



**ANNUAL BUDGET 2021/2022**

*June 2021*

## PART 1 – ANNUAL BUDGET

### 1.1 MAYOR'S REPORT

In terms Section 16 of the MFMA, the Mayor of the Municipality must table the final annual budget, 90 days 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 its control, then the Mayor must table a consolidated budget incorporating the entities.

The budget estimates for the 2021/2022 MTREF period is presented to Council for consideration for approval.

National Treasury encourages that municipalities have a strategy led budget which makes sure that there is a long-term financing strategy, the budget is spatialised and mSCOA fully implemented amongst others.

The preparation of the 2021 /2012 Medium Term Revenue and Expenditure Framework has adopted a spatial planning approach, prioritisation and budgeting tools to filter programmes and projects to be submitted for approval amongst competing priorities with almost equal weight.

The impact of Covid 19 and general payment habits for the services by our communities have had a negative impact on the provision of the services in a sustainable manner to our communities. Through the evaluation of our 2020 /2021 Original Budget by the National and Provincial Treasuries, it was established that the municipality had the following challenges:

- i. High unfunded creditors as at 30 June 2020.
- ii. High long-outstanding debtors.
- iii. Average collection rate calculated at 40%.
- iv. Unfunded budget.
- v. Cash Flow budgeting incorrect and over-stated.
- vi. m SCOA implementation lagging with validation errors.

To remedy the situation, the Municipality was requested to table a special adjustment budget with a realistic budget funding plan striving to reflect the staggered improvement of the financial position of the municipality.

A six-year budget funding plan was approved by Council in November 2020 with an intention to bring the municipality to healthy and positive cash flows, implementation of debt management and credit control strategies to achieve required levels of collection as prescribed by the National Treasury.

The 2021 /2022 budget has been prepared under enormous pressure taking into account the following assumptions.

At the beginning of our term of office, Council adopted the Ten Point Plan as our strategic compass that will elevate and enhance our service delivery through to our 2021 vision. As a water services authority, we are also 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 2021/2022 medium term expenditure framework, consisting of a R1.045 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 and participation by all.

Our skills development unit is working with other sector departments to implement training programs that aim to give hope to our youth, offering skills-based training to facilitate participation in economic opportunities and take advantage of the enabling environment for businesses to flourish. Despite the fact that this budget is crafted under tough economic times and the outbreak of COVID-19 throughout our communities, this budget is envisaged to steer the District through the tough economic environment we operate in and is also underpinned by cost containment measures which will allow a cost-conscious spending and enhanced revenue collections to ensure business growth and sustainability.

Due to limited funding available, as the District we have had challenges upgrading our old and frail infrastructure and high levels of illegal connections thus experiencing large volumes of water losses. The municipality together with stakeholders such as the Department of Water Affairs & Sanitation and Umgeni Water have invested resources in ensuring 100% access to basic services is accomplished. The municipality funds its capital projects using capital grants which the bulk of our funding has been allocated to the provision of water. There is also a provision made for the eradication of the construction backlog on the VIP toilets in order to provide sanitation facilities to improve the quality and dignity of life for our people.

Our outcomes led planning and strategies are linked with the National Development Plan, and Vision 2030 taking into account planning guidelines from the National Treasury such as MFMA circular 88 and its addendums. We are forging ahead to ensure that we serve our citizens with quality services, while cognisance of our external environment (such as rising costs of petrol, food, electricity, bulk tariff increases, easing drought conditions, unemployment, etc.).

While we strive to provide services to our communities under these challenging times, we also need to collect revenue from those who can afford to pay for services rendered. Our focus is to collect revenue through households and businesses who owe the Municipality. We encourage our citizens to be responsible citizens who pay for services rendered/received to further re-invest to other municipal projects. This will ensure that we render services in a sustainable manner. We also encourage qualifying citizens to apply for indigent support through the Indigent Register Programme, as this tremendously assists the District in identifying households who cannot afford the services provided and thus provide relief.

Moving forward, the municipality will place a lot of emphasis on revenue raising, revenue protection, revenue collection strategies and the whole revenue management value chain. We need to start to steer the District away from being dependant on grants and begin to raise our own revenue in order to finance our operations and fund revitalisation of existing infrastructure. We, therefore, call upon all councillors and officials of the municipality as well as citizens of the District to each play their part and make the vision of universal access to services within our District a reality.

The Operating Revenue is estimated at R992.9 Million and projected to increase to R1.093 Billion over the MTREF period ending 2023/ 2024.

Of the operating revenue, 37% will be funded from service charges which is a decrease from 37.4% in 2020/21 adjustment budget. The grants contributing 63% of operating income from 62.60% as per adjusted budget 2020/21. One of the contributors to the reduction of grants to be received in the reduction of the Equitable Share allocation by the National Treasury.

The proposed increase in tariff charges of 7.5% which is above average CPI but in line with the proposed 7% increase by the Bulk water service provider. It is forecasted that the increase will not yield a significant increase in revenue from service charges.

Following the call by National Government to control government spending, the expenditure budget has been kept to the bare necessities. The Operating Expenditure is proposed at R849.995 Million which reflects a decrease of 1.2% from the adjusted budget 2020/21. Of the total operating expenditure, R279.10 Million (33%) has been allocated to Employee Related Costs. Contracted services contribute 16% (R135.373 Million) of the total operating costs bill. The user departments have continuously reviewed the contracted services in an effort to reduce these costs. The anticipated increase in the operational expenditure is budgeted for employee related costs.

Capital expenditure is set to decrease by 13% from R225.032 Million in the 2020/21 adjustment budget to R195,479 Million in the 2021/22 budget. There are no expected borrowings to finance the capital investment programme. A total of 18.7% of the total budget will be spent on the capital investment programme, which is a proposition in line with the treasury guide of at least 10%-20% of capital expenditure to total expenditure.

The proposed budget has limited capital expenditure to the value of R195.479 Million of which 100% of the capital expenditure will be funded by grants. As the municipality strives to implement a cost reflective tariff and the allocation of operational grants, the municipality will have a total of R994 Million operational funds.

## 1.2 RESOLUTIONS

It is recommended that Council considers for approval the proposed first draft budget estimates for the 2021/22 MTREF period as follows:

- a) The proposed budget funding of R1 188 408 174 be approved to be funded from the following:

Operating Revenue	R 992 929 174
Grant Funding	R 807 330 000
- b) The proposed expenditure appropriations of R 1 045 474 164 be approved and be allocated as follows:

Operating Expenditure	R 849 995 164
Capital Programme	R 195 479 000
- c) The capital expenditure programme of R195 479 000 be approved and funded from the following sources:

MIG	R107 893 000
WSIG	R 85 000 000
RRAMS	R 2 586 000
- d) The funding allocation for UMEDA be approved at R 7 958 074 for the 2021/22 financial year.
- e) The draft tariff of charges be adopted by Council be increased by a minimum of 7%.
- f) The approved draft budget estimates be made public in the manner envisaged by Chapter 4 of the Local Government: Municipal Systems Act.
- g) The Accounting Officer submit the draft 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.

