



uMGUNGUNDOVU
UMASIPALA WESIFUNDA
DISTRICT MUNICIPALITY
DISTRİK MUNISIPALITEİT

DRAFT ANNUAL BUDGET 2023/2024

March 2024

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PART 1 – DRAFT ANNUAL DRAFT BUDGET

1.1 Mayor's Report

Madam Speaker, Cllr N. Gabela;
The Council Whip Cllr. S. Majozi;
Deputy Mayor Cllr. S. Dlamini Mabaso;
Members of the Executive Committee;
Chairperson of MPAC Cllr E. Dladla;
The Local House of Traditional Leaders;
Fellow Councillors;
Chairperson of the Audit Committee;
Acting Municipal Manager and Management Team;
Distinguished Guests;
Members of the media;
Ladies and Gentlemen;
GREETINGS TO YOU ALL.

Madam Speaker, it is an honour and privilege for me this morning to present to this honourable Council of uMgungundlovu District Municipality, the Draft 2023/24 financial year Budget and Integrated Development Plan. Municipal Councils and the Mayor specifically, are the custodians of public money and legislation places a huge responsibility on our shoulders to accrue and expend public money.

The MFMA S52, inter alia, states: The Mayor of a Municipality:

- (a) MUST provide general political guidance over the fiscal and financial affairs of the municipality – no choices, MUST
- (b) In providing such general political guidance, may monitor and, to the extent provided in this Act, OVERSEE the exercise of responsibilities assigned to the Accounting Officer, but MAY NOT interfere in the exercise of those responsibilities.
- (c) MUST take all reasonable steps to ensure that the Municipality performs its constitutional and statutory functions within the limits of the Municipality's approved budget.

Over the years many mechanisms have been put in place to ensure compliance, checks and balances to monitor and evaluate how Councils expend the public finances. Ethical business processes are the cornerstone of a corruption free government.

The revenue framework for the 2024/25 financial year is estimated at R1.692 billion and projected to increase to R1.8478 billion over the MTREF period ending 2026/2027.

The expenditure framework is proposed at R1.549 billion for the 2024/25 financial year where a significant portion of the budget relates to allocations for the enhancement and delivery of basic services. The expenditure framework is anticipated to increase to R1.659 billion in the medium-term ending 2026/27 with basic service delivery at the forefront, demonstrating the municipality's commitment to improve the lives of communities within the district.

Local Government is a legally regulated environment but most importantly it derives its mandate from the Constitution itself hence one would like to remind fellow Councillors and Senior Management of our Municipality about the legislative framework which should guide our planning and budgeting priorities throughout our term of Office. Section 152 of the Constitution, states that the objectives of local government are:

- 1- To provide democratic and accountable government for local communities;
- 2- To ensure the provision of services to communities in a sustainable manner;
- 3- To promote social and economic development;
- 4- To promote a safe and healthy environment; and
- 5- To encourage the involvement of communities and community organisations in the matters of local government. The above is important as these have to reflect in the IDP, which in turn informs the Budget and translates into the high-level Service Delivery and Budget Implementation Plan (SDBIP).

Madam Speaker, a good education and development through skills training is a foundation for a better future. The UMDM corporate services department allocation for the 2024/25 financial year is 6% (R97.1 million) of the total municipal budget where a portion of such allocation is for purposes of providing education, skills development and training programmes to learners and unemployed youth throughout the district. One of the primary focus areas of the department is on improved education outcomes and providing learning and skill opportunities to develop the child and disadvantaged youth holistically. In committing to youth empowerment through skills, the Municipality further appointed a panel of service providers that will render the service of locating funds mainly to deal with youth training and development through various sectors.

The budget also provides for the upgrade of ICT infrastructure and acquisition of IT equipment such as hardware and will also upgrade servers and data lines to ensure that the Municipality is functioning at full capacity at all times, more so with the load shedding causing major disruptions in our information communication technology and the functioning of our call centres and customer centres respectively.

The Corporate services department is also finalizing the Municipalities new Workplace Skills Plan. As for targeted Local Municipalities, we always strive to equally rotate training programmes and or internships. The only time when we are specific to a certain Council is when we have an external funder who specifically requests that the funding be allocated to that specific said Council.

With specific reference to learnerships, the Municipality would channel the funds according to the specific focus area in that Municipality e.g., construction / bricklaying, The resources would be channeled towards municipal areas with current construction projects in order to expose Learners with practical training that will offer exposure through on-the-job training.

Planned Training and Skills Development For 2024/25:

- Disaster Management
- Fire Fighting Course
- Plumbing including trade test
- Supply Chain Management
- Project Management
- Risk Management
- Administration
- Information System
- Municipal Governance and Administration

- Municipal Planning and Budget
- OTDP”

The Vision of the district Council; through this department is to see by 2030 UMDM being an economically inclusive metropolis with improved human capital condition for private sector development through expanded access to infrastructure and digital economy for increased agricultural productivity and commercialization with mutual rural-urban linkages for sustainable development.

SMMEs/ Cooperatives Support

Sustainable Development Goals amongst others, demand that we promote sustained, inclusive, and sustainable economic growth, full productive employment, and decent work for all. Through the Local Economic Development our strategic objective is the improvement of integrated economic development initiatives through access to funding and finance for an inclusive socio-economic development.

In leading this objective, the district Council have put aside five million rand to support Small Medum Micro-Economic Enterprises, Cooperatives, and those in the informal sector.

The district is putting its money when its heart is and that is with the local entrepreneurs who not only ensure that the poorest of the poor have access to necessities but who bear transport costs especially for those in the most rural and in the periphery.

The cost of getting tuckshop stock from the central retailers is more expensive for a spaza shop operator in Impendle and Nhlazuka in Richmond, causing a barrier to access necessities. As a result, the District Council will be supporting more than 50 local Tuckshop/Spaza Shop Operators, more than 50 Street Vendors, more than 50 local poultry, crop and livestock farmers and those in the services such as Baking, Landscaping and catering across the family of seven local municipalities of uMgungundlovu.

