATES	3 166 877.00	3 800 252.40	3 967 463.51	4 145 999.36
MOTOR VEHICLE LICENCES	129 919.68	300 000.00	313 200.00	327 294.00
SOFTWARE LICENCES	4 862 180.20	5 500 000.00	5 742 000.00	6 000 390.00
STAFF RECRUITMENT	170 636.09	280 000.00	292 320.00	305 474.40
TELEPHONE	1 781 812.50	2 000 000.00	2 088 000.00	2 181 960.00
UNIFORMS	1 556 871.23	3 600 000.00	3 758 400.00	3 927 528.00
TRAINING	-	500 000.00	522 000.00	545 490.00
WET FUEL	-	4 500 000.00	4 698 000.00	4 909 410.00
TENDER ADVERTS	24 884.05	20 000.00	20 880.00	21 819.60
ACCOMODATION	2 880.00			
EDP	**-**	**1 350 000.00**	**1 409 400.00**	**1 472 823.00**
HIRE COSTS - EXHIBITIONS	-	100 000.00	104 400.00	109 098.00
PRINTING	-	250 000.00	261 000.00	272 745.00
HIRE COSTS - SMME DEVELOPMENT	-	200 000.00	208 800.00	218 196.00
HIRE - LED	-	500 000.00	522 000.00	545 490.00
PRINTING - LED	-	300 000.00	313 200.00	327 294.00
FINANCE	**10 006 352.49**	**9 851 194.15**	**10 283 237.82**	**10 743 929.68**
AUDIT FEES	3 000 000.00	3 144 000.00	3 282 336.00	3 430 041.12
BANK CHARGES	1 427 927.26	1 496 467.77	1 562 312.35	1 632 616.41
INSURANCE	2 155 434.03	2 597 729.48	2 712 029.57	2 834 070.90
SALGA AFFILIATION FEE	3 407 778.00	2 592 996.91	2 705 679.90	2 825 381.65
TENDER ADVERTS	15 213.20	20 000.00	20 880.00	21 819.60
OFFICE OF THE MUNICIPAL MANAGER	**888 772.39**	**1 245 632.00**	**1 300 319.81**	**1 358 834.20**
ACCOMODATION	26 446.26	60 000.00	62 520.00	65 333.40
CONFERENCE FEES	34 000.00	35 632.00	37 199.81	38 873.80
TRAVEL	44 282.15	60 000.00	62 640.00	65 458.80
COMMUNICATIONS	68 900.00	400 000.00	417 600.00	436 392.00
PUBLIC NOTICES - IDP	-	20 000.00	20 880.00	21 819.60
PRINTING -IDP	-	300 000.00	313 200.00	327 294.00
TENDER ADVERTS	43 156.43	20 000.00	20 880.00	21 819.60
PUBLIC PARTICIPATION	282 426.55	350 000.00	365 400.00	381 843.00
HIRE COSTS - INAUGURATION	380 161.00	-	-	-
IUNIFORMS - INAUGURATION	9 400.00	-	-	-
TECHNICAL	**14 722 882.59**	**17 603 277.55**	**18 371 221.77**	**19 191 176.75**
ASSETS CAPITALISED (TOOLS & SMALL EQUIPMENT)	353 408.00	350 000.00	358 800.00	368 196.00
ELECTRICITY - INFRASTRUCTURE	14 361 064.63	17 233 277.55	17 991 541.77	18 801 161.15
TENDER ADVERTS	6 000.00	20 000.00	20 880.00	21 819.60
TRAVEL	2 409.96			
TOTAL OPERATING EXPENDITURE	**852 708 672.29**	**943 811 371.41**	**970 195 302.55**	**1 009 903 571.70**

The executive strategies for the expenditure management are detailed below:

Financial Objective	Strategy	Focus Areas	Key Performance Indicator	Key Activities
Expenditure Management	Limit operational expenditure to core business	Wastewater Treatment Works Repairs and Maintenance Contract	Finalized fixed tariff	Signing of the Agreement Addendum
		Reticulation Network Repairs and Maintenance	Adherence to contract conditions and reduction of frills on the contract	Contract Management
		Vehicle hire - Core business	Reduced petrol costs and hire costs	Effective fleet management
		Overtime and Standby Allowances	Reduced overtime and standby allowances payment.	Overtime and stand by control and preauthorization
	Limit service delivery salary related costs	Grant Management	100% Grant spending	Grant Spending
	Contract Management	Reticulation Repairs and Maintenance Contract	Reduced Expenditure	Pre-approval by HOD: Technical Services in consultation with the CFO additional work outside the scope of the contract
Improved Financial Management Oversight	Monthly monitoring of the implementation of the financial recovery strategy	Governance, Reporting and Oversight	Quarterly progress report on the implementation of the Financial Recovery Plan tabled to Council	Reporting of significant indictors on the implementation of the funding plan or financial recovery plan tabled monthly to Council as part of the Section 71 report.
Improved Local Economic Development Programme	Financial support to Economic Development Agency as to respond to adverse effects of Covid-19 on the economic environment ultimately improving the ability of the communities within the district to better afford to pay for services.	Improved support to the Development Agency to facilitate the capacitation and support of SMMEs and assisting in providing guidance on opportunities available thereto.	Quarterly Reports on programmes and support/capacitation provided to SMME's	Training facilitation and grant funding application support