***Refer to Annexure A for signed Resolutions.***

### 1.3 EXECUTIVE SUMMARY

The Operating Revenue is estimated at R992.9 million and projected to increase to R1.093 billion over the MTREF period ending 2023/2024.

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## 1.4 ANNUAL BUDGET TABLES

DC22 uMgungundlovu - Table A1 Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Fore
<b>R thousands</b>						
<b>Financial Performance</b>						
Property rates	-	-	-	-	-	
Service charges	177 003	253 282	285 087	335 018	341 018	3
Investment revenue	10 074	8 090	6 091	528	528	
Transfers recognised - operational	433 487	493 081	543 973	300 569	588 139	5
Other own revenue	36 251	40 088	47 812	300 777	33 936	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>656 816</b>	<b>794 541</b>	<b>882 963</b>	<b>936 892</b>	<b>963 621</b>	<b>9</b>
Employee costs	208 837	241 960	256 531	249 673	269 980	2
Remuneration of councillors	10 958	11 628	11 606	13 599	13 782	
Depreciation & asset impairment	40 947	46 642	58 011	43 774	43 774	
Finance charges	53	450	7 566	27 550	27 550	
Inventory consumed and bulk purchases	-	-	-	30 994	267	
Transfers and grants	-	13	2 736	9 929	9 588	
Other expenditure	391 113	476 612	413 293	282 115	240 856	2
<b>Total Expenditure</b>	<b>651 909</b>	<b>777 305</b>	<b>749 744</b>	<b>657 634</b>	<b>605 796</b>	<b>6</b>
<b>Surplus/(Deficit)</b>	<b>4 907</b>	<b>17 237</b>	<b>133 219</b>	<b>279 258</b>	<b>357 824</b>	<b>3</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	108 740	217 546	179 434	184 081	225 032	2
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 & contributions	113 647	234 783	319 682	463 339	582 856	5
Share of surplus/ (deficit) of associate	-	-	-	-	-	
<b>Surplus/(Deficit) for the year</b>	<b>113 647</b>	<b>234 783</b>	<b>319 682</b>	<b>463 339</b>	<b>582 856</b>	<b>5</b>
<b>Capital expenditure &amp; funds sources</b>						
Capital expenditure	2 770 518	2 978 630	3 108 927	175 245	219 032	2
Transfers recognised - capital	2 692 410	2 887 485	3 022 543	175 245	177 797	1
Borrowing	-	-	-	-	-	
Internally generated funds	78 108	80 331	86 384	-	41 235	
<b>Total sources of capital funds</b>	<b>2 770 518</b>	<b>2 967 815</b>	<b>3 108 927</b>	<b>175 245</b>	<b>219 032</b>	<b>2</b>
<b>Financial position</b>						
Total current assets	209 917	148 029	224 912	(15 459)	347 403	3
Total non current assets	1 795 179	1 956 839	2 035 798	175 245	2 258 729	2 2
Total current liabilities	210 692	276 463	357 745	208 153	244 889	2
Total non current liabilities	211 400	205 738	193 526	11 831	435 372	4



BUDGET ESTIMATES FOR THE 2021/22 MTREF TO 2023/24 MTREF PERIOD	2021/2022 MTREF				2021/2022 MTREF		
	Budget 2020/21	Special Adjustment Budget 2020/21	Adjustment Budget 2020/21-B schedule	Special Adjustment Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Operating Revenue	935 520 586.48	975 834 586.48	1 003 934 586.48	1 034 248 928.84	992 929 174.36	1 050 452 457.68	1 093 379 679.81
Operating Expenditure	794 754 736.48	794 754 736.48	863 573 395.97	954 704 811.02	849 995 163.58	890 706 728.66	933 530 082.60
Operating Surplus/ (Deficit)	140 765 850.00	181 079 850.00	140 361 190.51	79 544 117.82	142 934 010.78	159 745 729.03	159 849 597.20
Capital Transfers Recognized	183 797 000.00	183 797 000.00	183 797 000.00	182 555 000.00	195 479 000.00	195 141 000.00	200 591 000.00
Surplus/ (Deficit) for the year	324 562 850.00	364 876 850.00	324 158 190.51	262 099 117.82	338 413 010.78	354 886 729.03	360 440 597.20
Less: Capital expenditure	183 797 000.00	225 032 000.00	225 032 000.00	223 790 000.00	195 479 000.00	195 141 000.00	200 591 000.00
Budget Cash Surplus	140 765 850.00	139 844 850.00	99 126 190.51	38 309 117.82	142 934 010.78	159 745 729.03	159 849 597.20
Add: Non-Cash Items	127 520 701.60	127 520 701.60	107 520 701.60	87 520 701.60	89 590 371.38	92 295 431.27	100 147 513.78
Net Budget Cash Position	268 286 551.60	267 365 551.60	206 646 892.11	125 829 819.42	232 524 382.16	252 041 160.30	259 997 110.98



## **PART 2**

### **2.1 BUDGET PROCESS OVERVIEW**

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 2020) 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 September 2020. Key dates applicable to the process were:

- **July 2020** – 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 2021/22 MTREF;
- **January 2021** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2021** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2021** – Multi-year budget proposals are submitted to the Management Committee for endorsement;
- **28 January 2021** - Council considers the 2020/21 Mid-year Review and Budget Implementation;
- **February 2021** - Council considers the 2020/21 Mid-year Adjustments Budget;
- **March 2021** - 2021/22 Recommendations of the proposed budget estimates are communicated to the Budget Steering Committee, the Executive Committee and to the respective departments;
- **30 March 2021** - Tabling in Council of the draft 2021/22 IDP and budget estimates for public consultation;
- **April 2021** – Public consultation and roll out of indigent registration and indigent status review;
- **07 May 2021** - Closing date for written comments;
- **10 to 14 May 2021**– finalization of the 2021/22 IDP and 2020/21 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; and
- **28 May 2021** - Tabling of the 2021/22 MTREF before Council for consideration and approval.

## 2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The following key factors and planning strategies have informed the compilation of the 2020/21 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;
- Improved and sustainable service delivery.

## 2.3 IDP STRATEGIC OBJECTIVES / BUDGET PRIORITY AREAS

2020/2021 MTREF	2021/22 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.

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.

Further the municipality identified the following priorities:

- Establishment 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

## **2.4 OVERVIEW OF BUDGET RELATED POLICIES**

The following budget related policies were submitted and approved by Council:

- I. Budget Policy
- II. Supply Chain Management Policy
- III. Petty cash Policy
- IV. Employee Benefit Policy
- V. Credit Control and Debt Collection Policy
- VI. Banking and Investment Policy
- VII. Indigent Policy
- VIII. Fixed Assets Policy
- IX. Budget Related Policies listed under Human Resources Admin Policies.

