

**REPORT TO THE uMGUNGUNDLOVU DISTRICT MUNICIPAL
COUNCIL**



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Report Number: Designation: CHIEF FINANCIAL OFFICER

For consideration

1st Level – Budget Steering Committee : 19/03/2021
2nd Level – Finance Portfolio Committee : 19/03/2021
3rd Level – EXCO : 23/03/2021
4th Level – Council : 30/03/2021

**SUBJECT: MEDIUM TERM EXPENDITURE AND REVENUE BUDGET REPORT
2021/22**

DATE : 18 MARCH 2021

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1. MAYOR'S REPORT

In terms Section 16 of the MFMA, the Mayor of the Municipality must table the draft 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 m SCOA fully implemented amongst others.

The preparation of the 2021 /2022 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 in 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 sustainably to our communities. 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 standing debtors.
- iii. Collection rate calculated to be at 46% .
- iv. Budget unfunded.
- v. Cash Flow budgeting incorrect and over stated.
- vi. m SCOA implementation lagging behind 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 with an intention to bring the municipality to have a 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 **R1.189 Billion** consolidated budget, has been developed with an intention to accelerate transformation

towards an inclusive economy, ease , 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 aims 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 funded 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 it capital projects using capital grants which a 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 be to collect revenue through households and businesses who owe the Municipality. We encourage our citizens to be responsible citizens who pay for services rendered and/received to further re-invest to other municipal projects. This will ensure that we render services on a sustainable basis. 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 revenue raising, revenue protection, revenue collection strategies as 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 revilisation 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 **R994.4 Million** and projected to increase to **R1.127 Billion** over the MTREF period ending 2023/ 2024.

Of the operating revenue, **38.8%** will be funded from service charges which is an increase from **37.4%** in 2020/21 adjustment budget. This shows a slight shift in grant dependency with grants contributing **61.95%** of operating income from **62.60%** as per adjusted budget 2019/20. 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

R974.897 Million which reflects a increase of **12.89%** from the adjusted budget 2020/21. Of the total operating expenditure, **R292.90 Million (30%)** has been allocated to Employee Related Costs. Contracted services contribute **13.9% (R133.099 Million)** of the total operating costs bill. The user departments have continuously reviewed the contracted services in an effort to reduce these. The anticipated increases on the operational expenditure is budgeted for employee related costs.

Capital expenditure is set to decrease by **13%** from **R225.032Million** in the 2020/21 adjustment budget to **R194.935 Million** in the 2021/22 budget. There are no expected borrowings to finance the capital investment programme. A total of **16.4%** 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 **R194.935 Million** of which **100%** of capital expenditure will be funded from grants. As the municipality strives to implement a cost reflective tariff, and the allocation of operational grants, the municipality will have a total of **R993 MILLION** operational funds.

2. ASSUMPTIONS

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

1. The average CPI is 3.1 for the period 01 July 2020 to 28 February 2021.
2. The bulk water service provider will be allowed a maximum 7% inflation increase.
3. The employee related costs will be allowed a maximum 3.1% inflation increase.
4. Critical positions will be filled and strategic position of the Technical Services Executive Manager will be filled.
5. Contracts review will lead a reduced expenditure .
6. Interest rates will remain the same if not drop – Interest to service the long term loan will not increase.
7. Collection rate will remain at 46 % initially, gradually increasing with the full implementation of revenue collection strategies.

3. 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 189 877 179** be approved to be funded from the following:

Operating Revenue	994 398 179
Grant Funding	195 479 000

- b) The proposed expenditure appropriations of **R1 170 373 677** be approved and be allocated as follows:

Operating Expenditure	R974 894 677
Capital Programme	R195 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 R7 958 074 for the 2021/22 financial year;
- e) The draft tariff of charges be adopted by Council be increase 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.

4. Capital budget

The capital budget is 100% funded from grants with the bulk of the funding coming from the Municipal Infrastructure Grant (MIG), Water Services Infrastructure Grant(WSIG).