Cost Containment Measures

The municipality has committed to reducing its unnecessary operational expenditure, concentrate of core
business expenditure, limit or stagger and prioritize filling of posts to those that affect statutory compliances. Further, as part of cost containment measures, the municipality is reviewing all its contracts with an effort to reduce unnecessary services within the contract. As part of cost containment measures, and consideration that water and sanitation the core business, where minor repairs to the meter and or reticulation are identified, they are fixed on the spot to reduce unaccounted for water and eventually reduce the cost of bulk water purchase.

The following are expenditure items that are regarded as non – essentials for the municipality and should be cut:

a) Interest charged on invoices. This line item is regarded as fruitless and wasteful. Members of staff are to take necessary care with relation to payments to suppliers and strive not to delay payments. This line expenditure, where possible must be recovered from the responsible individual if there were no valid reasons for delaying payment.

b) Legal Costs. Resources from other organs of state must be utilized prior to the use of private legal firms.

c) Use of council vehicles. This expenditure item should be strictly used for municipal business and business trips.

d) Insurance Top up costs / excess. A task team to be established to follow up on all insurance claims. Where negligence can be proven, the excess fee must be recovered from the responsible individual.

e) Stationery including print paper - As much as possible the Heads of departments must devise a strategy to control stationery, where working paperless is possible, it must be adopted.

f) Travelling: Domestic - Unless trips are funded by the hosting department or company, and where travelling does not involve improvement improved efficiency of the individual such as changes to law or standards, travelling is not recommended.

g) Travelling: International - This item of expenditure is not recommended unless with the discretion of Council, International trips can be approved by Council with specific special circumstances.

h) Catering for meetings – Catering for outside stakeholders for meetings that started before 07h00 or travelling for a meeting was before 06h00 will be considered. Catering for other meetings will be discontinued. Meetings are recommended to be held between 08h00 -13h00 and 14h00 – 16h30.

i) Catering: Municipal Meetings - This has been cancelled and will remain disallowed. Meetings are recommended to be held between 08h00 – 13h00 and 14h00 – 16h30 to allow staff members to attend to their lunch.

j) Telephones - All telephone lines are to be limited to R 200 per month and any increases required to be motivated to the Municipal Manager and cannot be more than R 500 for the month. The following land lines will have telephone limits of R 300 per month:

- Executive Managers
- Supply Chain Department
- Free Basic Services Department

The credit control and debt collection department will be allocated R 500 per month. A detailed list of calls to customers have to be provided to Manager: Revenue.

Key Focus Area 1: Contract Management

The municipality run some of its operations through contracts and those contracts are reviewed on an ongoing basis.

Water Tanker Hire: This contract will continue to be closely monitored and reviewed to ensure that the municipality is able to recover the costs incurred in the form of service charges. Demand Analysis needs to continuously be performed by the user department which has to demonstrate the reduced need for the service delivery through water tankers in line with the commissioned and completed projects. The need for the water tanker hire has to reflect a stagger down need in line with implemented projects and service interruptions.

Reticulation Repairs and Maintenance - Electric and Mechanical Contract: This contract will continue to be closely monitored to provide and supply services as per contract conditions and pre-approvals are required for works to be done.

Wastewater Treatment Works Maintenance Contract: A fixed cost tariff charge is being negotiated with the service provider. The reasonability of the fixed tariff is being verified and the contract addendum is to be concluded.

Vehicle Hire and VIP Vehicle Hire: Vehicle Hire for VIP's to be limited to upper limit as per Government gazette. Vehicle hire for staff for operational purposes to be controlled by line managers.

Key Focus Area 2: Employee Related Costs

All allowances, overtime and standby to be pre-approved and controlled by line managers. A limit of standby allowance and overtime has been set.

2.8 ALLOCATION AND GRANTS MADE BY THE MUNICIPALITY

Council resolved to transfer a total sum of R 7.5 million to the uMgungundlovu Development Agency for the 2022/2023 financial period.