## 2.5 OVERVIEW OF BUDGET ASSUMPTIONS

When preparing the 2021/2022 budget estimates, the following assumptions were taken into consideration:

1. The average CPI is 3.9 for the period 01 July 2021 to 28 February 2022.
2. The bulk water service provider will be allowed a maximum 7% inflation increase.
3. The employee related costs will be allowed a maximum 3.9% inflation increase.
4. Critical positions will be filled, and the strategic position of the Technical Services Executive Manager will be filled.
5. Contracts' review will lead to a reduced expenditure.
6. Interest rates will remain the same if not drop – Interest to service the long-term loan will not increase.
7. Average collection rate will remain at 40% initially, gradually increasing with the full implementation of revenue collection strategies.

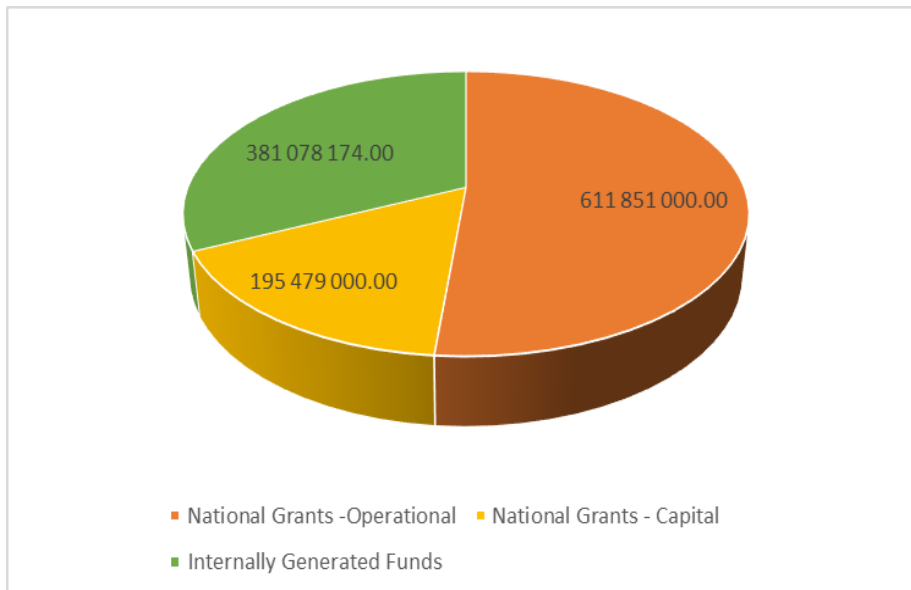
## 2.6 OVERVIEW OF BUDGET FUNDING

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

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Fore
R thousand	1						
<b>Revenue By Source</b>							
Property rates	2	-	-	-	-	-	
Service charges - electricity revenue	2	-	-	-	-	-	
Service charges - water revenue	2	156 195	224 849	262 180	305 965	311 965	3
Service charges - sanitation revenue	2	20 808	28 433	22 907	29 053	29 053	
Service charges - refuse revenue	2	-	-	-	-	-	
Rental of facilities and equipment		246	257	11	-	-	
Interest earned - external investments		10 074	8 090	6 091	528	528	
Interest earned - outstanding debtors		30 057	39 000	46 835	11 936	33 936	
Dividends received		-	-	-	-	-	

The total anticipated revenue for the 2021/2022 financial year amounts to R1.188 billion. The municipality is grant reliant with a total of 63% revenue streams from grants.

National Grants -Operational	611 851 000.00	51.48
National Grants - Capital	195 479 000.00	16.45
Internally Generated Funds	381 078 174.00	32.07
<b>TOTAL</b>	<b>1 188 408 174.36</b>	<b>100</b>



### Tariffs and 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 that one will have to increase tariff charges in order to recover the cost of providing a service. It is therefore proposed that tariffs be increased by 7.5% for household, commercial and availability charges. Considering the ever-rising costs of providing water and sanitation, the following increases are proposed for water and sanitation services:

UMGUNGUNDLOVU DISTRICT MUNICIPALITY TARIFF STRUCTURE 2021/2022					
Water Supply Tariffs					
Household/Domestic					
Band	2019/2020	2020/2021	2021/2022	Consumption	Rand Value
0 - 6	13.08	13.66	14.69	319 029	4 686 118.02
7 - 15	25.26	26.40	28.38	858 814	24 374 725.57
16 - 25	30.20	31.56	33.92	715 592	24 275 271.60
26 - 35	41.93	43.81	47.10	363 559	17 122 882.23
36 - 60	58.81	61.46	66.07	429 243	28 359 196.69
60 +	72.29	75.54	81.20	847 810	68 845 233.63
Basic charge	38.43	42.28	45.45	31 292	1 422 128.23
Flat rate	240.81	251.65	270.52	3 952	1 069 094.78
					<b>170 154 650.76</b>
<b>Business /Commercial</b>					
0 - 999999	35.84	37.81	40.65	3 887 000	157 995 926.15
<b>Builder/Construction Sites</b>					
NGO's (Public benefit)	16.20	17.09	18.38	42 292	777 191.39
WSA	Bulk Cost per kl plus admin fee	Bulk Cost per kl plus admin fee			
Basic charge	64.20	70.62	75.92	1 569	119 112.99
<b>Total Water</b>				<b>7 463 339</b>	<b>329 046 881.29</b>
<b>Sewerage Tariff</b>					
<b>Household/Domestic</b>					
	2019/2020	2020/2021	2021/2022	Consumption	Rand Value
0 - 6	7.35	7.68	8.26	29 721	245 350.46
7 - 15	13.17	13.76	14.79	488 281	7 221 849.45
16 - 25	17.02	17.79	19.12	366 975	7 017 947.08
26+	21.45	22.42	24.10	439 958	10 602 587.37
<b>Business /Commercial</b>	2019/2020	2020/2021		Consumption	
0 - 999999999	15.17	16.01	17.21	356 928	6 142 207.01
NGO's (public benefit)					31 375 196.91
Disposal at waste water treatment plant					
0 - 999999999	8.20	8.65	9.29	320 000	2 973 880.00
<b>Total Sanitation</b>				<b>2 001 863</b>	<b>34 349 076.91</b>

<b>Sewerage Tariff</b>					
<b>Household/Domestic</b>					
	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>Consumption</b>	<b>Rand Value</b>
0 - 6	7.35	7.68	8.26	29 721	245 350.46
7 - 15	13.17	13.76	14.79	488 281	7 221 849.45
16 - 25	17.02	17.79	19.12	366 975	7 017 947.08
26+	21.45	22.42	24.10	439 958	10 602 587.37
<b>Business /Commercial</b>	<b>2019/2020</b>	<b>2020/2021</b>		<b>Consumption</b>	
0 - 9999999999	15.17	16.01	17.21	356 928	6 142 207.01
NGO's (public benefit)					
Disposal at waste water treatment plant					31 375 196.91
0 - 9999999999	8.20	8.65	9.29	320 000	2 973 880.00
<b>Total Sanitation</b>				<b>2 001 863</b>	<b>34 349 076.91</b>

The rate per kilo litre charged by the bulk service provider for the 2020/2021 financial year is R9.45, anticipated to increase to a maximum of R10.12. The proposed lowest tariff to be charged by the municipality for water supply is R14.69 per kilo litre.