Project Name	Funding Source	2020/21 MTREF		2021/22 MTREF			Total Allocation
		Budget 2020/21	Adjustment Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	
Water Provision							
Nkanyezini Water	MIG	23 452 449.00	23 452 449.00	20 000 000.00	20 000 000.00		63 452 449.00
Manzamyama Water	MIG	500 000.00	500 000.00	750 000.00			1 250 000.00
Mpolweni, Thokozani, Claridge	MIG	20 000 000.00	20 000 000.00	20 970 880.03	40 000 000.00		80 970 880.03
Trust Feeds Phase 1	MIG	12 000 000.00	12 000 000.00	11 081 995.07			23 081 995.07
Maqonqo Water	MIG	300 000.00	300 000.00	149 687.34			449 687.34
Manyavu Water	MIG	300 000.00	300 000.00	700 000.00			1 000 000.00
Hilton AC	MIG	-	-				-
Merrivale AC	MIG	-	-				-
Enguga Entshayabantu & Macksam CWSS Phase 5	MIG	6 922 951.00	6 922 951.00	939 593.85	20 000 000.00		27 862 544.85
Mbhava & Mpethu Swayimane Water Supply Phase 2	MIG	20 000 000.00	20 000 000.00	22 412 492.22			42 412 492.22
KwaMathwanya Water Reticulation	MIG	11 769 600.00	11 769 600.00	1 861 038.84			13 630 638.84
Rosseta Ntulis Farm				3 000 000.00			
Mpofana Bulk - Mpofana Village				8 100 312.66			
Cedara Water and waste water (Bulk link main)				8 300 000.00			
			95 245 000.00	95 245 000.00	98 266 000.00	80 000 000.00	
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		210 480 000.00		
Mbhava Water Supply - Covid 19 Response	ES		13 235 000.00				
			41 235 000.00				
Water Provision							
Nadi - Efaye Phase 2(uMshwathi Regional Bulk)	WSIG	28 800 000.00	28 800 000.00	-			28 800 000.00
Mtulwa & Mt. Alias Phase 3A (uMshwathi Regional Bulk)	WSIG	300 000.00	300 000.00				300 000.00
Nadi to Ekhamanzi Phase 3B	WSIG	30 000 000.00	30 000 000.00	-	-		30 000 000.00
Greater Efaye	WSIG	20 900 000.00	20 900 000.00	85 000 000.00	70 560 000.00	75 650.00	176 460 000.00
Ozwithini	WSIG		-		10 000 000.00		10 000 000.00
		80 000 000.00	80 000 000.00	85 000 000.00	80 560 000.00		245 560 000.00
		-	-	-	-		-
Sanitation Provision							
uMshwathi VIP Backlog Toilets	MIG	1 000 000.00	1 000 000.00	2 000 000.00	4 920 000.00		7 920 000.00
Impendle VIP Backlog Toilets	MIG	1 000 000.00	1 000 000.00	2 000 000.00	4 920 000.00		7 920 000.00
Mkhambathini VIP Backlog Toilet	MIG	1 000 000.00	1 000 000.00	2 000 000.00	4 920 000.00		7 920 000.00
Umgweni VIP Backlog Toilets	MIG	1 000 000.00	1 000 000.00	2 000 000.00	4 920 000.00		7 920 000.00
Richmond VIP Backlog Toilets	MIG	1 000 000.00	1 000 000.00	2 000 000.00	49 210 000.00		52 210 000.00
Mpofana VIP Backlog Toilet	MIG	1 000 000.00	1 000 000.00	2 000 000.00	7 177 000.00		10 177 000.00
		6 000 000.00	6 000 000.00	12 000 000.00	76 067 000.00	-	94 067 000.00
Rural Roads Asset Management							
Planning of Rural Roads Maintenance	RRAMS	2 836 000.00	2 552 000.00	2 693 000.00	2 849 000.00		10 930 000.00
		2 836 000.00	2 552 000.00	2 693 000.00	2 849 000.00		10 930 000.00
CAPEX Summary							
Projects		Budget 2020/21	Adjustment Budget 2020/21	Budget 2021/22	Budget 2022/23		
Water Provision - MIG	MIG	85 394 000.00	95 245 000.00	95 245 000.00	85 088 522.00		360 972 522.00
Water Provision - WSIG	WSIG	80 000 000.00	80 000 000.00	85 000 000.00	80 560 000.00		325 560 000.00
Sanitation Provision	MIG	15 851 000.00	6 000 000.00	12 000 000.00	31 778 478.00		65 629 478.00
Rural Roads Asset Management	RRAMS	2 552 000.00	2 552 000.00	2 693 000.00	2 849 000.00		10 646 000.00
Energy Efficiency and Demand Side Management	EEDSM	-	-	-	4 000 000.00		4 000 000.00
Equitable Share - Covid 19 Response Allocation - Water			35 235 000.00				
Equitable Share - Covid 19 Response Allocation - Sanitation			6 000 000.00				
		183 797 000.00	225 032 000.00	194 938 000.00	204 276 000.00		766 808 000.00
Funding							
Municipal Infrastructure Grant (MIG)		101 245 000.00	101 245 000.00	107 245 000.00	116 867 000.00	-	426 602 000.00
Water Services Infrastructure Grant (WSIG)		80 000 000.00	80 000 000.00	85 000 000.00	80 560 000.00	-	325 560 000.00
RRAMS		2 552 000.00	2 552 000.00	2 693 000.00	2 849 000.00	-	10 646 000.00
Energy Efficiency and Demand Side Management		-	-	-	4 000 000.00	-	4 000 000.00
Equitable Share - Covid 19 Response Allocation			41 235 000.00				
		183 797 000.00	225 032 000.00	194 938 000.00	204 276 000.00	-	766 808 000.00