2.9 COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

	2022/23	2023/24	2024/25
DESCRIPTION			
REMUNERATION OF COUNCILLORS	**12 259 163.02**	**12 798 566.19**	**13 374 501.67**
MAYOR: BASIC SALARY	855 429.91	893 068.82	933 256.92
MAYOR: CELLPHONE ALLOWANCE	40 800.00	42 595.20	44 511.98
MAYOR: SDL	11 320.50	11 818.60	12 350.43
MAYOR: TRAVEL ALLOWANCE	745 494.00	778 295.74	813 319.04
	1 653 044.40	**1 725 778.36**	**1 803 438.38**
DEPUTY MAYOR: BASIC SALARY	366 842.11	382 983.16	400 217.40
DEPUTY MAYOR: MEDICAL AID	29 216.00	30 501.50	31 874.07
DEPUTY MAYOR: PENSION	69 799.73	72 870.92	76 150.11
DEPUTY MAYOR: SDL	7 223.43	7 541.26	7 880.61
DEPUTY MAYOR: TRAVEL ALLOWANCE	169 738.92	177 207.44	185 181.77
DEPUTY MAYOR: CELLPHONE ALLOWANCE	40 800.00	42 595.20	44 511.98
	683 620.19	**713 699.48**	**745 815.96**
SPEAKER: BASIC SALARY	628 197.75	655 838.45	685 351.18
SPEAKER: CELLPHONE ALLOWANCE	49 245.52	51 412.32	53 725.88
SPEAKER: SDL	9 332.44	9 743.07	10 181.51
SPEAKER: TRAVEL ALLOWANCE	209 399.25	218 612.82	228 450.39
	896 174.96	**935 606.66**	**977 708.96**
CHIEF WHIP: BASIC SALARY	318 910.50	332 942.56	347 924.98
CHIEF WHIP: CELLPHONE ALLOWANCE	40 800.00	42 595.20	44 511.98
CHIEF WHIP: SDL	8 775.95	9 162.09	9 574.39
CHIEF WHIP: TRAVEL ALLOWANCE	106 303.50	110 980.85	115 974.99
	474 789.95	**495 680.71**	**517 986.34**
EXCO: BASIC SALARY	2 026 640.78	2 115 812.97	2 211 024.56
EXCO: CELLPHONE ALLOWANCE	284 874.35	297 408.82	310 792.22
EXCO: MEDICAL AID	35 712.00	37 283.33	38 961.08
EXCO: PENSION	173 455.87	181 087.93	189 236.88
EXCO: SDL	50 564.00	52 788.82	55 164.31
EXCO: TRAVEL ALLOWANCE	754 605.43	787 808.07	823 259.43
	3 325 852.43	**3 472 189.93**	**3 628 438.48**
OTHER COUNCILLORS: BASIC SALARY	3 288 418.00	3 433 108.39	3 587 598.27
OTHER COUNCILLORS: CELLPHONE ALLOWANCE	507 074.80	529 386.09	553 208.47
OTHER COUNCILLORS: MEDICAL AID	30 301.00	31 634.24	33 057.78
OTHER COUNCILLORS: OTHER ALLOWANCES	570 874.94	595 993.44	622 813.15
OTHER COUNCILLORS: PENSION	25 399.00	26 516.56	27 709.80
OTHER COUNCILLORS:SDL	58 118.34	60 675.55	63 405.95
OTHER COUNCILLORS: TRAVEL ALLOWANCE	745 495.00	778 296.78	813 320.14
	5 225 681.08	**5 455 611.05**	**5 701 113.55**

***Totals above include costs for Skills Development Levy*

Employee Related Costs

DESCRIPTION	2021/22	2022/23	2023/24	2024/25
COMMUNITY	87 440 373.56	86 782 491.30	90 600 920.92	94 677 962.36
CORPORATE	25 016 596.19	26 358 530.66	27 442 591.48	28 600 072.79
FINANCE	30 424 214.62	31 620 336.79	32 859 129.59	34 209 841.10
OFFICE OF THE MUNICIPAL MANAGER	27 213 375.58	27 209 054.60	28 406 253.00	29 684 534.39
TECHNICAL	83 078 801.26	75 992 010.55	79 411 651.02	82 985 175.32
GROUP LIFE	2 185 000.00	2 292 065.00	2 395 207.93	2 502 992.28
POST RETIREMENT BENEFITS	6 852 605.00	6 900 000.00	7 210 500.00	7 534 972.50
WORKMEN'S COMPENSATION	2 044 996.93	2 145 201.78	2 241 735.86	2 342 613.97
	264 255 963.14	**259 299 690.69**	**270 567 989.80**	**282 538 164.70**

***Totals above include costs for Executive Management, Skills Development Levy, Workmen's Compensation and Group Life*

Executive Management Costs

Position	Basic Salary	Travel Allowance	Cell phone Allowance	UIF	SDL	SALGBCL	Total
Municipal Manager	1 350 625	-	21 600	1 864	13 506	119	**1 387 714**
Executive Manager: Financial Services	1 087 460	180 000	21 600	1 864	10 875	119	**1 301 917**
Executive Manager: Corporate Services	1 087 460	180 000	21 600	1 864	10 875	119	**1 301 917**
Executive Manager: Technical Services	1 087 460	180 000	21 600	1 864	10 875	119	**1 301 917**
Executive Manager: Community Services	1 087 452	180 000	21 600	1 864	10 875	119	**1 301 909**
Executive Manager: Economic Development and Planning	1 087 452	180 000	21 600	1 864	10 875	119	**1 301 909**