**Tariffs and Service Charges - Environmental Health Services**

Service	Applicable Legislation	Tariffs – 2020/21
1. Issuing of health certificate for accommodation establishment	UMDM EH Bylaws, 2017 Section 90(f)	R 385
2. Issuing of health certificate for hairdressing/beauty/cosmetology	UMDM EH Bylaws, 2017 Section 107(f)	R 385
3. Issuing of health certificate for child-care facility	UMDM EH Bylaws, 2017 Section 55(2)(f)	R 385
4. Offensive trade permit	UMDM EH Bylaws, 2017 Section 83(l)	R 1 210
5. Issuing of a certificate for the introduction of milk and/or milk products into the municipal area for human consumption	UMDM EH Bylaws, 2017 Sect 49 (i)	R 605
6. Annual renewal of the certificate for the introduction of milk and/or milk products into the municipal area for human consumption	UMDM EH Bylaws, 2017 Section 49 (ii)	R 385
7. Re-inspection of food premises for the removal of a prohibition	Regulation 638 of 22 June 2018  Section 4	R 605
8. Issuing of an export certificate	R638 under FCD Act, 1972	R 605
9. Issuing of a destruction of food certificate	R328 under FCD Act 1972	R 275
10. Processing of certificate of acceptability for food premises	R638 under FCD Act	R 385
11. Processing of Certificate of Competence	R363 of the National Health Act, 2003	R 1 210
12. Renewal of certificate of competence	R363 of the National Health Act, 2003	R 550
13. Processing of provisional certificate of competence	R363 of the National Health Act, 2003	R 550

## Tariffs and Service Charges – Fire and Emergency Services

UMGUNGUNDLOVU DISTRICT MUNICIPALITY : COMMUNITY SERVICES					
Fire and Rescue Services					
	2019/20 Incl. Vat	2020/21 Incl. Vat	2021/22 Incl. Vat	% Incr	
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 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					
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 uMgungundlovu District Council, whereby the Council may confirm, alter or revoke the assessment.					
Tariff of Charges for Services Rendered at Fire and Special Service Incidents					
1	For Services Rendered at Incidents Classified as Fire and Rescue: per hour or part thereof				
1.1	Structural	R 1 788.18	R 1 897.26	R 2 086.99	10.00%
1.2	Transport	R 1 424.34	R 1 511.22	R 1 662.34	10.00%
1.3	Fire – Vegetation, Grass, Bush, Rubbish or Plantation	R 1 162.40	R 1 233.31	R 1 356.64	10.00%
1.4	Fire – Hazmat	R 1 788.18	R 1 897.26	R 2 086.99	10.00%
1.5	Fire – Other	R 1 112.33	R 1 180.18	R 1 298.20	10.00%
1.6	Special Service – Transport	R 891.74	R 946.14	R 1 040.75	10.00%
1.7	Special Service – Structural	R 891.74	R 946.14	R 1 040.75	10.00%
1.8	Special Service – Hazmat	R 1 788.18	R 1 897.26	R 2 086.99	10.00%
1.9	Special Service – Water	R 891.74	R 946.14	R 1 040.75	10.00%
1.10	Special Service – Other	R 891.74	R 946.14	R 1 040.75	10.00%
1.11	Out of Area				
	Applicable rate as per incident plus 50% of applicable category plus charge				
1.12	For consumables used at any incident				
	Cost of consumables used plus 15%				
2	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:				
2.1	High Rise Fire fighting Appliance	R 891.74	R 946.14	R 1 040.75	10.00%
2.2	Water Foam Carrier	R 891.74	R 946.14	R 1 040.75	10.00%
2.3	Foam Tanker and / or Foam Service Vehicle	R 891.74	R 946.14	R 1 040.75	10.00%
2.4	Mobile Lighting Unit	R 891.74	R 946.14	R 1 040.75	10.00%
3	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:				
3.1	the mitigation of any incident	Cost incurred plus 15% of applicable charge			
4	Tariff of Charges in respect of Fire Prevention Services				
4.1	For the attendance of staff at stage/theatre performances standby duty and the like, per staff memeber				
	First Hour	R 178.35	R 189.23	R 208.15	10.00%
	Per Hour thereafter	R 95.43	R 101.25	R 111.38	10.00%
4.2	For scheduled inspections, consultations, inspections of safety exits & appliances in public buildings				
	First Hour	R 178.35	R 189.23	R 208.15	10.00%
	Per Hour thereafter	R 87.61	R 92.95	R 102.25	10.00%
4.3	For the monitoring of direct alarm links – per alarm p.m.				
4.4	For a certified copy of a fire report - per copy				
4.5	For issuing a certificate of Registration - per certificate				
4.6	For issuing a certificate of Competence – per certificate				
4.7	For a copy of a Fire Investigation Report	R 663.33	R 703.79	R 774.17	10.00%
	- per copy				
10	Tariff of Charges in respect of Various Miscellaneous Services and Hire Charges				
	per hour or part thereof in respect of 10.1 – 10.4				
10.1	Hire of Portable Pump and related equipment	R 331.67	R 364.83	R 401.32	10.00%
10.2	Hire of Extension Ladder	R 331.67	R 364.83	R 401.32	10.00%
10.3	Gaining Access/Lock-Outs	R 331.67	R 364.83	R 401.32	10.00%
10.4	Miscellaneous Service – per service	R 331.67	R 364.83	R 401.32	10.00%
10.5	In addition to the above applicable charge, mileages for out of area call- outs are as follows - per km				
	Heavy duty vehicles	R 8.29	R 9.12	R 10.03	10.00%
	Light duty vehicles	R 4.98	R 5.48	R 6.02	10.00%

## 2.7 EXPENDITURE ON ALLOCATIONS AND GRANTS PROGRAMMES

### COST CONTAINMENT MEASURES

The municipality has committed to reducing its unnecessary operational expenditure, concentrate on 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 considering that water and sanitation is 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 of suppliers within 30 days and strive not to delay payments. This expenditure, as far as possible, must be recovered from the responsible individual if there were no valid reasons for delays in 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 far 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 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 it is at the discretion of Council. International trips can be approved by Council with specific special circumstances.
- h) Catering for meetings: Outside Stakeholders - unless meetings started before 07h00 or travelling for a meeting was before 06h00, catering for 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 unavailable. 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 are 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 500 per month:
- Executive Managers
  - Supply Chain Department
  - Debt Collection and Credit Control
  - Free Basic Services Department
- k) The municipality has adopted the cost containment measures in compliance to Circular