5. OPERATING REVENUE FRAMEWORK

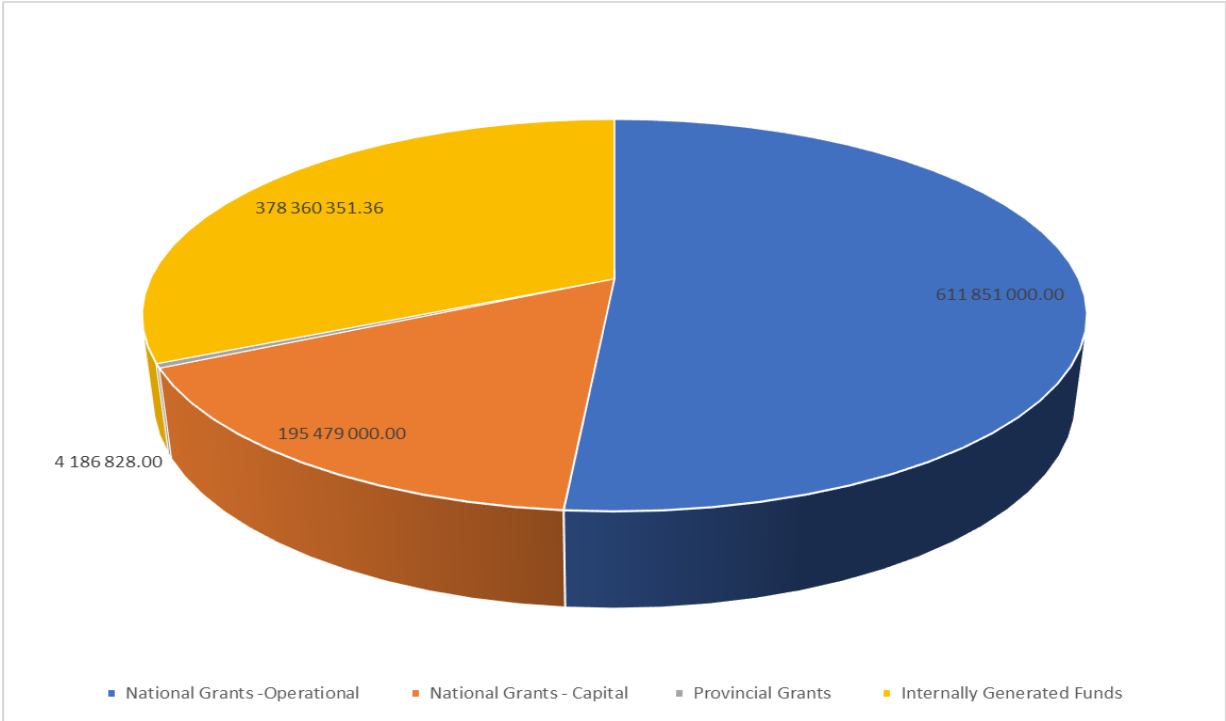
DC22 uMgungundlovu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	156 195	224 849	262 180	305 965	311 965	311 965	311 965	332 021	370 964	389 512
Service charges - sanitation revenue	2	20 808	28 433	22 907	29 053	29 053	29 053	29 053	31 375	42 297	44 412
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		246	257	11	-	-	-	2	-	-	-
Interest earned - external investments		10 074	8 090	6 091	528	528	528	130	-	-	-
Interest earned - outstanding debtors		30 057	39 000	46 835	11 936	33 936	33 936	28 653	14 368	13 785	14 474
Dividends received		-	-	-	-	-	-	-	597	622	653
Fines, penalties and forfeits		4 960	-	473	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		433 487	493 081	543 973	300 569	340 883	340 883	484 148	304 379	323 507	322 603
Other revenue	2	988	832	493	288 841	287 470	287 470	53	311 659	334 241	356 222
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		656 816	794 541	882 963	936 892	1 003 835	1 003 835	854 005	994 398	1 085 417	1 127 877

2021/22 MTREF				
	Adjustment Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
REVENUE				
Operating Grants & Transfers Received	628 453 346.00	616 037 828.00	657 748 422.09	678 825 000.00
National	616 425 000.00	611 851 000.00	653 369 000.00	678 825 000.00
Equitable Share	325 805 000.00	296 893 000.00	317 928 000.00	321 403 000.00
Levy Replacement Grant	287 470 000.00	311 659 000.00	334 241 000.00	356 222 000.00
Finance Management Grant	1 000 000.00	1 000 000.00	1 200 000.00	1 200 000.00
EPWP Incentive Grant	2 150 000.00	2 299 000.00	-	-
Revenue Enhancement Programme		-	-	-
Provincial	12 028 346.00	4 186 828.00	4 379 422.09	-
Developemnt Planning and Shared Services	-	-	-	-
Spatial Development Framework Support	-	-	-	-
Geospatial Database Development	-	-	-	-
Mandela Day Sponsorship	-	-	-	-
EDTEA: N3 Corridor Project	-	-	-	-
EDTEA: Pietermaritzburg Airport	2 500 000.00	-	-	-
Umgeni Resilience	9 428 346.00	4 186 828.00	4 379 422.09	-
Title Deeds Restoration Grant	100 000.00			
Capital Grants and Transfers Received	183 797 000.00	195 479 000.00	194 141 000.00	200 591 000.00
National	183 797 000.00	195 479 000.00	194 141 000.00	200 591 000.00
Municipal Infrastructure Grant (MIG)	101 245 000.00	107 893 000.00	116 867 000.00	122 224 000.00
Water Services Infrastructure Grant (WSIG)	80 000 000.00	85 000 000.00	70 560 000.00	75 650 000.00
Rural Roads Asset Management System Grant (RRAMS)	2 552 000.00	2 586 000.00	2 714 000.00	2 717 000.00
Energy Efficiency and Demand Side Management Grant (EEDSM)	-		4 000 000.00	-
TOTAL GRANTS & TRANSFERS	812 250 346.00	811 516 828.00	851 889 422.09	879 416 000.00
Internally Generated Revenue	375 481 240.48	378 360 351.36	427 668 391.48	449 051 811.06
Service Charges - Water Revenue	309 630 918.60	329 046 881.29	368 099 952.00	386 504 949.60
Service Charges - Sanitation Revenue	29 052 695.88	31 375 196.91	42 297 102.00	44 411 957.10
Service Charges - Other charges	2 334 540.00	2 973 880.00	2 863 991.93	3 007 191.53
Interest Earned - Outstanding Debtors	33 935 586.00	14 367 881.16	13 785 234.00	14 474 495.70
Interest Earned - External Investments	527 500.00	596 512.00	622 111.55	653 217.13
Rental of Facilities	-	-	-	-
Other Revenue	-	-	-	-
	1 187 731 586.48	1 189 877 179.36	1 279 557 813.57	1 328 467 811.06

The total anticipated revenue for the 2021 / 2022 financial year amounts to R 1.189 billion. The municipality is grant reliant with a total of 68.2 % revenue streams from grants.