2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

DC22 uMgungundlovu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash Receipts By Source															
Property rates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	16 483	16 483	16 483	16 483	16 483	16 483	16 483	16 483	16 483	16 483	16 483	16 483	197 800	206 504	215 796
Service charges - sanitation revenue	2 368	2 368	2 368	2 368	2 368	2 368	2 368	2 368	2 368	2 368	2 368	2 368	28 417	29 667	31 002
Service charges - refuse revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest earned - external investments	238	238	238	238	238	238	238	238	238	238	238	238	2 859	2 985	3 119
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and Subsidies - Operational	28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842	346 101	364 603	394 415
Other revenue	27 853	27 853	27 853	27 853	27 853	27 853	27 853	27 853	27 853	27 853	27 853	27 853	334 241	356 222	379 847
Cash Receipts by Source	75 785	75 785	75 785	75 785	75 785	75 785	75 785	75 785	75 785	75 785	75 785	75 785	909 419	959 981	1 024 180
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	17 098	17 098	17 098	17 098	17 098	17 098	17 098	17 098	17 098	17 098	17 098	17 098	205 174	215 592	220 794
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on Disposal of Fixed and Intangible Assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	(62)	(62)	(62)	(62)	(62)	(62)	(62)	(62)	(62)	(62)	(62)	(62)	(741)	(395)	(413)
Decrease (increase) in non-current receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	92 821	92 821	92 821	92 821	92 821	92 821	92 821	92 821	92 821	92 821	92 821	92 821	1 113 851	1 175 178	1 244 561
Cash Payments by Type															
Employee related costs	22 920	22 920	22 920	22 920	22 920	22 920	22 920	22 920	22 920	22 920	22 920	22 920	275 046	284 567	297 113
Remuneration of councillors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance charges	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	1 610	19 322	17 971	16 644
Bulk purchases - electricity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Acquisitions - water & other inventory	18 940	18 940	18 940	18 940	18 940	18 940	18 940	18 940	18 940	18 940	18 940	18 940	227 286	237 286	247 964
Contracted services	13 296	13 296	13 296	13 296	13 296	13 296	13 296	13 296	13 296	13 296	13 296	13 296	159 554	157 909	165 015
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	625	625	625	625	625	625	625	625	625	625	625	625	7 500	7 830	8 182
Other expenditure	5 795	5 795	5 795	5 795	5 795	5 795	5 795	5 795	5 795	5 795	5 795	5 795	69 541	71 729	74 349
Cash Payments by Type	63 187	63 187	63 187	63 187	63 187	63 187	63 187	63 187	63 187	63 187	63 187	63 187	758 249	777 292	809 267
Other Cash Flows/Payments by Type															
Capital assets	17 098	17 098	17 098	17 098	17 098	17 098	17 098	17 098	17 098	17 098	17 098	17 098	205 174	215 592	220 794
Repayment of borrowing	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	12 310	13 678	7 421
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	81 311	81 311	81 311	81 311	81 311	81 311	81 311	81 311	81 311	81 311	81 311	81 311	975 733	1 006 562	1 037 482
NET INCREASE/(DECREASE) IN CASH HELD	11 510	11 510	11 510	11 510	11 510	11 510	11 510	11 510	11 510	11 510	11 510	11 510	138 118	168 615	207 079
Cash/cash equivalents at the month/year begin:	80 962	92 472	103 982	115 491	127 001	138 511	150 021	161 531	173 041	184 551	196 061	207 570	80 962	219 080	387 696
Cash/cash equivalents at the month/year end:	92 472	103 982	115 491	127 001	138 511	150 021	161 531	173 041	184 551	196 061	207 570	219 080	219 080	387 696	594 774

2.11 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS INTERNAL – DEPARTMENTS

The attached Service Delivery and Budget Implementation Plan is at Draft stage and will be approved by the Mayor within 28 days from the date of the approval of the Final Budget as per Section 53(1)(c) of the Municipal Finance Management Act. ***Refer to Annexure A.***

2.12 ANNUAL BUDGETS AND SERVICE DELIVERY AGREEMENTS – MUNICIPAL ENTITIES AND OTHER EXTERNAL MECHANISMS

Not applicable.

2.13 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

The below contracts have budgetary implications beyond the 2022/23 financial year

- Leasing of photocopying machines from Yurutek Business Solutions where the contract period ends on 30 April 2025.
- Leasing of Emergency Response Vehicles from Scelo Business Consulting where the contract period ends on 13 November 2023.

SUPPLIER DESCRIPTION	CONTRACT DESCRIPTION	USER DEPARTMENT	START DATE	END DATE	PERIOD: MONTHS	AMOUNT	ESCALATION	MONTHS REMAINING AFTER END PERIOD	AMOUNT COMMITTED AT YEAR END	DUE IN ONE YEAR	DUE IN SECOND TO FIVE YEARS
YURETEK BUSINESS SOLUTIONS	PHOTOCOPY SERVICES	CORPORATE SERVICES	1-May-22	30-Apr-25	36	79 071	0%	35	2 767 498	948 856	1 818 641
SCELO BUSINESS CONSULTING	LEASING OF 4 NEW EMERGENCY RESPONSE VEHICLES	COMMUNITY SERVICES	14-Nov-20	13-Nov-23	36	18 381 600	0%	16	8 169 600	4 595 400	3 574 200

2.14 CAPITAL EXPENDITURE

The capital budget is at a total of R206.974 million of which 99.13% (R205.174 million) of the capital expenditure will be funded by capital grants and 0.87% (R1.8 million) will be funded internally for the commencement of the design and planning of the Disaster Management Centre.