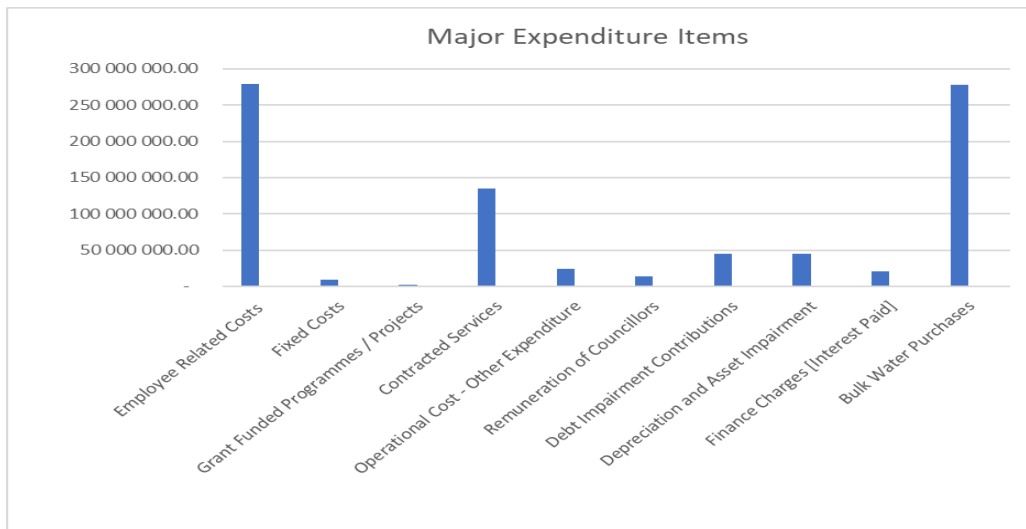
### OPERATIONAL COSTS

Employee Related Costs	279 118 346.65	32.84
Fixed Costs	9 117 482.00	1.07
Grant Funded Programmes / Projects	2 299 000.00	0.27
Contracted Services	134 724 592.94	15.85
Operational Cost - Other Expenditure	24 515 892.20	2.88
Remuneration of Councillors	13 083 107.00	1.54
Debt Impairment Contributions	45 000 000.00	5.29
Depreciation and Asset Impairment	44 590 371.38	5.25
Finance Charges [Interest Paid]	20 119 571.41	2.37
Bulk Water Purchases	277 426 800.00	32.64
	<b>849 995 163.58</b>	

The operational expenditure has decreased by an average of 0.42%. The major contributor of the operational expenditure is the employee related costs at 32.84% followed by the bulk water purchase at 32.64%.

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

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Forecast
<b>R thousand</b>	<b>1</b>						
<b>Expenditure By Type</b>							
Employee related costs	2	208 837	241 960	256 531	249 673	269 980	2
Remuneration of councillors		10 958	11 628	11 606	13 599	13 782	
Debt impairment	3	139 702	221 071	169 656	83 747	63 747	
Depreciation & asset impairment	2	40 947	46 642	58 011	43 774	43 774	
Finance charges		53	450	7 566	27 550	27 550	
Bulk purchases - electricity	2	-	-	-	-	-	

**BUDGET ESTIMATES FOR THE 2020/21 TO 2022/23 MTREF PERIOD**

	2021/22		
	Budget 2020/21	Adjustment Budget 2020/21	Adjustment Budget 2 schedule
<b>REVENUE</b>			
<b>Operating Grants &amp; Transfers Received</b>	<b>588 039 346.00</b>	<b>628 353 346.00</b>	<b>628 45</b>
<b>National</b>	<b>576 111 000.00</b>	<b>616 425 000.00</b>	<b>616 42</b>
Equitable Share	284 570 000.00	325 805 000.00	325 80
Levy Replacement Grant	287 470 000.00	287 470 000.00	287 47
Finance Management Grant	1 000 000.00	1 000 000.00	1 00
EPWP Incentive Grant	3 071 000.00	2 150 000.00	2 15
Economic opp	-	-	-
<b>Provincial</b>	<b>11 928 346.00</b>	<b>11 928 346.00</b>	<b>12 02</b>
EDTEA: Pietermaritzburg Airport	2 500 000.00	2 500 000.00	2 50
Umgenti Resilience	9 428 346.00	9 428 346.00	9 42
Title Deeds Restoration Grant			10
Disaster relief fund			
Local govern			
<b>Capital Grants and Transfers Received</b>	<b>183 797 000.00</b>	<b>183 797 000.00</b>	<b>183 79</b>
<b>National</b>	<b>183 797 000.00</b>	<b>183 797 000.00</b>	<b>183 79</b>
Municipal Infrastructure Grant (MIG)	101 245 000.00	101 245 000.00	101 24
Water Services Infrastructure Grant (WSIG)	80 000 000.00	80 000 000.00	80 00
Rural Roads Asset Management System Grant (RRAMS)	2 552 000.00	2 552 000.00	2 55
Energy Efficiency and Demand Side Management Grant (EEDSM)			
<b>TOTAL GRANTS &amp; TRANSFERS</b>	<b>771 836 346.00</b>	<b>812 150 346.00</b>	<b>812 25</b>
<b>Internally Generated Revenue</b>	<b>347 481 240.48</b>	<b>347 481 240.48</b>	<b>375 48</b>
Service Charges - Water Revenue	303 630 918.60	303 630 918.60	309 63
Service Charges - Sanitation Revenue	29 052 695.88	29 052 695.88	29 05



OPERATING EXPENDITURE PROGRAMME	791 497 596.48	791 497 596.48	860 311
<b>Employee Related Costs</b>	<b>272 010 575.98</b>	<b>272 010 575.98</b>	<b>272 010</b>
Medical Aid Contributions	14 559 478.35	14 559 478.35	14 559
Pension Fund Contributions	32 815 254.21	32 815 254.21	32 815
Unemployment Insurance Fund	987 801.08	987 801.08	987
Leave Gratuity Contributions	-	-	-
Long Service Awards	2 227 152.35	2 227 152.35	2 227
Cellular and Telephone Allowances	1 852 362.45	1 852 362.45	1 852
Traveling Allowances	23 446 162.03	23 446 162.03	23 446
Fire Brigade	-	-	-
Housing Benefits	1 243 572.11	1 243 572.11	1 243
Rental Subsidies	27 348.00	27 348.00	27
Acting and Post Related Allowances	2 158 002.06	2 158 002.06	2 158
Standby Allowances	5 908 576.48	5 908 576.48	5 908
Tool Allowances	127 200.00	127 200.00	127
Uniforms	144 927.21	144 927.21	144
Non-Structured Allowances	21 200.00	21 200.00	21
Basic Salaries	164 200 722.50	164 200 722.50	164 200
Bonuses	12 118 939.72	12 118 939.72	12 118
Bargaining Council	65 857.80	65 857.80	65
Group Life	2 150 000.00	2 150 000.00	2 150
Post-Retirement Benefits	5 925 800.00	5 925 800.00	5 925
Skills Development Levy	2 030 219.64	2 030 219.64	2 030
Workmen's compensation	-	-	-
Remuneration of Councillors	13 782 254.09	13 782 254.09	13 782
Debt Impairment Contributions	83 747 855.10	83 747 855.10	83 747
Depreciation and Asset Impairment	43 773 646.50	43 773 646.50	43 773
Finance Charges (Interest Paid)	27 550 000.00	27 550 000.00	27 550
Bulk Water Purchases	154 532 000.00	154 532 000.00	154 532
Transfers and Grants	6 580 000.00	6 580 000.00	6 580
CAPEX Expensed	1 187 140.00	1 187 140.00	1 187
<b>Grant Funded Projects / Programmes</b>	<b>14 999 346.00</b>	<b>14 999 346.00</b>	<b>14 999</b>
EPWP Incentive Grant	3 071 000.00	3 071 000.00	3 071
EDTEA: Pietermaritzburg Airport	2 580 000.00	2 580 000.00	2 580
Umgenti Resilience Programme (URP)	9 428 346.00	9 428 346.00	9 428
<b>Contracted Services</b>	<b>152 413 515.82</b>	<b>152 413 515.82</b>	<b>152 413</b>
Water Tanker Hire	54 000 000.00	54 000 000.00	54 000
Motor Vehicle Hire and Running Costs	12 012 175.00	12 012 175.00	12 012
Water Quality Process Management	2 522 950.00	2 522 950.00	2 522
ICT Consultant Fees	1 000 000.00	1 000 000.00	1 000
Security Services	15 823 172.42	15 823 172.42	15 823
Water & Sanitation Operations & Maintenance	42 000 000.00	42 000 000.00	42 000
Telecommunications	2 375 750.00	2 375 750.00	2 375
Licence Fees	2 215 500.00	2 215 500.00	2 215
Insurance - General	1 003 000.00	1 003 000.00	1 003
Municipal Services (Water & Electricity)	2 947 100.00	2 947 100.00	2 947
Fire & Rescue Services	1 371 000.00	1 371 000.00	1 371
Water Reading Services	-	-	-
Materials (PPE & Repairs & Maintenance)	15 142 868.40	15 142 868.40	15 142