National Grants -Operational	611 851 000.00	51.42
National Grants - Capital	195 479 000.00	16.43
Provincial Grants	4 186 828.00	0.35
Internally Generated Funds	378 360 351.36	31.80
TOTAL	1 189 877 179.36	100.00



Tariffs and Service Charges – Water and Sanitation

While everything possible is done to reduce the costs of operating for services and to void 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 in general household tariffs be increased by 7 % while business tariffs be increased by 5.5%. Availability charges will attract a 10% increase. Considering the ever rising costs of providing water and sanitation increases, 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
					170 154 650.76
Business /Commercial					
0 - 999999	35.84	37.81	40.65	3 887 000	157 995 926.15
Builder/Construction Sites					
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
Total Water				7 463 339	329 046 881.29

Sewerage Tariff					
Household/Domestic	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
Business /Commercial					
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
Total Sanitation				2 001 863	34 349 076.91

Sewerage Tariff					
Household/Domestic					
	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
Business /Commercial	2019/2020	2020/2021		Consumption	
0 - 999999999	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 - 999999999	8.20	8.65	9.29	320 000	2 973 880.00
Total Sanitation				2 001 863	34 349 076.91

The rate per kilo litre charged by the bulk service provider for the 2020 /2021 financial year is

R 9.4543. anticipated to increase to a maximum of R 10.116. The proposed cheapest tariff to be charged by the municipality is R 13.66 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 1210
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	R385
11. Processing of Certificate of Competence	R363 of the National Health Act, 2003	R1210
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

UMGUNGUNDOLOVU DISTRICT MUNICIPALITY : COMMUNITY SERVICES					
Fire and Rescue Services					
	2019/20	2020/21	2021/22		
	Incl. Vat	Incl. Vat	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	R 1 788.18	R 1 897.26	R 2 086.99	10.00%	
1.2	R 1 424.34	R 1 511.22	R 1 662.34	10.00%	
1.3	R 1 162.40	R 1 233.31	R 1 356.64	10.00%	
1.4	R 1 788.18	R 1 897.26	R 2 086.99	10.00%	
1.5	R 1 112.33	R 1 180.18	R 1 298.20	10.00%	
1.6	R 891.74	R 946.14	R 1 040.75	10.00%	
1.7	R 891.74	R 946.14	R 1 040.75	10.00%	
1.8	R 1 788.18	R 1 897.26	R 2 086.99	10.00%	
1.9	R 891.74	R 946.14	R 1 040.75	10.00%	
1.10	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	R 891.74	R 946.14	R 1 040.75	10.00%	
2.2	R 891.74	R 946.14	R 1 040.75	10.00%	
2.3	R 891.74	R 946.14	R 1 040.75	10.00%	
2.4	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 member				
	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.				
		R 134.54	R 142.75	R 157.03	10.00%
4.4	For a certified copy of a fire report - per copy				
		R 178.35	R 189.23	R 208.15	10.00%
4.5	For issuing a certificate of Registration - per certificate				
		R 42.24	R 44.82	R 49.30	10.00%
4.6	For issuing a certificate of Competence – per certificate				
		R 445.87	R 473.07	R 520.38	10.00%
4.7	For a copy of a Fire Investigation Report - per copy				
		R 663.33	R 703.79	R 774.17	10.00%
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%

6. FINANCIAL RECOVERY: REVENUE ENHANCEMENT, DEBT MANAGEMENT, COST CONTAINMENT AND CASH FLOW MANAGEMENT PLAN.

6.1 REVENUE RAISING STRATEGIES

The drive as reintroduced since June 2018 and has been on going ever since, as a joint initiative between all departments. 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 next stage of the project which is the roll out the entire District.

The focus areas and key deliverables for the project were:

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

The consumption patterns observed during the 2018 /2019 adjustment budget per consumption category are expected to remain the same if not reduce, except for the more than 60 kl per month consumption category, which is recommended that its increased by a limited 15% resulting from the identification of new meters and including consumers on the ground but not on the debtors book. The increase of 15% is not anticipated to increase cost of bulk purchase as the customers are already receiving the service but are not billed for it.

Another strategic partner which is uMngeni Water has pledger 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 reduce non revenue water as the meters will be replaced and or repairs for effective and correct billing which result in reliable billing information.

6.2 REVENUE COLLECTION STRATEGIES – DEBT MANAGEMENT

The 2020 /2021 original budget assumption is that the Municipality will collect 40 % of its raised bills. The implementation of a revised revenue collection strategy which amongst other involves restrictions and disconnections is expected to yield a minimum collection rate of about 61 % in the first 2 months of the 2020 /2021 financial year.

With the implementation of the revenue raising strategies, the municipality anticipates increasing the quantity and quality of bills. The approved water and sanitation revenue budget translates to an internal revenue, but the impact of that increased revenue is being eroded by the historic increase in expenditure and delay in payments which lead to the Municipality closing off the 2019 /2020 financial year with elevated creditors. As part of the financial recovery, the municipality has considered to not revise this assumption up.

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. A need to re-introduce the debt amnesty drive has been identified, with an extension as a prerequisite that customers verify their information and be linked to a billable meter.

The municipality introduced the meter restrictions, disconnections, and meter verification during the month of July 2020 and the municipality collected

6.3 REVENUE COLLECTION PLANNED 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:

- a. Community Services including Planning and GIS
- b. Technical Services
- c. Financial Services
- d. Municipal Manager's Office including Water Services Authority and Intergovernmental Relations.

The committee has identified challenges contributing to the reduced revenue collection and have divided a tackling strategy into three (3) phases which are:

- Short term phase which concentrates on collection from Government, Organs of State and Businesses.
- Medium term which concentrates on stabilizing and improving the billing system, improving the quality of billing data and customer care and indigent support.
- Long term phase which involves data cleansing, meter replacements and policy changes. This phase involves re verification of customers, changes to policies such as the account holder will be in the name of the property owner, flats to have bulk meters and body corporate responsible for individualized collections and the revitalization of the indigent support applications process etc.