Table 9

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance & Administration		–	–	–	–	–	–	–	–	–	–
Vote 3 - Community & Social Services		–	–	–	–	–	–	–	–	–	–
Vote 4 - Internal audit		–	–	–	–	–	–	–	–	–	–
Vote 5 - Water Management		–	–	–	–	–	–	–	–	–	–
Vote 6 - Waste Water Management		–	–	–	–	–	–	–	–	–	–
Vote 7 - Planning and Development		–	–	–	–	–	–	–	–	–	–
Vote 8 - Waste Management		–	–	–	–	–	–	–	–	–	–
Vote 9 - Road Transport		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 12 - 0		–	–	–	–	–	–	–	–	–	–
Vote 13 - 0		–	–	–	–	–	–	–	–	–	–
Vote 14 - 0		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		4	–	–	–	–	–	–	–	–	–
Vote 2 - Finance & Administration		68 138	7 116	170	–	693	693	1 193	–	–	–
Vote 3 - Community & Social Services		9 218	143	1 601	–	–	–	–	–	–	–
Vote 4 - Internal audit		–	–	–	–	–	–	–	–	–	–
Vote 5 - Water Management		–	–	–	–	–	–	–	1 800	–	–
Vote 6 - Waste Water Management		–	–	–	–	–	–	–	–	–	–
Vote 7 - Planning and Development		2 970	–	–	–	–	–	–	–	–	–
Vote 8 - Waste Management		–	–	–	–	–	–	–	–	–	–
Vote 9 - Road Transport		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - Public Safety		2 061 299	58 260	160 871	191 479	153 460	153 460	315 478	177 977	187 470	191 192
Vote 12 - 0		837 000	–	–	4 000	32 174	32 174	–	435	435	–
Vote 13 - 0		–	–	–	–	–	–	–	–	–	–
Vote 14 - 0		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**2 978 630**	**65 519**	**162 641**	**195 479**	**186 327**	**186 327**	**316 671**	**180 212**	**187 905**	**191 192**
Total Capital Expenditure - Vote		**2 978 630**	**65 519**	**162 641**	**195 479**	**186 327**	**186 327**	**316 671**	**180 212**	**187 905**	**191 192**
Capital Expenditure - Functional											
Governance and administration		**77 360**	**7 259**	**1 771**	**–**	**693**	**693**	**1 193**	**–**	**–**	**–**
Executive and council		4	–	–	–	–	–	–	–	–	–
Finance and administration		77 356	7 259	1 771	–	693	693	1 193	–	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1 800**	**–**	**–**
Community and social services		–	–	–	–	–	–	–	1 800	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**2 970**	**–**	**–**	**2 586**	**2 249**	**2 249**	**–**	**2 354**	**2 363**	**2 450**
Planning and development		2 970	–	–	–	–	–	–	–	–	–
Road transport		–	–	–	2 586	2 249	2 249	–	2 354	2 363	2 450
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		**2 898 299**	**58 260**	**160 871**	**192 893**	**183 385**	**183 385**	**315 478**	**176 058**	**185 543**	**188 743**
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		2 061 299	58 260	160 871	188 893	151 211	151 211	315 478	175 623	185 108	188 743
Waste water management		837 000	–	–	4 000	32 174	32 174	–	435	435	–
Waste management		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	**2 978 630**	**65 519**	**162 641**	**195 479**	**186 327**	**186 327**	**316 671**	**180 212**	**187 905**	**191 192**
Funded by:											
National Government		2 887 485	58 260	155 162	195 479	169 982	169 982	315 478	178 412	187 905	191 192
Provincial Government		–	–	–	–	15 652	15 652	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**2 887 485**	**58 260**	**155 162**	**195 479**	**185 634**	**185 634**	**315 478**	**178 412**	**187 905**	**191 192**
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		80 331	7 259	7 480	–	693	693	1 193	1 800	–	–
Total Capital Funding	7	**2 967 815**	**65 519**	**162 641**	**195 479**	**186 327**	**186 327**	**316 671**	**180 212**	**187 905**	**191 192**