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## **2.8 ALLOCATION AND GRANTS MADE BY THE MUNICIPALITY**

Council resolved to transfer a total sum of R 7.958 million to the uMgungundlovu Development Agency for the 2021/2022 financial period.



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## **2.9 COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS**

- **Employee Related Costs**

	<u>Total Cost to Employer</u>
OFFICE OF THE MUNICIPAL MANAGER	29 452 568
FINANCIAL SERVICES	32 262 255
CORPORATE SERVICES	26 772 735
TECHNICAL SERVICES	90 836 580
COMMUNITY SERVICES	88 711 608
EPWP	876 103
COUNCILLORS	13 083 107
POST EMPLOYMENT BENEFITS, LONG LEAVE AV	6 852 605
TOTAL	288 847 561

- Municipal Manager**

Basic for 2021/2022	Cellphone allowance	UIF	Skills Levy	SALGBCL	Bonus	Annual
112 552.08	1 800.00	148.72	1 143.52	9.90	192 111.49	1 579 962.14

- Executive Manager: Financial Services**

Basic for 2021/2022	Housing Subsidy	Cellphone allowance	Skills Levy	Travel Allowance / Subsidy	UIF	SALGBCL	Bonus	Annual
90 621.67	16 669.00	1 800.00	1 090.91	18 500.00	148.72	9.90	183 324.41	1 729 406.77

- Executive Manager: Corporate Services**

Basic for 2021/2022	Cellphone allowance	Travel Allowance / Subsidy	Skills Levy	UIF	SALGBCL	Bonus	Annual
90 621.67	1 800.00	15 000.00	906.22	148.72	9.90	177 444.41	1 479 282.49

- Executive Manager: Community Services**

Basic for 2021/2022	Cellphone allowance	Travel Allowance / Subsidy	UIF	Skills Levy	SALGBCL	Bonus	Annual
85 494.47	1 800.00	6 500.00	148.72	854.94	9.90	154 550.70	1 292 247.06

- Executive Manager: Community Services**

Basic for 2021/2022	Cellphone allowance	Travel Allowance / Subsidy	UIF	Skills Levy	SALGBCL	Bonus	Annual
85 494.47	1 800.00	6 500.00	148.72	854.94	9.90	154 550.70	1 292 247.06

- Executive Manager: Technical Services**

Basic for 2021/2022	Cellphone allowance	Skills Levy	UIF	SALGBCL	Bonus	Annual
92 320.20	1 800.00	923.20	148.72	9.90	155 097.94	1 297 522.20

- Executive Manager: Economic and Development Planning

Basic for 2021/2022	Cellphone allowance	UIF	Skills Levy	SALGBCL	Bonus	Annual
92 320.20	1 800.00	148.72	923.20	9.90	155 097.94	1 297 522.20

## 2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

DC22 uMgungundlovu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2021/22								
	July	August	Sept.	October	November	December	January	February	March
R thousand									
<b>Cash Receipts By Source</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-
Service charges - water revenue	10 873	10 873	10 873	10 873	10 873	10 873	10 873	10 873	10 873
Service charges - sanitation revenue	960	960	960	960	960	960	960	960	960
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	50 988	50 988	50 988	50 988	50 988	50 988	50 988	50 988	50 988
Other revenue	-	-	-	-	-	-	-	-	-
<b>Cash Receipts by Source</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>
<b>Other Cash Flows by Source</b>									
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>

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## 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 B.**

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

Not applicable.