The district Council calls upon sector departments to match this commitment by the district to push back the frontiers of poverty, unemployment, and inequality. We also extend the call to the private sector to partner with the district in supporting SMMEs/Cooperative and the informal sector by opening supply chain opportunities for district SMMMEs.

LED & Tourism Strategy

To align our strategies with the ever-evolving global economy, Council made available funds for the review of the district LED and Tourism strategies. This is to ensure that we align our strategies to make for sustained, inclusive, and sustainable work for our people. Jobless growth does not serve our economic purpose; hence the district is looking at playing an active role in localization of opportunities created by amongst others the BRICS Block of countries and our national and provincial economic growth master plans across sectors.

Our aim is the localization and transformation of tourism, its product and its broader participants to reflect the demography of the district. The focus around existing sites with international, national, provincially and local significance should be the priority to unlocking work opportunities in this sector such as tour guides, site operators and venue owners. To achieve this goal the department is developing the Integrated Development, Management and Operational Master Plan for district heritage sites.

District-wide Spaza Shop Audit and Inspection

In response to a national call for audit and inspection of Spaza Shop, uMgungundlovu working with sister local municipalities have carried out an audit and inspection of all district Spaza Shops. The purpose of the District Spaza Shop Audit and Inspection is to achieve amongst others:

1. Production of District-wide Foreign Owned Spaza Shop Register
2. Production of District-wide Locally Owned Spaza Shop Register
3. District Spaza Shops Suppliers Register (so we can trace the source of counterfeit goods, fake foods, and the expired goods value chain to catch the big fishes)
4. Model District-wide Bulk-buying Hub for District Spaza Shops (to ensure local control of the foods content and especially locally produced foods)
5. District-wide Inspection Drive during the month of November 2023 with Principals.
6. Coordination of support for locally owned Spaza Shops.

Through this initiative the district LED have produced a tentative District-wide Spaza Shop Register and will be continuously consolidating this register. We have also seen a number of foreign owned shops being closed as result of being illegal and serving them with environmental health compliance notices. We should appreciate the assistance of the Home Affairs, EDTEA and Community Safety Departments in these operations and request more intensive planning and cooperation moving forward.

Social Services: Special Programmes

Special programmes specifically focus on vulnerable groups in the community such as women, senior citizens, disabled people and youth through Sports, Arts and Culture; Youth development; HIV and AIDS and Social Development. These are essential programmes as they provide a critical but often overlooked component of service delivery which is focused on the development and empowerment of communities through social programmes

The core mandate of the Special programme unit is the coordination and mainstreaming of programmes within UMDMs family of municipalities, Sector Departments and Private sector through partnerships where possible. Programmes that will be implemented in the new financial year includes: -

- Preparation of district teams and participation in the *KZN SALGA games*: - UMDM will continue to undertake preparation of sporting codes and ensuring the participation of district sporting teams in the Provincial Salga games. These games are critical in giving teams and individuals exposure and an opportunity to grow and gauge their sporting performance level against other participants in the province. In 2023/2024 financial year, UMDM supported 10 sporting codes consisting of a total of 269 participants from around the district with playing kits, promotional outfits, transport and accommodation during these games. This is a sizeable number and we do hope that we can increase this number and have more sporting codes participating in the games. It is our intention to ensure that the SALGA games are not just an event but a sports development tool for our district. This entails having more programmes that will give support to sports development early in the year so that by the time they participate in the SALGA games, they have had an ample opportunity to develop in their different sporting codes.
- *Youth support programmes*: Capacitation of young people from the district as a means of enabling them to participate actively and meaningfully in society is one of the critical goals of the unit. The Youth Unit will continue to organise various youth focused workshops that will empower and support their development. Furthermore, it is envisaged that we will build on from the programmes implemented in the past year where Youth support goes beyond workshops but offering material support to different areas linked to youth development.

These areas included supporting emerging youth businesses, educational support through bursaries and other.

- *Teenage learner pregnancy and substance abuse* is a major challenge that affects young people and negatively impacts on their future. The district launched a multisectoral Drug Action Committee purposed at working together and ensuring coordination of work aimed at dealing with the scourge of drug and substance abuse. Furthermore, programmes aimed at addressing teenage learner pregnancy were also rolled out in partnership with Civil Society Organisations and other government departments in various schools of the district during in the 2023/2024 financial year. Programmes focused on drugs and substance abuse as well as reduction in learner teenage pregnancy will continue to be implemented throughout the district in line with the National Drug Master Plan and the outcomes of the documented Learner teenage pregnancy Commissions. This is a multisectoral programme and therefore UMDM will continue to work hand in hand with government departments and civil society in their implementation. UMDM has already committed itself in working with civil society in looking at the issue of assisting homeless people in starting and receiving treatment for communicable diseases such as TB, in a supported shelter environment.
- *Umkhosi Womhlanga* remains an important programme that encourages self-preservation in young women particularly at the time where teenage pregnancy is very high. It is one of the critical strategies for HIV prevention which is greatly supported. In support of this cultural practice, UMDM will continue to ensure provision of transport for maidens from all around the district (7 buses) to enable greater attendance of district maidens in this programme. Furthermore, support of cultural ambassadors who are responsible for maidens in the form of empowerment workshops will be implemented.
- *Programmes for the vulnerable groups* in our society will also continue to be implemented. These programmes include the Golden games for Senior Citizens in line with the Older Persons Act's (Act No. 13 of 2006). In partnership with the Department of Sport, Arts and Culture, Department of Health, Department of Social Services Development, Local Municipalities and Age-in-Action, UMDM will continue to host the District Golden games. Apart from hosting the District games, UMDM will continue to support participation of district senior citizens in the games at all levels i.e. local, provincial and national.
- Furthermore, the district will have a Centenarian programme in recognition of *Senior citizens* who have attained 100 years or more of life.
- The same kind of activities and support will continue to be undertaken for *Disability games*. UMDM will actively ensure support of the disabled community through sport (games), support to the District disability Forum, empowerment workshop for disabled business owners and ensuring participation of district persons with disability in the Disability Parliament and International day for people with disabilities.
- Once we have Gender Coordinator, we will be able to implement more programmes aimed at vulnerable groups such as *women and children*.