Table 10 Capital Expenditure Programme

CAPITAL EXPENDITURE PROGAMME FOR THE 2022/23 MTREF PERIOD								
		2020/21 MTREF	2021/22 MTREF	2022/23 MTREF				
Project Name	Funding Source	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/2024	Budget 2024/2025	Total Allocation	Municipality
Water Provision								
Nkanyezini Water	MIG	-	6 496 061.20	22 036 552.00	23 796 653.63	-	45 833 205.63	Mkhambathini
Manzamnyama Water	MIG	2 440 989.00	1 741 476.72	-	-	-	-	Mkhambathini
Mpolweni	MIG	51 885 416.00	42 953 702.57	65 521 830.00	80 570 697.26	-	146 092 527.26	uMshwathi
Thokozani	MIG	-	-	-	-	63 500 000.00	63 500 000.00	uMshwathi
Claridge	MIG	-	-	-	-	63 500 000.00	63 500 000.00	uMshwathi
Trust Feeds Phase 1	MIG	9 378 878.26	15 413 231.14	5 974 468.00	1 356 649.12	-	7 331 117.12	uMshwathi
Maqonqo Water	MIG	3 845 122.00	-	-	-	-	-	Mkhambathini
Manyavu Water	MIG	2 653 567.00	-	-	-	-	-	Mkhambathini
Enguga Entshayabantu & Macksam CWSS Phase 5	MIG	4 872 227.00	3 017 267.00	-	-	-	-	Impendle
Mbhava & Mpethu Swayimane Water Supply Phase 2	MIG	14 395 656.00	33 003 131.40	15 496 680.00	-	-	15 496 680.00	uMshwathi
KwaMathwanya Water Reticulation	MIG	1 403 283.00	10 994 992.67	2 829 954.00	-	-	2 829 954.00	Mpofana
Enguga Entshayabantu & Macksam CWSS Phase5			173 471.41	1 507 516.00			1 507 516.00	Impendle
Cedara Water -bulk main link	MIG	-	-	1 000 000.00	6 000 000.00	-	7 000 000.00	uMngeni
Enguga Water Supply - Covid 19 Response	ES	1 625 398.00	-	-	-	-	-	Impendle
Mathwanya Water Supply - Covid 19 Response	ES	1 384 545.00	-	-	-	-	-	Mpofana
Mbhava Water Supply - Covid 19 Response	ES	10 758 082.15	-	-	-	-	-	uMshwathi
AC Replacement	MIG			1 000 000.00			1 000 000.00	uMngeni
Swayimane Water Supply Phase 3	MIG			1 000 000.00	10 000 000.00		11 000 000.00	uMshwathi
		90 875 138.26	**113 793 334.11**	**116 367 000.00**	**121 724 000.00**	**127 000 000.00**	**353 091 000.00**	
Water Provision								
Nadi to Ekhamanzi Phase 3B	WSIG	26 607 354.00	6 147 346.00	1 531 070.00	-	-	1 531 070.00	uMshwathi
Greater Efaye	WSIG	44 137 280.00	118 852 654.00	60 000 000.00	39 070 086.30	-	99 070 086.30	uMshwathi
Ozwathini	WSIG				51 579 913.70	90 054 000.00	141 633 913.70	uMshwathi
Mpofana Bulk- Mpofana village	WSIG	-	-	24 068 930.00	-	-	24 068 930.00	Mpofana
		80 000 000.00	**125 000 000.00**	**85 600 000.00**	**90 650 000.00**	**90 054 000.00**	**242 235 070.00**	
Sanitation Provision								
uMshwath VIP Backlog Toilets	MIG	1 521 310.29	5 084 510.89	R83 333.34	83 333.34	-	166 666.68	uMshwathi
Impendle VIPBacklog Toilets	MIG	1 521 310.29	2 803 031.00	R83 333.34	83 333.34	-	166 666.68	Impendle
Mkhambathini VIP Backlog Toilet	MIG	1 521 310.29	2 803 031.00	R83 333.33	83 333.33	-	166 666.66	Mkhambathinii
uMngeni VIP Backlog Toilets	MIG	1 521 310.29	2 803 031.00	R83 333.33	83 333.33	-	166 666.66	uMngeni
Richmond VIP Backlog Toilets	MIG	1 521 310.29	2 803 031.00	R83 333.33	83 333.33	-	166 666.66	Richmond
Mpofana VIP Backlog Toilet	MIG	1 521 310.29	2 803 031.00	R83 333.33	83 333.33	-	166 666.66	Mpofana
		9 127 861.74	**19 099 665.89**	**500 000.00**	**500 000.00**	**-**	**1 000 000.00**	
Rural Roads Asset Management								
Planning of Rural Roads Maintenance	RRAMS	2 552 000.00	2 586 000.00	2 707 000.00	2 717 000.00	2 817 000.00	8 241 000.00	
		2 552 000.00	**2 586 000.00**	**2 707 000.00**	**2 717 000.00**	**2 817 000.00**	**8 241 000.00**	
Disaster Management Centre	Internal funding	**-**	**-**	1 800 000.00		**-**	**1 800 000.00**	
		-	-	**1 800 000.00**	-	-	1 800 000.00	
				CAPEX Summary				
Projects								
Water Provision - MIG	MIG	90 875 138.26	113 793 334.11	116 366 998.82	121 724 000.00	127 000 000.00	365 090 998.82	
Water Provision - WSIG	WSIG	80 000 000.00	125 000 000.00	85 600 000.00	90 650 000.00	90 054 000.00	266 304 000.00	
Sanitation Provision	MIG	9 127 861.74	19 099 665.89	500 000.00	500 000.00	-	1 000 000.00	
Rural Roads Asset Management	RRAMS	2 552 000.00	2 586 000.00	2 707 000.00	2 717 000.00	2 817 000.00	8 241 000.00	
Covid-19 Capital Grant - Water Provision	ES	13 768 025.15	-	-	-	-	-	
Covid-19 Capital Grant - Sanitation Provision	ES	27 466 975.00	-	-	-	-	-	
Accelerated Water Intervention Programme- Sanitation	AWIP	-	18 000 000.00	-	-	-	-	
Disaster Managemment Centre	Internal Funding			1 800 000.00			1 800 000.00	
		223 790 000.15	**278 479 000.00**	**206 973 998.82**	**215 591 000.00**	**219 871 000.00**	**642 435 998.82**	
Funding								
Municipal Infrastructure Grant (MIG)		100 003 000.00	132 893 000.00	116 866 998.82	122 224 000.00	127 000 000.00	366 090 998.82	
Water Services Infrastructure Grant (WSIG)		80 000 000.00	125 000 000.00	85 600 000.00	90 650 000.00	90 054 000.00	266 304 000.00	
RRAMS		2 552 000.00	2 586 000.00	2 707 000.00	2 717 000.00	2 817 000.00	8 241 000.00	
Energy Efficiency and Demand Side Management		-	-				-	
Covid-19 Capital Grant		41 235 000.15	-				-	
Accelerated Water Intervention Programme (AWIP)		-	18 000 000.00	-	-	-	-	
Internal Funding				1 800 000.00			1 800 000.00	
		223 790 000.15	**278 479 000.00**	**206 973 998.82**	**215 591 000.00**	**219 871 000.00**	**642 435 998.82**	