## 2.13 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

None

## 2.14 CAPITAL EXPENDITURE DETAILS

Project Name		Funding Source	2020/21 MTREF	2021/22 MTREF			
			Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/2024	Total Allocation
Water Provision							
Nkanyezini Water	MIG		23 452 449.00	21 000 000.00	46 548 485.34	27 949 762.33	118 950 696.67
Manzamyama Water	MIG		500 000.00	-	-	-	500 000.00
Mpolweni, Thokozani, Claridge	MIG		20 000 000.00	51 314 785.70	43 410 806.60	94 274 237.67	208 999 829.97
Trust Feeds Phase 1	MIG		12 000 000.00	10 770 603.08	16 134 259.52	-	38 904 862.60
Maqonqo Water	MIG		300 000.00	172 140.43	-	-	472 140.43
Manyavu Water	MIG		300 000.00	-	-	-	300 000.00
Hilton AC	MIG		-	-	-	-	-
Merrivale AC	MIG		-	-	-	-	-
Enguga Entshayabantu & Macksam CWSS Phase 5	MIG		6 922 951.00	636 168.77	277 462.49	-	7 836 582.26
Mbhava & Mpethu Swayimane Water Supply Phase 2	MIG		20 000 000.00	6 699 302.02	2 545 000.00	-	29 244 302.02
KwaMathwanya Water Reticulation	MIG		11 769 600.00	3 000 000.00	-	-	14 769 600.00
Mpofana Bulk- Mpofana village	MIG		-	5 000 000.00	-	-	5 000 000.00
Cedara Water -bulk main link	MIG		-	5 300 000.00	-	-	5 300 000.00
			95 245 000.00	103 893 000.00	108 916 013.95	122 224 000.00	430 278 013.94
Water Provision							
Nadi - Efaye Phase 2(uMshwathi Regional Bulk )	WSIG		28 800 000.00	-	-	-	28 800 000.00
Mtuluwa & Mt. Alias Phase 3A (uMshwathi Regional Bulk )	WSIG		300 000.00	-	-	-	300 000.00
Nadi to Ekhamanzi Phase 3B	WSIG		30 000 000.00	-	-	-	30 000 000.00
Greater Efaye	WSIG		20 900 000.00	85 000 000.00	70 560 000.00	75 650 000.00	176 460 000.00
Ozwathini	WSIG		-	-	10 000 000.00	-	10 000 000.00
			80 000 000.00	85 000 000.00	80 560 000.00	75 650 000.00	245 560 000.00
			-	-	-	-	75 650 000.00
Sanitation Provision							
uMshwathi VIP Backlog Toilets	MIG		793 000.00	666 667.00	-	-	1 459 667.00
Impendle VIPBacklog Toilets	MIG		793 000.00	666 667.00	-	-	1 459 667.00
Mkhambathini VIP Backlog Toilet	MIG		793 000.00	666 667.00	-	-	1 459 667.00
Umgweni VIP Backlog Toilets	MIG		793 000.00	666 667.00	-	-	1 459 667.00
Richmond VIP Backlog Toilets	MIG		793 000.00	666 667.00	-	-	1 459 667.00
Mpofana VIP Backlog Toilet	MIG		793 000.00	666 667.00	-	-	1 459 667.00
District Wide Sanitation - Covid 19 Response	ES		6 000 000.00	-	-	-	-
Nguga Water Supply - Covid -19 Response	ES		7 000 000.00	-	-	-	-
Mathwanya Water Supply - Covid 19 Response	ES		15 000 000.00	-	-	-	-
Mbhava Water Supply - Covid 19 Response	ES		13 235 000.00	-	-	-	-
			-	-	-	-	-
			45 993 000.00	4 000 002.00	-	-	8 758 002.00
Rural Roads Asset Management							
Planning of Rural Roads Maintenance	RRAMS		2 552 000.00	2 586 000.00	2 714 000.00	2 717 000.00	10 569 000.00
			2 552 000.00	2 586 000.00	2 714 000.00	2 717 000.00	10 569 000.00
CAPEX Summary							
Projects							
Water Provision - MIG	MIG		95 245 000.00	103 893 000.00	108 916 013.95	122 224 000.00	430 278 013.94
Water Provision - WSIG	WSIG		80 000 000.00	85 000 000.00	80 560 000.00	75 650 000.00	321 210 000.00
Sanitation Provision	MIG		4 758 000.00	4 000 002.00	-	-	8 758 002.00
Rural Roads Asset Management	RRAMS		2 552 000.00	2 586 000.00	2 714 000.00	2 717 000.00	10 569 000.00
Water Provision - Covid-19 Response	ES		35 235 000.00	-	-	-	35 235 000.00
Sanitation Provision - Covid-19 Response	ES		6 000 000.00	-	-	-	6 000 000.00
Energy Efficiency and Demand Side Management	EEDSM		-	-	4 000 000.00	-	4 000 000.00
			223 790 000.00	195 479 002.00	196 190 013.95	200 591 000.00	816 050 015.94
Funding							
Municipal Infrastructure Grant (MIG)			100 003 000.00	107 893 000.00	108 916 013.95	122 224 000.00	439 036 013.95
Water Services Infrastructure Grant (WSIG)			80 000 000.00	85 000 000.00	80 560 000.00	75 650 000.00	321 210 000.00
RRAMS			2 552 000.00	2 586 000.00	2 714 000.00	2 717 000.00	10 569 000.00
Covid-19 Response			41 235 000.00	-	-	-	41 235 000.00
Energy Efficiency and Demand Side Management			-	-	4 000 000.00	-	4 000 000.00
			223 790 000.00	195 479 000.00	196 190 013.95	200 591 000.00	816 050 013.95

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## 2.15 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **In year reporting and Statutory returns**

Reporting to National and Provincial Treasuries in electronic format was fully 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. Due to resignations and contract expiry the municipality is in the process to fill the vacancies of interns. The programme is intended to empower graduates with on-the-job training and also build capacity for the local government sector.

### **Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **Service Delivery and Implementation Plan**

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2021/2022 MTREF in May 2021.

### **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 will continue 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.

## 16. OTHER SUPPORTING DOCUMENTS

Loan: Development bank of South Africa Amortisation Schedule - ***Refer to Annexure C.***