7. OPERATING EXPENDITURE FRAMEWORK

7.1 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 – Outside Stakeholders. Unless meetings started before 07h00 or travelling for a meeting was before 06h00, catering for other meetings will be discontinued. Meetings are recommended to be held between 08h00 -13 h00 and 14h00 – 16h 30.
- i) Catering – Municipal Meetings. This has been cancelled and will remain not available. Meetings are recommended to be held between 08h00 – 13h 00 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 500 per month:
 - Executive Managers
 - Supply Chain Department
 - Debt Collection and Credit Control
 - Free Basic Services Department

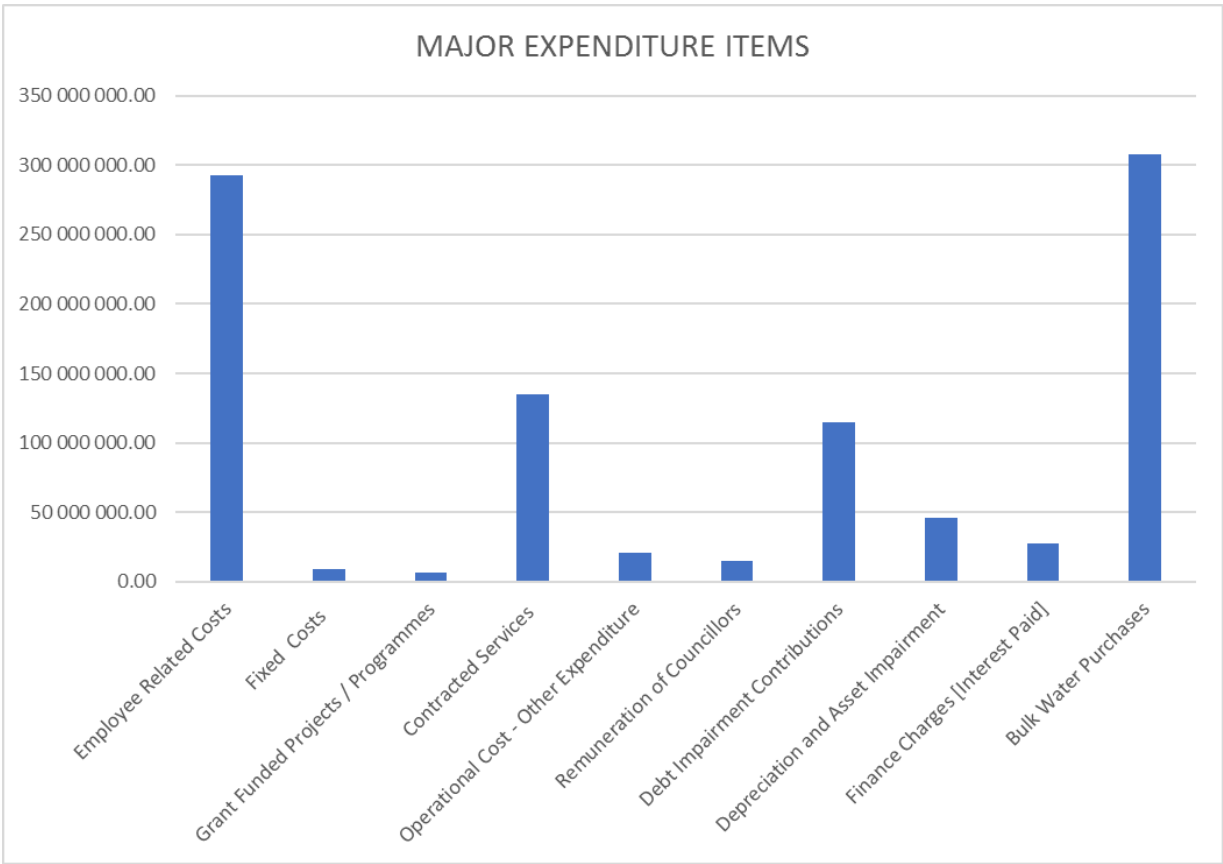
Adopt cost containment measures in compliance to Circular 82

7.2 OPERATIONAL COSTS

Employee Related Costs	292 903 683.56	30.04
Fixed Costs	9 117 482.40	0.94
Grant Funded Projects / Programmes	6 485 828.00	0.67
Contracted Services	135 099 586.25	13.86
Operational Cost - Other Expenditure	20 444 302.90	2.10
Remuneration of Councillors	14 502 396.02	1.49
Debt Impairment Contributions	114 687 421.07	11.76
Depreciation and Asset Impairment	46 134 777.06	4.73
Finance Charges [Interest Paid]	27 550 000.00	2.83
Bulk Water Purchases	307 969 200.00	31.59
TOTAL	974 894 677.26	

The although the municipality has considered all factors and tried to keep expenditure to its lowest, the operational expenditure has increased by an average 7.51% . The major contributor of the operational expenditure is the bulk water purchase at 31.59 % , followed by the employee related costs at 30% or 31.5 % when combined with Councillor Allowances.