CAPITAL EXPENDITURE	**282 335 452.55**	**206 974 000.00**	**215 591 000.00**	**220 794 000.00**
TECHNICAL	**278 479 000.00**	**205 174 000.00**	**215 591 000.00**	**220 794 000.00**
MIG	132 893 000.00	116 867 000.00	122 224 000.00	127 923 000.00
WSIG	125 000 000.00	85 600 000.00	90 650 000.00	90 054 000.00
RRAMS	2 586 000.00	2 707 000.00	2 717 000.00	2 817 000.00
AWIP	18 000 000.00			
CORPORATE	**551 568.55**	**-**	**-**	**-**
IT EQUIPMENT	525 568.55	-	-	-
FURNITURE AND FITTINGS	26 000.00	-	-	-
TECHNICAL	**3 163 284.00**	**-**	**-**	**-**
WATER/STATIC TANKS	3 163 284.00	-	-	-
COMMUNITY	**141 600.00**	**1 800 000.00**	**-**	**-**
DISASTER MANAGEMENT CENTRE - INTERNAL FUNDING	-	1 800 000.00	-	-
FURNITURE AND FITTINGS	141 600.00	-	-	-

2.15 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to in terms of the following activities:

In year reporting and Statutory returns

Reporting to National and Provincial Treasuries was complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website. The municipality has also submitted all statutory returns as per MFMA and mSCOA and at submission of this budget for council consideration the submissions on the treasury portal were reflecting a successfully uploaded.

Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme. The programme is intended to empower graduates with on-the-job training and build capacity for the local government sector. The municipality currently has in its employ a total of four interns, following the resignation of one intern in December 2021.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA with the Chief Financial Officer permanently employed.

Service Delivery and Implementation Plan

The detailed outcome based SDBIP document is at a draft stage and will be finalized after approval of the 2022/23 MTREF in May 2022.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

MFMA Training

Various managers and staff have completed the MFMA training, and the training programme continues in line with the skills development plan. The managers who have not fully met the minimum competency requirements have signed performance agreement which includes milestones for the completion of the outstanding unit standards.

Audit Outcome

The municipality has maintained an unqualified audit opinion on the Annual Financial Statements and improved in the number of findings affecting the audit opinion in the 2020/2021 financial year.

The municipality's audit opinion on the Annual Performance Report improved to an unqualified audit opinion in the 2020/21 financial year.

The municipality seeks to improve the audit opinion on both the Annual Financial Statements and the Annual Performance Report in the current financial year.

2020/21 Matters Affecting the Audit Report

The following finding affected the audit report for the 2020/202 audit:

No.	Nature of finding: Annual Financial Statements
1	"1. Reasonable steps not taken to prevent unauthorized and irregular expenditure

2.16 OTHER SUPPORTING DOCUMENTS

2.16.1 INVESTMENTS

Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1	Market value at beginning of the month	Change in market value	Market value at end of the month
1 year	Fixed deposit	9/7/2022	16,182	5.25%	3,861,113	16,182	3,877,294

As at 30 April 2022, the municipality held a 12-month investment with FNB to the capital value of R 3.75 million. The investment matures in September 2022 and is due to be re-invested for the balance of the DBSA loan term as the investment is ceded as security for this long-term loan. Due to financial constraints, and cash flow management, the municipality does not envisage having excess funds for new investments for the 2022/23 financial year.