- *Arts and Culture* plays a critical role in the advancement of social cohesion and moral regeneration. In the 2023/2024 financial year, UMDM partnered with Impi Enhle Yamaciko, Department of Sports Arts and Culture and Impendle local municipality to host District Arts Awards where various art genres were awarded and encouraged in their work (izinkondlo, indlamu, ingoma, gospel) etc. It is therefore critical that the District build on this initiative and continue to support these awards as well as ensuring that art is supported as an economic and career opportunity for its citizens.
- *Launch of a Men's health project.* Men's Health Project is an intervention made to ensure that men can access treatment (health services) at service points nearest to where they stay and in a dedicated space where they will feel comfortable. This approach further promotes interventions that are critical to ensure service provision whilst also helping with facility decongestion. In 2023/2024, UMDM launched a Men's health project in Mpofana (Bruntville clinic), Mayizekanye (Estezi) in partnership with DOH and Civil Society Organizations, under the DAC. This project will continue to be implemented throughout the district and resources permitting, to as many health facilities as would be possible. It is our intention to support men's health and to encourage early health seeking behavior in men.
- *Work with NGO's, FBOs, and Traditional authority* in programmes geared towards moral regeneration is critical for social development in our district. Civil society play a major role in providing social programmes that augment the work of government and the district in as far as social programmes are concerned. It is therefore the district's intention to give tangible support to our civil society partners, which will assist them in delivering the much needed programmes to communities. UMDM as coordinator and contributor, will continue work with these partners aimed at moral regeneration, reduction of Gender Based violence, Men's dialogue and promotion of cultural heritage.

Environmental Health

UMDM is mandated by the National Health Act, 61 of 2003 to provide Municipal health Services aimed at ensuring that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled whilst creating a health supportive environment and safeguarding the health of the district citizens.

The unit will continue to:-

- Conduct regular audits of various premises in fulfilment of the above;
- Monitor food safety by taking and analysing food and dairy samples;
- Prevention of pollution through monitoring of pollution prone sources;
- Conduct awareness programmes on various environmental health issues e.g. food safety, waste management, communicable diseases; and
- Air quality management.

Three strategic regulatory documents for this unit are currently under review, namely Air Quality Management Bylaws, Environmental Health bylaws and Air Quality Management Plan. The promulgation of the amended bylaws will strengthen the regulatory and enforcement activities of the unit therefore protecting the health and environment of the public. The Air Quality Management Plan is intended to provide a dynamic and robust management approach towards improving air quality in the district. It also intends to address issues of air pollution by setting short-, medium- and long-term goals to the effect that will continuously improve air quality and ensure that air is not harmful to communities.

Solid Waste Management

An Integrated Waste Management Plan (IWMP) will be adopted in the 2023/2024 financial year for endorsement by EDTEA. Once endorsed by EDTEA, the IWMP will be a legally compliant plan that must be implemented with annual reports on implementation performance along with annual revisions being made to the plan to address the challenges and opportunities that occur annually.

The IWMP has three strategic goals which is to

- Ensure diversion of as much waste as possible from the landfill site (through, recycling, composting, recovery and other means)
- To ensure provision of effective and sustainable waste services in local municipalities that will promote cleaner environments
- Promote behavior change in society through education, awareness, incentives and enforcement.

Once the IWMP is adopted and endorsed, the unit will respond accordingly with programmes that will see the attainment of the above goals.

Cemeteries and Crematoria

Issues of limited burial space, inaccurate data on deaths, burial and poor record keeping had promoted the unit to respond by the development of a District Master plan for Cemeteries and an acquisition of a Cemetery App.

The three phased Masterplan intends to describe the current situation facing the UMDM relating to burials, cremations, cemeteries and crematoria; investigate the different options and alternatives the UMDM has using scenario planning methodology and evaluate the different options whilst developing a credible, achievable, and sustainable masterplan for cemeteries and crematoria for the next 30 years. The full Masterplan which will be completed at the end of this current financial year will inform and influence cemetery and crematoria related programmes moving forward.

UMDM has acquired and will be funding a Cemetery App over a three-year period. The App will be set up and operated in municipal cemetery management and administration using digital technology thus streamlining the provision of cemetery and crematoria services to the public. The main focus of UMDM was to get the app functioning as this would provide automated data reports on the number of burials and cremations taking place across the UMDM which is critical for planning, developing new cemeteries and improving administrative processes. The App is envisioned to also enable LMs and other stakeholders to monitor burial and cremation trends and changes and allow for accurate estimation of the future land needed for cemeteries and demand for cremation services.

Fire Services

Fire services will endeavor to embark on a drive to pursue the avenues in so far as construction of the fire stations at the following Municipalities, iMpindle, Mpofana and Mkhambathini. iMpindle as an example is currently utilizing park homes as a fire station. It is operational but there is a requirement for great improvements.

Mpofana is renting a private property and uses it as a fire station which is fully operational regardless of the challenges. Mkhambathini also does not have a fire station, the closest fire station is housed at Ashburton, which is Msunduzi Municipality's property which is also operational.

Every fire station that we service as a District Municipality must have the critical tool, jaws of life, We are happy that the stations do have these sets but because of the mechanical nature of this equipment, it is therefore imperative that each station has a spare set of new jaws of life. This is planned for the coming financial year. The general tool boxes for each station will also be procured for the general maintenance of the tools that are used by firefighters.