Expenditure By Type											
Employee related costs	2	208 837	241 960	256 531	249 673	269 980	269 980	200 299	290 761	329 300	345 765
Remuneration of councillors		10 958	11 628	11 606	13 599	13 782	13 782	8 812	14 502	15 174	15 933
Debt impairment	3	139 702	221 071	169 656	83 747	63 747	63 747	-	114 687	102 438	107 560
Depreciation & asset impairment	2	40 947	46 642	54 113	43 774	43 774	43 774	31 613	46 135	48 257	50 670
Finance charges		35 321	11 502	29 439	27 550	27 550	27 550	13 834	27 550	28 817	30 258
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	-	-	-	-	-	-	-	309 146	373 584	392 263
Contracted services		202 607	214 656	207 634	156 178	131 740	131 740	129 825	117 001	105 586	104 202
Transfers and subsidies		-	13	2 736	9 929	6 500	6 500	7 124	7 958	10 380	10 380
Other expenditure	4, 5	48 805	40 885	49 053	42 191	39 223	39 223	23 295	47 153	55 787	58 151
Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		687 177	788 357	780 769	626 640	596 296	596 296	414 803	974 895	1 069 324	1 115 183



OPERATING EXPENDITURE PROGRAMM	863 573 395.97	974 894 677.26	1 069 323 509.85	1 115 182 163.01
Employee Related Costs	272 010 575.98	292 903 683.56	331 525 448.90	348 101 721.34
Medical Aid Contributions	14 559 478.35	15 417 211.90	16 949 103.57	17 796 558.75
Pension Fund Contributions	32 815 254.21	35 551 057.85	40 174 164.71	42 182 872.95
Unemployment Insurance Fund	987 801.08	1 057 851.88	1 134 651.43	1 191 384.00
Leave Gratuity Contributions	-	-	-	-
Long Service Awards	2 227 152.35	2 360 781.49	2 290 213.23	2 404 723.89
Cellular and Telephone Allowances	1 852 362.45	1 950 444.33	3 274 214.65	3 437 925.38
Travelling Allowances	23 446 162.03	24 588 874.78	12 674 292.85	13 308 007.50
Overtime	-	-	-	-
Housing Benefits	1 243 572.11	1 318 186.44	1 646 049.87	1 728 352.36
Rental Subsidies	27 348.00	28 988.88	30 322.37	31 838.49
Acting and Post Related Allowances	2 158 002.06	2 287 482.18	4 450 999.98	4 673 549.98
Standby Allowances	5 908 576.48	6 932 276.26	5 157 826.00	5 415 717.30
Tool Allowances	127 200.00	134 832.00	-	-
Uniforms	144 927.21	153 593.58	160 658.88	168 691.83
Non-Structured Allowances	21 200.00	194 472.00	184 000.00	193 200.00
Basic Salaries	164 200 722.50	177 596 845.92	203 802 281.63	213 992 395.72
Bonuses	12 118 939.72	12 846 076.10	26 593 438.57	27 923 110.50
Bargaining Council	65 857.80	69 809.27	2 367 285.67	2 485 649.95
Group Life	2 150 000.00	2 185 000.00	2 285 510.00	2 399 785.50
Post-Retirement Benefits	5 925 800.00	6 086 740.00	6 125 380.00	6 431 649.00
Skills Development Levy	2 030 219.64	2 143 158.68	2 225 055.47	2 336 308.25
Remuneration of Councillors	13 782 254.09	14 502 396.02	15 174 142.24	15 932 849.35
FIXED COSTS				
Debt Impairment Contributions	63 747 055.10	114 687 421.07	102 438 439.95	107 560 361.95
Depreciation and Asset Impairment	43 773 646.50	46 134 777.06	48 256 976.80	50 669 825.64
Finance Charges [Interest Paid]	27 550 000.00	27 550 000.00	28 817 300.00	30 258 165.00
Bulk Water Purchases	254 520 000.00	307 969 200.00	372 642 732.00	391 274 868.60
Transfers and Grants	6 500 000.00	7 958 074.00	10 379 652.00	10 379 652.00
CAPEX Expensed	1 107 140.00	1 159 408.40	3 129 632.00	3 286 113.60
Grant Funded Projects / Programmes	14 999 346.00	6 485 828.00	4 379 422.09	-
EPWP Incentive Grant	3 071 000.00	2 299 000.00	-	-
Revenue Enhancement Programme	-	-	-	-
Development Planning and Shared Services	-	-	-	-
Spatial Development Framework Support	-	-	-	-
Geospatial Database Development	-	-	-	-
Mandela Day Sponsorship	-	-	-	-
EDTEA: N3 Corridor Project	-	-	-	-
EDTEA: Pietermaritzburg Airport	2 500 000.00	-	-	-
Umgeni Resilience Programme (URP)	9 428 346.00	4 186 828.00	4 379 422.09	-
		119 857 194.86	107 323 117.71	110 199 127.06
Contracted Services	148 808 325.31	135 099 586.25	124 596 943.97	128 336 644.64
Water Tanker Hire	54 000 000.00	48 000 000.00	42 000 000.00	40 000 000.00
Motor Vehicle Hire and Running Costs	12 012 175.00	8 408 522.50	5 885 965.75	5 885 965.75
Water Quality Process Management	2 522 950.00	2 663 302.00	2 433 228.21	2 554 889.62
ICT Consultant Fees	1 000 000.00	2 000 000.00	1 850 000.00	2 000 000.00
Security Services	10 348 974.82	8 279 179.86	6 209 384.89	6 830 323.38
Water & Sanitation Operations & Maintenance	42 000 000.00	38 500 000.00	35 000 000.03	38 500 000.03
Telecommunications	2 375 750.00	1 781 812.50	1 425 450.00	1 282 905.00
Licence Fees	3 934 507.09	2 337 353.00	2 444 871.24	2 567 114.80
Insurance - General	1 003 000.00	1 089 273.00	1 197 336.32	1 257 203.14
Insurance - Group Life	2 150 000.00	2 185 000.00	2 285 510.00	2 399 785.50
Business & Advisory	-	-	-	-
Catering Services	-	-	-	-
Admin & Support	-	-	-	-
Clearing & Grass Cutting Services	-	-	-	-
Infrastructure & Planning	-	-	-	-
Municipal Services (Water & Electricity)	2 947 100.00	3 166 877.00	4 961 457.47	5 209 530.34
Fire & Rescue Services	1 371 000.00	1 445 875.00	1 629 913.81	1 711 409.50
Meter Reading Services	-	-	-	-
Materials (PPE & Repairs & Maintenance)	13 142 868.40	15 242 391.39	17 273 826.26	18 137 517.58
		26 930 130.90	32 362 241.98	33 980 354.08
Operational Cost - Other Expenditure	16 775 053.00	20 444 302.90	27 982 819.89	29 381 960.89
SALGA Affiliation Fee	3 156 188.00	3 407 778.00	3 564 535.79	3 742 762.58
Audit Fees & Audit Committee	2 645 700.00	3 049 905.50	3 354 896.05	3 522 640.85
Sports Promotion	-	-	4 128 849.65	4 335 292.13
Mandela Day Marathon	-	-	104 600.00	109 830.00
Personnel Protective Clothing (PPE)	3 045 775.00	3 209 927.00	4 103 890.00	4 309 084.50
CAPEX - Expensed	1 107 140.00	1 159 408.40	1 275 349.24	1 339 116.70
Legal Fees	2 800 000.00	3 136 350.00	5 000 000.00	5 250 000.00
Environmental Health	117 500.00	535 363.00	588 899.30	618 344.27
Disaster Management & Environ Management	587 500.00	2 676 813.00	2 944 494.30	3 091 719.02
Printing and Stationery	1 263 000.00	884 100.00	618 870.00	649 813.50
Cleaning Material	266 500.00	293 150.00	322 465.00	338 588.25
Public Participation	212 000.00	60 000.00	60 000.00	63 000.00
Bursary & Placement fees	-	-	-	-
Travel Local	-	-	-	-
Bank charges	-	-	-	-
Fuel & Oil	-	-	-	-
Hire	-	-	-	-
Rental of Premises	400 000.00	440 000.00	484 000.00	508 200.00
Occupational Health & Safety	-	561 800.00	587 642.80	617 024.94
Training & Development	-	10 000.00	15 000.00	15 750.00
Advertisement	316 500.00	19 333 908.00	349 267.77	366 731.16
Postage	857 250.00	685 800.00	480 060.00	504 063.00