2.16.2 LONG TERM LOANS MANAGEMENT

LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) APRIL 2022							
Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/04/2022	Add: Interest Accrued	Less: Interest paid	Less :Capital Repayments	Closing Balance at 30/04/2022
12007869	uMgungundlovu Various Water Projects	*10.889*	178,619,902.70	1,570,972.35			180,190,875.05
			178,619,902.70	**1,570,972.35**	**0.00**	**0.00**	**180,190,875.05**

As at 30 April 2022, the municipality had a long-term loan of R 180.2 million held with the Development Bank of Southern Africa. The average interest rate on remaining loan is 10.889% where the final payment is due on 31 January 2031. The loan is secured by a R 3.75 million held with FNB. The Loan is serviced bi-annually in July and January each year. The loan was taken for project works for the revitalization of aged infrastructure that contributed greatly to reduced service interruptions.

The anticipated finance costs for the 2022/23 MTREF, in line with the loan amortization schedule, are detailed below:

2022/23	2023/24	2024/25
R 18 771 274.00	R 17 403 733.00	R 15 920 860.00

2.16.3 GRANTS AND CASH COVERAGE

On average, the municipality has fixed costs of R 70 million per month. The total bank balances 30 April 2022 amounted to R 254 million and investments amounted to R 3.88 million resulting in a total cash and cash equivalents balance of R 257.8 million. The average interest rate on investment is at 5.25%. The unspent conditional grants as at 30 April 2022 amounted to R 81.035 million. These grants are cash backed. The cash coverage ratio as at 30 April 2022 is 2.47 based on average of R 70 million per month fixed operating expenditure. This indicates that the municipality as at 30 April 2022 has enough cash to run its operation for 74.11 days based on a 30-day calendar month. The norm as set out in the uniform financial ratios and norms circular 71 is 1 to 3 months.

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Schedule of Grants

Description	Opening Balance	Receipts	Roll Over Repayments	Total receipts	Expenditure	Balance
Operating Grants				0		
FMG	0	1 000 000		1 000 000	667 930	332 070
PTP	308 817			308 817	0	308 817
EPWP	114 683	2 299 000	114 683	2 299 000	1 690 122	608 878
Camperdown WWW	4 000 095			4 000 095	0	4 000 095
DGDS GRANT	126 989			126 989	0	126 989
GEOPlanning	856 213			856 213	841 735.96	14 477
IDP SPATIAL DEVELOPMENT FRAMEWORK	848 175			848 175	225 400	622 775
SPATIAL DEVELOPMENT FRAMEWORK	706 750			706 750	197 570	509 180
Total Operating Grants	**6 961 722**	**3 299 000**	**114 683**	**10 146 039**	**3 622 758**	**6 523 281**
Capital Grants						
WSIG	0	125 000 000		125 000 000	66 440 663	58 559 337
MIG	0	132 893 000		132 893 000	131 076 660	1 816 340
Orio	11 550 860			11 550 860	0	11 550 860
RRAMS	0	2 586 000		2 586 000	0	2 586 000
ACCELERATED SANITATION INTERVENTION	0	18 000 000		18 000 000	17 999 997	3
Total Capital Grants	**11 550 860**	**278 479 000**	**0**	**290 029 860**	**215 517 321**	**74 512 539**
Total Grants	**18 512 582.06**	**281 778 000.00**	**114 683.00**	**300 175 899.06**	**219 140 078.52**	**81 035 821**

Schedule of Bank Balances

Bank Accounts	Account Number	Market value at the beginning of the month	Change in market value	Market value at the end of the month
		R 0.00	**R 0.00**	**R 0.00**
Main Account	50940026773	146 174 033.48	-25 412 131.97	120 761 901.51
Salaries Account	50940092196	76 643 569.46	-22 352 271.80	54 291 297.66
Water Services Account	62023616462	57 813 545.18	15 966 815.30	73 780 360.48
NSTD Call Account	62215748289	584 339.55	1 857.08	586 196.63
Mandela Race Account	62411577193	817 378.46	1 497.90	818 876.36
UMDM MIG (Dbsa) Account	62400041985	0.00	0.00	0.00
Mandela ABSA	62597807125	1 233 991.23	-263.52	1 233 727.71
Corporate Cheque Account	62243484417	2 487 462.65	7 742.09	2 495 204.74
Public Sector Cheque Account		0.00	-207.76	-207.76
Total Cash Balances		**285 754 320.01**	**-31 786 962.68**	**253 967 357.33**
Investments - FNB				**3 877 294.53**
Total				**257 844 651.86**

Cash Coverage: 2021/22

Month	Cash Coverage
Jul-21	96.47 days
Aug-21	66.19 days
Sep-21	47.64 days
Oct-21	64.05 days
Nov-21	26.96 days
Dec-21	81.69 days
Jan-22	51.23 days
Feb-22	41.46 days
Mar-22	85.93 days
Apr-22	74.11 days
Average 2021/22	**63.57 days**