We continue to appreciate the assistance of our partnership with SANTAM and are currently have discussions on the new financial year plans. We are currently have 31 new fire fighters being trained sponsored by SANTAM. There has also been a positive response from SANTAM wherein we have requested lightning conductors to be installed in the latter part of the new year that will assist those areas that are prone to lightning strikes. The exercise of mapping these areas is currently underway in preparation thereof. We also have awareness campaigns scheduled for the new year as well as training programs.

Disaster Management

Disaster management aims to reduce the impact of disasters. Rescue assistance, medical support and food supply are vital for saving lives which prevent further harm. To this end the uMgungundlovu District Disaster Management Centre has proposed an allocation of R1 955 000,00 for disaster emergency relief materials.

Rather than waiting to respond, disaster management should have both pro-active and re-active measures. Proactive measures can include a range of activities such as hazard, exposure and sensitivity reduction strategies, impact reduction strategies, and capacity building for resilience. To support the roll out of public education and awareness campaigns, the District Disaster Management Centre has proposed a budget of R160 000,00.

Municipalities must establish their level of capacity to deal with disaster risk reduction, response and recovery. Where necessary, and to strengthen this capacity, they must enter into mutual assistance agreements with their neighbours, the private sector, other organs of state and communities. The uMgungundlovu District Municipality will enter into partnership agreements with the social partners such as the South African Weather Services, Red Cross etc.

A community at the bank of river is exposed to flooding but their sensitivity will be low if the embankment is reinforced. A house with a lightning rod is less sensitive to being struck by lightning during a thunderstorm. A house away from the river bank may still be sensitive to flooding but its low exposure makes it less vulnerable to flood. A significant amount has been proposed for the installation of lightning conductors.

We have proposed R4 million towards the upgrade of the UMDM call centre. This aims to improve the reporting of service faults, disasters and dealing with customer queries more speedily and efficiently..

Furthermore, the Disaster Management Centre is in advance stages towards some pre-construction activities of the disaster management centre and the appointment of professional consultants such as structural and civil engineers, quantity surveyors, Environmental Impact Assessment Practitioner, Electrical Engineer, Mechanical Engineer.

Reducing our vulnerability to natural disasters is the best way to implement sustainable development strategies. We must ensure that natural hazards, which are inevitable, do not necessarily turn into major economic and social disasters.

Regarding the provision of water and sanitation services Madam Speaker, we are making very good progress, as per the following projects:

- Construction of reticulation with house connections and metered yard tap for 5200 households with ward 10 of uMshwathi .-- Lindokuhle/ Empolweni Water Supply at R30,244,803.
- Planning of Phase 3, Mainly on upgrading Bulk mains pipeline to ensure adequate supply to all zones within Swayimane area this is to cover ward 6, 8, 11 and 13. Mbava and Mpethu Water at R4,333,913.
- Installation of Rudimentary Borehole Schemes to all Local Municipalities within the District. Drought Relief Programme of Boreholes at R11,024,474.
- Completion of Bulk main and connection to the Borehole pump station to serve 40 household within Ward 4 of Mpofana with House connection with metered yard tap at Kwamathwanya Reticulation scheme at R 4,379,246.
- Mpofana Bulk Connection to Mpofana Village to provide bulk water to Bruntville and Mpofana town within ward 2 & ward 3 of Mpofana LM. Project is Mpofana Bulk at Mpofana Village, Mooi River AC pipe replacements, and infrastructure for housing project at R9,440,933.
- Extension of reticulation with metered housed connections for 984 households within Ward 9 of uMshwathi LM. Trustfeed Phase 1 at R13,369,358.
- Construction of secondary bulk mains and reticulation with house connections and metered yard taps for all households within ward 3 of uMshwathi. Nadi Reticulation phase1; commissioning of Greater Efaye Scheme, Efaye/ KwaZibusele Reticulation, Mt Elias/Efaye Reticulation at R42,674,923.
- Commissioning of Greater Efaye Scheme Extension at R5,217,391.
- Construction of reticulation with house connections and metered yard tap for 972 households within Lion Park area within Ward 3 of Mkhambathini LM, Nkanyezini, eNguga, eNtshayabantu at R30,646,438.
- Construction of Secondary Bulk with reticulation to service household with Nhlambamasoka, Nhlathimbe and Khathikhathi, Replacement of CBD AC pipes in Camperdown, Replacement of AC pipes in Mooi River, replacement of AC pipes in uMshwathi at R9,375,225.
- Replacement of AC Pipelines within Howick CBD and Howick West with ward 12 of uMngeni LM at R5,602,280.
- Construction of a Borehole Scheme with storage tanks and reticulation with metered yard taps to serve Nyamvubu RR Area within Ward 4 of Mpofana LM at R4,347,826

Madam Speaker, the total investment in these projects is R384,013,725.

Regarding Sanitation, a provision has been made to build 1,000 VIP units funded under MIG for R1,594,010 per LM, and 1861 units funded under WSIG at R1,441,449 per LM. Added to that is the purchase of one TLB and two water tankers.

As I conclude Madam Speaker, I want to reiterate our unwavering commitment to the District Development Model, which is the key driver, especially for catalytic projects within the district. We have a very functional DDM where all stakeholders participate meaningfully towards development and improving lives of people through the delivery of quality services.

Madam Speaker, I therefore table the budget as detailed in the document, for final adoption by Council.

I Thank You.

1.2 Resolutions

It is recommended that the Committee recommends for Council to consider and approve the proposed budget estimates for the 2024/25 Draft MTREF period as follows:

a) The proposed budget funding of R 1 691 806 837 be approved to be funded from the following:

Internally Generated Revenue	R 718 554 837
Grant Funding – Operational	R 776 996 670
Grant Funding – Capital	R 196 255 330

b) The proposed expenditure appropriations of R 1 549 038 271 be approved and be allocated as follows:

Operating Expenditure	R 1 364 774 446
Capital Programme	R 184 263 825

c) The capital expenditure programme of R 184 263 825 (excluding VAT) be approved and funded from the following sources:

Municipal Infrastructure Grant	R 92 348 982
Water Services Infrastructure Grant	R 78 307 826
Internal Funding	R 13 607 016

d) The funding allocation for UMEDA be approved at R 11 500 000 for the 2024/25 financial year.

e) The draft tariff of charges for water and sanitation be adopted by Council at an increase of 12% and 12% for Fire and Emergency Services and Environmental Health.