IMPLICATIONS AND COMMENTS FROM PORTFOLIO COMMITTEES.

COMMENTS FROM THE BUDGET STEERING COMMITTEE

The Budget Steering Committee at its meeting held 19 March 2021 made the following comments or concerns relative to the Draft Budget 2021/ 2022.

- ✓ The Equitable Share seems to be decreasing.
- ✓ As a Municipality we are paying more for the purchase of bulk water and collecting less.
- ✓ As a Municipality we need to avoid being grant reliant.
- ✓ Consider Front loading of Grants.
- ✓ Major cutting on contracted services.
- ✓ Find ways of improving collection rate and report thereafter.
- ✓ Seek a strategy to replace water tankers with implementing of a bore hoe role out program.
- ✓ Improvement on collection rate and drive the Municipality to be solution orientated.
- ✓ Report back on (RRAMS).

COMMENTS FROM THE FINANCE COMMITTEE

The Finance Committee at its meeting held 23 March 2021 made the following comments or concerns relative to the Draft Budget 2021/ 2022.

- The municipality to ensure full compliance with National Treasury Regulations and Circulars.
- Cost Containment measures to be adhered to and further interrogation of contracts with an intention to reduce cost should be done.
- Revenue collection and enhancement strategies should be intensified.

COMMENTS FROM THE EXECUTIVE COMMITTEE

The Executive Committee at its meeting held 23 March 2021 made the following comments or concerns relative to the Draft Budget 2021/ 2022.

- The municipality to explore revenue raising strategies such as sourcing grants to fund inter sectoral programs or outcomes.
- Although the financial pressure is appreciated, the proposed minimal increase of 7 % is recommended to be raise to 7.5 % . The 0.5% will be the contribution towards the service provision and service sustainability.
- Credit Control and Debt Collection strategies to be prioritised to increase the 46% collection rate assumption.

The new budget revenue estimates is increased by **3.3 to 5 %** while operating expenditure increases by **1.9 to 5 %** when compared to the 2020/21 adjusted budget as adopted by Council.

PART 2 SUPPORTING DOCUMENTATION

DC22 uMgungundlovu - Table A1 Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	177 003	253 282	285 087	335 018	341 018	341 018	341 018	363 396	413 261	433 924
Investment revenue	10 074	8 090	6 091	528	528	528	130	-	-	-
Transfers recognised - operational	433 487	493 081	543 973	300 569	340 883	340 883	484 148	304 379	323 507	322 603
Other own revenue	36 251	40 088	47 812	300 777	321 406	321 406	28 708	326 623	348 648	371 350
Total Revenue (excluding capital transfers and contributions)	656 816	794 541	882 963	936 892	1 003 835	1 003 835	854 005	994 398	1 085 417	1 127 877
Employee costs	208 837	241 960	256 531	249 673	269 980	269 980	200 299	290 761	329 300	345 765
Remuneration of councillors	10 958	11 628	11 606	13 599	13 782	13 782	8 812	14 502	15 174	15 933
Depreciation & asset impairment	40 947	46 642	54 113	43 774	43 774	43 774	31 613	46 135	48 257	50 670
Finance charges	35 321	11 502	29 439	27 550	27 550	27 550	13 834	27 550	28 817	30 258
Inventory consumed and bulk purchases	-	-	-	-	-	-	-	309 146	373 584	392 263
Transfers and grants	-	13	2 736	9 929	6 500	6 500	7 124	7 958	10 380	10 380
Other expenditure	391 113	476 612	426 344	282 115	234 710	234 710	153 119	278 842	263 811	269 913
Total Expenditure	687 177	788 357	780 769	626 640	596 296	596 296	414 803	974 895	1 069 324	1 115 183
Surplus/(Deficit)	(30 361)	6 185	102 194	310 251	407 539	407 539	439 202	19 504	16 093	12 694
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	108 740	217 546	179 434	184 081	183 797	183 797	101 487	195 479	190 141	200 591
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	7 029	-	-	-	-	-	4 000	-
Surplus/(Deficit) after capital transfers & contributions	78 379	223 731	288 657	494 332	591 336	591 336	540 690	214 983	210 234	213 285
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	78 379	223 731	288 657	494 332	591 336	591 336	540 690	214 983	210 234	213 285