## 2.17 ANNUAL BUDGETS OF MUNICIPAL ENTITIES ATTACHED TO THE MUNICIPALITIES

### ANNUAL BUDGET

	2019-20	2020-21	Adjustment Budet	2021-2022	2022-2023	2023-2024
<b>OPERATIONAL &amp; CAPITAL BUDGET</b>						
<b>OPERATIONAL REVENUE</b>						
UMDM Allocation (Equitable share)	R5 083 500.00	R6 500 000.00	R3 250 000.00	R7 958 074.00	R10 379 652.00	R10 379 652.00
Other Revenue (Sale of vegetables, PCK, SAFSDA, AG)	R0.00	R0.00	R241 941.29	R0.00	R0.00	R0.00
UMEDA - Interest Earned (FNB)	R60 000.00	R60 000.00	R82 170.39	R100 000.00	R106 500.00	R113 423.00
<b>SUB TOTAL: OPERATIONAL REVENUE</b>	<b>R5 143 500.00</b>	<b>R6 560 000.00</b>	<b>R3 574 111.68</b>	<b>R8 058 074.00</b>	<b>R10 486 152.00</b>	<b>R10 493 075.00</b>
<b>CONDITIONAL GRANTS</b>						
Howick falls	R0.00	R0.00	R5 000 000.00	R0.00	R0.00	R0.00
KZN EDTEA N3 Corridor Project (Roll Over)	R0.00	R1 750 000.00	R1 750 000.00	R0.00	R0.00	R0.00
RASSET PROGRAM ROLLOVER	R0.00	R373 751.00	R373 751.00	0	R0.00	R0.00
KZN COGTA - RASET Programme	R2 550 000.00	R0.00	R0.00	R0.00	R0.00	R0.00
<b>SUB TOTAL: CONDITIONAL GRANTS</b>					R0.00	R0.00
<b>TOTAL REVENUE</b>	<b>7 693 500.00</b>	<b>8 683 751.00</b>	<b>10 697 862.68</b>	<b>7 100 000.00</b>	<b>10 486 152.00</b>	<b>10 493 075.00</b>
<b>HUMAN RESOURCES DEPARTMENT</b>						
<b>SALARIES, TRAINING &amp; BONUSES</b>						
Chief Executive Officer	R1 144 734.00	R1 144 734.00	R1 144 734.00	R1 219 142.00	R1 298 386.00	R13 828.00
General Manager: Project Development & Investment	R750 000.00	R828 144.00	R777 600.00	R828 144.00	R881 973.00	R939 301.00
Chief Finance Officer	R810 000.00	R894 396.00	R839 808.00	R894 396.00	R952 532.00	R1 014 447.00
Project Manager	R600 000.00	R120 000.00	R357 360.00	R639 000.00	R680 535.00	R724 770.00
SCM Officer	R270 325.00	R298 491.00	R280 272.96	R298 491.00	R317 893.00	R338 556.00
IT Officer	R270 325.00	R298 491.00	R280 272.96	R298 491.00	R317 893.00	R338 556.00
PA to the CEO	R102 240.00	R112 893.00	R106 002.48	R112 893.00	R120 231.00	R128 046.00
General Assistant	R94 064.76	R103 866.00	R97 526.40	R103 866.00	R110 617.00	R117 807.00
Agri-Business Coordinator	R244 950.00	R270 472.00	R253 964.16	R270 472.00	R288 052.00	R306 776.00
Administration Officer (Finance)	R102 240.00	R112 893.00	R106 002.48	R112 893.00	R120 231.00	R128 046.00
Intern: Finance	R54 000.00	R57 510.00	R54 000.00	R57 510.00	R61 248.00	R65 230.00
Intern: Finance	R54 000.00	R57 510.00	R54 000.00	R57 510.00	R61 248.00	R65 230.00
Intern: Receptionist	R54 000.00	R57 510.00	R54 000.00	R57 510.00	R61 248.00	R65 230.00
Finance Manager	R0.00	R0.00	R600 000.00	R639 000.00	R680 535.00	R724 770.00
Other (Salary Adjustments, Bonuses, etc)	R300 000.00	R143 669.08	R143 669.08	R153 008.00	R162 954.00	R173 545.00
<b>Total -Salaries &amp; Allowances</b>	<b>R4 843 378.76</b>	<b>R4 500 579.08</b>	<b>R5 149 212.52</b>	<b>R5 742 326.00</b>	<b>R6 115 576.00</b>	<b>R5 144 138.00</b>
<b>GENERAL EXPENSES</b>						
Skills & Training Development	R120 000.00	R40 000.00	R15 000.00	R15 975.00	R17 014.00	R18 119.00
<b>SUB TOTAL EXPENDITURE</b>	<b>R4 963 378.76</b>	<b>R4 540 579.08</b>	<b>R5 164 212.52</b>	<b>R5 758 301.00</b>	<b>R6 132 590.00</b>	<b>R5 162 257.00</b>
<b>FINANCE DEPARTMENT</b>						
Depreciation and Amortisation Expense	R4 295.24	R116 000.00	R116 000.00	R123 540.00	R131 570.00	R140 122.00
Electricity & Water	R70 000.00	R90 000.00	R95 850.00	R102 080.00	R108 715.00	R115 782.00
Bank Charges	R10 000.00	R13 611.00	R12 780.00	R13 611.00	R14 495.00	R15 438.00
Insurance	R16 000.00	R25 000.00	R90 337.56	R96 210.00	R102 463.00	R109 123.00
Printing and Stationery	R15 000.00	R25 000.00	R57 146.71	R60 861.00	R64 817.00	R69 030.00
Office Furniture	R200 000.00	0	0	0	0	0
Office Rental	R360 000.00	R396 000.00	R421 740.00	R449 153.00	R478 348.00	R509 441.00
Audit Fees (AG)	R250 000.00	R370 000.00	R392 610.00	R418 130.00	R445 308.00	R474 253.00
Security	R15 000.00	R12 000.00	R5 313.00	R5 658.00	R6 026.00	R6 418.00
Office Cleaning Materials	R38 400.00	R52 403.00	R49 204.90	R52 403.00	R55 809.00	R59 437.00
Telephone and Cellphone	R120 000.00	R160 000.00	R170 400.00	R181 476.00	R193 272.00	R205 835.00
Rental of Equipment	R65 000.00	R26 000.00	R24 000.00	R26 000.00	R27 690.00	R29 490.00
MSCOA Implementation	R0.00	R0.00	R1 093 908.75	R1 165 013.00	R1 240 739.00	R1 321 387.00
<b>SUB-TOTAL</b>	<b>R1 163 695.24</b>	<b>R1 286 014.00</b>	<b>R2 529 290.92</b>	<b>R2 694 135.00</b>	<b>R2 869 252.00</b>	<b>R3 055 756.00</b>
<b>CEO's OFFICE</b>						
Directors (Board +Committees) Fees	R750 000.00	R170 000.00	R750 000.00	R798 750.00	R850 669.00	R905 962.00
Subscriptions -IT & Governance	R25 000.00	R53 250.00	R9 382.34	R53 250.00	R56 711.00	R60 397.00
Subsistence & Travelling Expenses	R100 000.00	R20 000.00	R19 218.82	R20 468.00	R21 798.00	R23 215.00
IT -Software & Hardware	R336 500.00	R350 000.00	R165 202.64	R372 750.00	R396 979.00	R422 782.00
Legal Services	R100 000.00	R20 000.00	R80 000.00	R80 000.00	R85 200.00	R90 738.00
Office Repairs & Maintenance	R30 000.00	R5 325.00	R5 000.00	R5 325.00	R5 671.00	R5 678.00
Strategic Planning	R200 000.00	R106 500.00	R100 000.00	R106 500.00	R113 423.00	R120 795.00
Professional Fees	R198 000.00	R315 000.00	R335 475.00	R357 281.00	R380 504.00	R405 237.00
Consultancy fees for the project management	R958 074.00	R1 791 107.92	R1 515 080.44	R0.00	R0.00	R0.00
<b>SUB-TOTAL</b>	<b>R2 697 574.00</b>	<b>R1 040 075.00</b>	<b>R2 979 359.24</b>	<b>R1 794 324.00</b>	<b>R1 910 955.00</b>	<b>R2 034 804.00</b>
<b>MARKETING &amp; INVESTMENT DEPARTMENT</b>						
Annual Events Plan & Implementation	R150 000.00	R10 000.00	R10 000.00	R10 650.00	R11 342.00	R12 079.00
Host Annual Investment Conference	R350 000.00	R0.00	R0.00	R0.00	R0.00	R0.00
Investment Promotion - Outwards & Inwards Missions	R75 000.00	R0.00	R0.00	R0.00	R0.00	R0.00
Distribute Investment Material	R20 000.00	R0.00	R0.00	R0.00	R0.00	R0.00
Newsletter - Development & Distribution	R30 000.00	R0.00	R0.00	R0.00	R0.00	R0.00
Annual Report - Design & Printing	R80 000.00	R10 650.00	R10 000.00	R10 650.00	R11 342.00	R12 079.00
Publications - Design & Printing	R80 000.00	R5 325.00	R5 000.00	R5 325.00	R5 671.00	R6 040.00
<b>SUB-TOTAL</b>	<b>R785 000.00</b>	<b>R25 975.00</b>	<b>R25 000.00</b>	<b>R26 625.00</b>	<b>R28 355.00</b>	<b>R30 198.00</b>
<b>SURPLUS/DEFICIT</b>	<b>R -</b>	<b>R -</b>	<b>R -</b>	<b>R -</b>	<b>R -</b>	<b>R -</b>

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## **2.18 MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

***Refer to Annexure D.***