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.

h) That public participation meetings be held for the Draft 2024/25 MTREF in line with the Municipal Systems Act.

1.3 Executive Summary

BUDGET ESTIMATES FOR 2024/25 MTREF TO 2026/27 MTREF				
	2023/24	2024/25	2025/26	2026/27
Operating Grants and Transfers	741,034,174	776,996,670	815,476,740	878,334,346
Internally Generated Revenue	607,840,518	718,554,837	754,672,782	788,633,057
Total Operating Revenue	1,348,874,692	1,495,551,507	1,570,149,522	1,666,967,404
Operating Expenditure	1,221,113,719	1,364,774,446	1,410,062,001	1,487,780,000
Operating Surplus / (Deficit)	127,760,973	130,777,061	160,087,521	179,187,404
Capital Grants and Transfers	189,031,826	196,255,330	203,340,260	180,883,654
Surplus/ (Deficit) for the year	316,792,799	327,032,391	363,427,781	360,071,058
Capital expenditure	180,332,670	184,263,825	183,494,236	171,891,003
Budget Surplus	136,460,128	142,768,565	179,933,546	188,180,054
Non-Cash Items	218,208,567	167,881,960	175,604,530	183,506,734
Net Cash Budget Surplus	354,668,696	310,650,525	355,538,076	371,686,788

Table 1: 2024/25 Draft Budget MTREF Summary

The operating revenue framework for the 2024/25 financial year is estimated at R1.495 billion and projected to increase to R1.667 billion over the MTREF period ending 2026/2027. This reflects an increase of 10% when compared to the 2023/24 financial year.

Of the operating revenue, 48% (2024: 45%) will be funded from internal funding, with the grant income contributing 52% (2024: 55%).

The minimum tariff is set to be R26.74 per KL based on the anticipated increase of 9% from Umngeni-uThukela Water and the uMkhomazi Dam Capital Unit Charge of R 2.14 per KL to come into effect on 01 July 2024. This represents an 12% increase from the 2023/24 financial year.

The capital revenue framework for the 2024/25 financial year amounts to R 196.255 million; R 203.340 million in 2025/26; and R 180.884 million in 2026/27. This reflects a decrease of 4% when compared to the 2023/24 financial year. The municipality continuously appeals to potential funders for monetary allocations in the attempt to further diminish infrastructure backlogs within the district.

Cost containment measures remain relevant in the foreseeable future to ensure the sustainability and financial viability of the municipality. The operating expenditure framework is proposed at R1.365 billion for the 2024/25 financial year and is anticipated to increase to R1.486 billion in the medium-term ending 2026/27. This reflects an increase of 12% resulting from the increased demand for services coupled with the increase in costs to provide such services as well as the continued need to respond to operating backlogs.

Of the operating expenditure items, R 1.197 million (88%) relates to cash items and R 167.992 million (12%) relates to non-cash items. R 402.165 million (29%) has been allocated to inventory consumed; R 345.661 million (25%) to Employee Related Costs; R 244.462 million (18%) to contracted services; R 167.840 million (12%) to debt impairment provisions; R99.282 million (7%) to operational costs including operating leases; R 60.943 million (4%) to depreciation; R 16.259 million (1%) to the Remuneration of Councillors; R 15.921 million (1%) to finance charges; R 12.2 million (1%) to transfers and subsidies; and losses on R 41 960 to asset disposals.

The capital expenditure framework is proposed at R184.264 million (excluding VAT) for the 2024/25 financial year; R 183.494 million in 2025/26; and R 171.891, million in 2026/27. R170.657 million (93%) of the capital expenditure relates to assets funded by grants; and R 13.607 million to those which will be funded internally.

The budget surplus for the 2024/25 MTREF is projected at R 130.777 million and R 327.032 million after capital transfers and contributions.