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
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 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
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	4	4	-	4	4	-	-	-	-
Vote 2 - Finance & Administration		67 562	68 138	74 048	-	74 048	74 048	177	-	-	-
Vote 3 - Community & Social Services		7 571	9 218	9 361	-	9 361	9 361	-	-	-	-
Vote 4 - Internal audit		-	-	-	-	-	-	-	-	-	-
Vote 5 - Water Management		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		2 970	2 970	2 970	-	2 970	2 970	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - Public Safety		1 840 537	2 045 331	2 165 591	175 245	2 331 523	2 331 523	605 226	195 479	194 141	200 591
Vote 12 - 0		851 874	852 968	856 953	-	856 953	856 953	40 046	-	-	-
Vote 13 - 0		-	-	-	-	-	-	-	-	-	-
Vote 14 - 0		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		2 770 518	2 978 630	3 108 927	175 245	3 274 859	3 274 859	645 449	195 479	194 141	200 591
Total Capital Expenditure - Vote		2 770 518	2 978 630	3 108 927	175 245	3 274 859	3 274 859	645 449	195 479	194 141	200 591
Capital Expenditure - Functional											
Governance and administration		75 137	77 360	83 413	-	83 413	83 413	83 413	-	-	-
Executive and council		4	4	4	-	4	4	4	-	-	-
Finance and administration		75 133	77 356	83 409	-	83 409	83 409	83 409	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		2 970	2 970	2 970	-	5 522	5 522	5 522	2 586	2 714	2 717
Planning and development		2 970	2 970	2 970	-	2 970	2 970	2 970	-	-	-
Road transport		-	-	-	-	2 552	2 552	2 552	2 586	2 714	2 717
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		2 692 410	2 898 299	3 022 543	175 245	3 185 923	3 185 923	3 185 923	192 893	191 427	197 874
Energy sources		-	-	-	-	-	-	-	-	4 000	-
Water management		1 840 537	2 045 331	2 165 591	175 245	2 328 971	2 328 971	2 328 971	192 893	187 427	197 874
Waste water management		851 874	852 968	856 953	-	856 953	856 953	856 953	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	2 770 518	2 978 630	3 108 927	175 245	3 274 859	3 274 859	3 274 859	195 479	194 141	200 591
Funded by:											
National Government		2 692 410	2 887 485	3 022 543	175 245	3 147 240	3 147 240	3 147 240	195 479	194 141	200 591
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	2 692 410	2 887 485	3 022 543	175 245	3 147 240	3 147 240	3 147 240	195 479	194 141	200 591
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		78 108	80 331	86 384	-	127 619	127 619	127 619	-	-	-
Total Capital Funding	7	2 770 518	2 967 815	3 108 927	175 245	3 274 859	3 274 859	3 274 859	195 479	194 141	200 591

OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Executive Committee, the Finance Portfolio Committee, the senior managers and the IDP Manager together form the Budget Steering Committee. This allows for the fair representation of the different council committees which are mandated with oversight on council business.

The primary aims of the Budget Steering Committee is to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the budget and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

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.

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

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

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

FINANCIAL VIABILITY AND MANAGEMENT SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • There are financial strategies and revised policies in place. • All municipal financial statements received unqualified audit opinions. There are plans to deal with the matters raised. • Municipal Manager Forum ensures planning and integration - CFO Forum. • There are various revenue enhancement strategies being implemented. • District Area Finance Forum sees to Financial Viability, Policy and Tariff Standardisation and GRAP compliance. • G-talk - ICT and District Network. • Internal Audit Committee - Compliance and Auditor-General's audit opinion follow. • Audit Committee - Meets at least four times a year. • Performance Audit Committee - Meets at least 2 times a year. • Oversight Committee - Meets at least 4 times a year. • Resources for Risk Assessment have been allocated. • Debtors' database updated. • Policies approved and updated e.g. Indigent Policy. • Integrated Financial Management 	<ul style="list-style-type: none"> • There are limited finances for meeting unlimited service delivery needs. • The Family as a whole need to be increasing and enhancing its revenue base. • Ageing infrastructure. • Indigent customers - registers need improvement and consistency. • Debtors' management. • Internal controls and policy implementation to improve.

<p>Opportunities</p> <ul style="list-style-type: none"> • Grant funding • Loan facility to Fast-track basic service delivery. 	<p>Threats</p> <ul style="list-style-type: none"> • Illegal connections leading to non-accounted for services. • Disputes on Valuation Rolls and the affordability of rates. • Non-payment of services, or very low debt collection rate due to domestic and commercial
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OVERVIEW OF BUDGET RELATED POLICIES

The following budget related policies were reviewed and no comments were received during the consultation process:

- I. Budget Policy

10.Municipal Manager's Quality Certificate

I Dr RMB Ngcobo, Municipal Manager of uMgungundlovu District Municipality, hereby certify that the Medium term revenue and expenditure budget and Documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name Raymond M B Ngcobo

Signature _____

Date 30 MARCH 2021