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

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

Functional Classification Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue - Functional										
<i>Governance and administration</i>		645,770	623,990	697,353	726,720	726,720	726,720	775,908	814,800	856,242
Executive and council		-	25	-	-	-	-	-	-	-
Finance and administration		645,770	623,965	697,353	726,720	726,720	726,720	775,908	814,800	856,242
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2,956	2,299	2,919	2,959	2,794	2,794	2,304	-	-
Community and social services		2,956	2,299	2,487	2,959	2,794	2,794	1,889	-	-
Sport and recreation		-	-	-	-	-	-	415	-	-
Public safety		-	-	369	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	0	63	-	-	-	-	-	-
<i>Economic and environmental services</i>		10,439	12,764	9,648	2,718	2,718	2,718	2,887	3,016	3,155
Planning and development		7,887	10,107	-	-	-	-	-	-	-
Road transport		2,552	2,586	2,707	2,718	2,718	2,718	2,840	2,967	3,103
Environmental protection		-	71	6,941	-	-	-	47	49	52
<i>Trading services</i>		511,974	610,081	838,634	870,776	862,602	862,602	910,708	955,673	988,455
Energy sources		-	-	-	-	-	-	-	-	-
Water management		496,650	590,225	773,486	780,767	772,430	772,430	837,074	876,297	893,744
Waste water management		15,324	19,856	65,148	90,008	90,172	90,172	73,634	79,376	94,710
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1,171,139	1,249,134	1,548,553	1,603,173	1,594,834	1,594,834	1,691,807	1,773,490	1,847,851
Expenditure - Functional										
<i>Governance and administration</i>		229,393	218,549	252,386	238,631	239,300	239,300	276,687	283,210	292,012
Executive and council		54,950	52,996	68,625	71,408	72,870	72,870	87,756	91,224	95,329
Finance and administration		174,122	162,644	183,560	164,895	164,903	164,903	187,981	190,991	195,643
Internal audit		321	2,909	201	2,328	1,528	1,528	951	995	1,039
<i>Community and public safety</i>		85,218	95,037	97,181	118,674	117,800	117,800	130,945	136,196	141,938
Community and social services		82,398	89,591	92,173	100,391	99,517	99,517	108,496	113,486	118,593
Sport and recreation		-	-	-	-	-	-	361	-	-
Public safety		2,812	5,446	5,008	18,283	18,283	18,283	22,088	22,709	23,344
Housing		-	-	-	-	-	-	-	-	-
Health		8	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		35,961	31,821	25,470	36,938	38,025	38,025	37,683	27,205	28,430
Planning and development		30,811	24,010	23,002	32,699	32,699	32,699	34,478	23,853	24,927
Road transport		2,219	2,553	2,354	2,363	2,363	2,363	2,470	2,583	2,699
Environmental protection		2,930	5,258	114	1,875	2,962	2,962	735	769	803
<i>Trading services</i>		703,414	718,053	696,683	696,463	451,760	451,760	919,459	963,452	1,025,401
Energy sources		-	-	-	-	-	-	-	-	-
Water management		611,636	525,791	602,614	618,052	373,207	373,207	813,243	850,652	888,932
Waste water management		91,778	192,262	94,069	78,411	78,553	78,553	106,216	112,799	136,469
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1,053,986	1,063,460	1,071,719	1,090,706	846,885	846,885	1,364,774	1,410,062	1,487,780
Surplus/(Deficit) for the year		117,153	185,674	476,834	512,467	747,949	747,949	327,032	363,428	360,071



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

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

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue by Vote										
Vote 1 - Executive & Council	1	-	25	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		643,070	623,542	696,495	726,720	726,720	726,720	775,908	814,800	856,242
Vote 3 - Community & Social Services		2,699	423	858	-	-	-	-	-	-
Vote 4 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 5 - Water Management		-	-	-	-	-	-	-	-	-
Vote 6 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		7,735	10,107	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	71	6,941	-	-	-	47	49	52
Vote 9 - Road Transport		-	-	369	-	-	-	-	-	-
Vote 10 - Health		-	-	-	-	-	-	415	-	-
Vote 11 - Public Safety		499,202	592,811	776,193	783,485	775,148	775,148	839,914	879,264	896,847
Vote 12 - [NAME OF VOTE 1210]		15,324	19,857	65,210	90,008	90,172	90,172	73,634	79,376	94,710
Vote 13 - 0		2,956	2,299	2,487	2,959	2,794	2,794	1,889	-	-
Vote 14 - 0		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1,170,987	1,249,134	1,548,553	1,603,173	1,594,834	1,594,834	1,691,807	1,773,490	1,847,851
Expenditure by Vote to be appropriated										
Vote 1 - Executive & Council	1	62,944	59,092	68,625	71,408	72,870	72,870	87,756	91,224	95,329
Vote 2 - Finance & Administration		117,271	95,085	112,939	91,507	91,515	91,515	106,382	108,451	110,763
Vote 3 - Community & Social Services		48,857	61,463	70,613	73,838	73,838	73,838	81,449	82,382	84,716
Vote 4 - Internal audit		321	2,909	201	2,328	1,528	1,528	951	995	1,039
Vote 5 - Water Management		68,840	74,913	76,857	93,044	92,170	92,170	99,703	104,289	108,982
Vote 6 - Waste Water Management		19,660	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		30,811	23,966	23,002	32,549	32,549	32,549	34,450	23,824	24,896
Vote 8 - Waste Management		2,930	5,258	114	1,875	2,962	2,962	735	769	803
Vote 9 - Road Transport		2,812	5,446	5,008	18,283	18,283	18,283	22,088	22,709	23,344
Vote 10 - Health		-	-	-	-	-	-	361	-	-
Vote 11 - Public Safety		613,855	528,344	604,968	620,416	375,571	375,571	815,713	853,235	891,631
Vote 12 - [NAME OF VOTE 1210]		72,118	192,262	94,069	78,411	78,553	78,553	106,216	112,799	136,469
Vote 13 - 0		13,558	14,722	15,316	6,047	5,995	5,995	8,518	8,910	9,311
Vote 14 - 0		-	-	-	1,000	1,000	1,000	300	314	328
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1,053,978	1,063,460	1,071,711	1,090,706	846,833	846,833	1,364,622	1,409,902	1,487,613
Surplus/(Deficit) for the year	2	117,009	185,674	476,842	512,467	748,001	748,001	327,185	363,588	360,238

Table 4 Consolidated Budgeted financial performance (revenue and expenditure)

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

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	279,322	290,243	404,296	548,868	548,868	548,868	291,866	556,913	585,596	611,948
Service charges - Waste Water Management	2	15,324	19,856	42,939	74,520	74,520	74,520	37,089	62,635	65,516	68,465
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		53	71	320	-	-	-	313	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		47,998	33,381	62,866	34,530	34,530	34,530	54,626	73,959	77,361	80,842
Interest earned from Current and Non Current As		2,907	3,479	18,635	7,000	7,000	7,000	24,479	25,000	26,150	27,327
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		(824)	-	505	-	-	-	-	-	-	-
Licence and permits		-	-	-	-	-	-	47	49	52	-
Operational Revenue		21	1	149	-	-	-	31	-	-	-
Non-Exchange Revenue											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		15,692	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		588,269	625,710	706,335	387,081	387,079	387,079	548,724	416,545	440,808	487,510
Interest		-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	353,805	353,805	353,805	-	360,452	374,669	390,824
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		2,021	-	7,063	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and		950,784	972,741	1,243,108	1,405,804	1,405,802	1,405,802	957,128	1,495,552	1,570,150	1,666,967
Expenditure											
Employee related costs	2	265,513	280,117	276,766	317,206	317,770	317,770	202,174	345,661	361,561	377,832
Remuneration of councillors		11,691	11,531	15,399	15,586	15,586	15,586	11,149	16,269	17,007	17,772
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	200,103	184,878	191,754	310,426	27,901	27,901	104,695	296,339	311,659	344,318
Debt impairment	3	184,993	(396,762)	161,941	137,943	137,943	137,943	-	167,840	175,561	183,461
Depreciation and amortisation		53,116	51,681	65,589	56,393	56,393	56,393	35,840	60,943	63,746	66,615
Interest		21,033	19,728	18,250	17,404	17,404	17,404	11,411	15,921	14,140	12,255
Contracted services		192,257	241,249	208,696	183,944	184,450	184,450	173,709	244,462	255,236	266,675
Transfers and subsidies		6,500	9,158	9,550	11,500	12,000	12,000	11,649	12,200	209	219
Irrecoverable debts written off		-	504,671	(14,086)	-	-	-	-	-	-	-
Operational costs		(25,698)	(26,977)	1,989	80,795	81,077	81,077	52,184	99,282	100,205	102,954
Losses on disposal of Assets		-	8,580	31	-	-	-	15	42	44	46
Other Losses		73,559	88,318	67,920	-	-	-	54,618	105,826	110,694	115,675
Total Expenditure		983,066	976,172	1,003,800	1,131,196	850,524	850,524	657,443	1,364,774	1,410,062	1,487,821
Surplus/(Deficit)		(32,282)	(3,431)	239,308	274,607	555,278	555,278	299,685	130,777	160,088	179,146
Transfers and subsidies - capital (monetary)	6	222,376	276,393	312,140	197,369	189,032	189,032	127,979	196,255	203,340	180,884
Transfers and subsidies - capital (in-kind)	6	-	-	369	-	-	-	(523)	-	-	-
Surplus/(Deficit) after capital transfers & contributions		190,094	272,962	551,817	471,977	744,310	744,310	427,140	327,032	363,428	360,030
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		190,094	272,962	551,817	471,977	744,310	744,310	427,140	327,032	363,428	360,030
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		190,094	272,962	551,817	471,977	744,310	744,310	427,140	327,032	363,428	360,030
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	190,094	272,962	551,817	471,977	744,310	744,310	427,140	327,032	363,428	360,030



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

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community & Social Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Internal audit		-	-	-	-	-	-	-	-	-	-
Vote 5 - Water Management		-	-	-	-	-	-	-	-	-	-
Vote 6 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 10 - Health		-	-	-	-	-	-	-	-	-	-
Vote 11 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 1210]		-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		(6,946)	1,685	861	6,300	6,300	6,300	6,300	5,000	-	-
Vote 3 - Community & Social Services		1,457	(1,601)	14	-	-	-	-	4,639	1,573	-
Vote 4 - Internal audit		-	-	-	-	-	-	-	-	-	-
Vote 5 - Water Management		-	-	575	2,500	1,948	1,948	1,948	2,668	-	-
Vote 6 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	2,101	400	400	400	400	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - Road Transport		-	-	557	1,300	1,600	1,600	1,600	-	-	-
Vote 10 - Health		-	-	-	-	-	-	-	-	-	-
Vote 11 - Public Safety		247,601	99,639	(2,490)	173,815	202,731	202,731	202,731	171,957	181,921	171,891
Vote 12 - [NAME OF VOTE 1210]		-	-	-	-	-	-	-	-	-	-
Vote 13 - 0		-	-	-	-	-	-	-	-	-	-
Vote 14 - 0		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		242,112	99,723	1,616	184,315	212,979	212,979	212,979	184,264	183,494	171,891
Total Capital Expenditure - Vote		242,112	99,723	1,616	184,315	212,979	212,979	212,979	184,264	183,494	171,891
Capital Expenditure - Functional											
Governance and administration		(5,489)	85	875	6,300	6,300	6,300	6,439	9,639	1,573	-
Executive and council		-	-	-	-	-	-	30	-	-	-
Finance and administration		(5,489)	85	875	6,300	6,300	6,300	6,409	9,639	1,573	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	1,131	3,800	3,548	3,548	2,473	2,668	-	-
Community and social services		-	-	575	2,500	1,948	1,948	673	2,668	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	557	1,300	1,600	1,600	1,800	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	2,101	400	400	400	2,392	-	-	-
Planning and development		-	-	2,101	400	400	400	2,392	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		247,601	99,639	(2,490)	173,815	202,731	202,731	541,540	171,957	181,921	171,891
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		247,601	99,639	(2,490)	173,815	202,731	202,731	541,540	171,957	181,921	171,891
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	242,112	99,723	1,616	184,315	212,979	212,979	552,844	184,264	183,494	171,891
Funded by:											
National Government		241,892	105,348	(13,615)	171,625	200,541	200,541	526,679	170,657	181,921	171,891
Provincial Government		-	-	8,696	-	-	-	8,696	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	241,892	105,348	(4,919)	171,625	200,541	200,541	535,375	170,657	181,921	171,891
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		220	(5,625)	6,167	12,690	12,438	12,438	16,577	13,607	1,573	-
Total Capital Funding	7	242,112	99,723	1,248	184,315	212,979	212,979	551,952	184,264	183,494	171,891



Total Upgrading of Existing Assets	6	79,832	120,573	160,117	67,495	71,423	71,423	98,550	111,715	55,001
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		79,832	120,573	160,117	67,485	71,413	71,413	97,510	110,142	55,001
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		79,832	120,573	160,117	67,485	71,413	71,413	97,510	110,142	55,001
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	10	10	10	1,039	1,573	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	307,631	407,355	408,971	184,315	212,979	212,979	184,264	183,494	171,891
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		305,861	405,500	403,009	173,625	202,541	202,541	170,657	181,921	171,891
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		305,861	405,500	403,009	173,625	202,541	202,541	170,657	181,921	171,891
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	930	761	5,500	4,948	4,948	2,668	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	930	761	5,500	4,948	4,948	2,668	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		1,601	-	37	-	-	-	1,200	-	-
Intangible Assets		1,601	-	37	-	-	-	1,200	-	-
Computer Equipment		169	739	1,983	3,200	3,200	3,200	4,639	1,573	-
Furniture and Office Equipment		1	186	234	750	1,050	1,050	800	-	-
Machinery and Equipment		-	-	847	1,240	1,240	1,240	1,300	-	-
Transport Assets		-	-	-	-	-	-	3,000	-	-
Land		-	-	2,101	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		307,631	407,355	408,971	184,315	212,979	212,979	184,264	183,494	171,891



Table 10 Consolidated Basic service delivery

DC22 uMgungundlovu - Table A10 Basic service delivery measurement

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply	3	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<i>Informal Settlements</i>		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided	8	-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	(10,314)	(10,314)	(10,314)	(15,698)	(16,420)	(17,159)
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	-	-	-	(10,314)	(10,314)	(10,314)	(15,698)	(16,420)	(17,159)

PART 2

2.1 Overview of Annual Budget Process

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e., in August 2022) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule in August 2023.

The Key dates applicable to the process were:

- **25 January 2024** - Council considers the 2023/24 Mid-year Review and Budget Implementation.
- **07 – 09 February 2024** – Joint strategic planning session of the Mayoral Committee and Executive Management with the aim of reviewing past performance trends of the capital and operating budgets, the economic realities and to set the priorities for the compilation of the 2024/25 MTREF.
- **February 2024** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines.
- **27 February 2024** - Council considers the 2023/24 Mid-year Adjustments Budget.
- **11 March 2024** – Multi-year budget proposals are submitted to the Management Committee for endorsement.
- **06 March 2024** - Review of the financial strategy and key economic and financial planning assumptions by the Budget and Treasury Office. This includes financial forecasting and scenario considerations.
- **18 March 2024** - Recommendations of the proposed budget estimates are communicated to the Budget Steering Committee, the Executive Committee and to the respective departments.
- **31 March 2024** - Tabling in Council of the draft 2024/25 IDP and budget estimates for public consultation.
- **April - May 2024** – Public consultation meetings and consideration of stakeholder inputs and comments.
- **19 April 2024** - Closing date for written comments.
- **03 May 2024** - Finalisation of budget-related policies.
- **11 to 15 May 2024**– finalization of the 2024/25 IDP and 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.

- **30 May 2024** - Tabling of the 2023/24 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 2024/25 MTREF:

- Growth of the District;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Infrastructure backlogs;
- Operational backlogs;
- Economic climate and trends (i.e., inflation, Eskom increases, household debt, migration patterns);
- Performance trends;
- The approved 2022/2023 adjustments budget and performance against the SDBIP;
- Financial Recovery Strategy;
- Debtor payment levels;
- Loan servicing and investment possibilities;
- The need for tariff increases to achieve cost reflection versus the ability of the community to pay for services; and
- Improved and sustainable service delivery.

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

Alignment at National Level

The National sphere has provided a national framework and guidelines for sectoral, provincial and municipal planning. This contributes to the creation of a normative framework consisting of common policy guidelines and principles, general strategic guidelines regarding sectoral strategies and spatial macro-strategies.

The national spheres should also co-ordinate and prioritise programmes and budgets between sectors and the national sphere in line with the national framework and in particular the National Spatial Development Perspective (NSDP)-National Development Plan (NDP), the State of the Nation Address as well as the 2018 targets and beyond.

Alignment at Provincial Level

At this level, there are specific frameworks with mid-term objectives and targets for public investment and services as well as a spatial macro-framework for all sectors and municipalities. Sectoral programmes and District programmes also need to be coordinated and aligned. Provincial level is best positioned to facilitate this. Municipalities are urged to be pro-active in soliciting this assistance. Important among policy directives are the following:

Priorities set by the Premier's State of the Province Address

Priorities set out in the Provincial Growth and Development Strategy (PGDS) and PGDP.

Provincial Spatial Economic Development Perspective.

Alignment at Local Level

Municipalities have to prepare a 5-year IDP. Interaction between the District and Local Municipalities is essential. The Framework Plan for the District must address the alignment. The Municipal Manager must, with the support of the IDP Manager / Coordinator and the IDP Steering Committee, ensure that all role players are performing their duties. Performance will be monitored at all the meetings. Organizational restructuring should be provided for interdisciplinary teams around each Key Performance Area.

Alignment between District Council and Local Councils

Alignment between the Local Municipality and the District Municipality will be managed by a District Technical Coordinating Committee (MM's Forum) comprising the Municipal Managers from the locals and the district to ensure that deadlines are met. This committee will then report to the District Political Hub (Mayor's Forum).

District Economic Sectors and Infrastructure Development Cluster comprise of all planners and economic development practitioners led by one of the Municipal Managers. This cluster will report to the District Technical Hub Committee (Municipal Managers Forum).

IDP Managers/Coordinators from Local Municipalities and the District are responsible for the formulation of IDPs as well as to support each other during the process. These Managers/Coordinators will meet on a regular basis.

Any deviation from the Framework Plan can only be adopted by the meeting and the following procedures for amendment to the Framework will apply:

In terms of the MSA, the District and Local Councils must all agree on the amendment procedures to be followed where a Framework Plan needs to be amended.

Cross border alignment (other Districts and Provinces)

Cross-border alignment will be attained through the Provincial Planners Forum and the alignment sessions and the IGR structures.

2.3 Measurable Performance Objectives and Indicators

Refer to Annexure A.

2.4 Overview of Budget Related Policies

The following budget related policies are under review:

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

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

- Supply Chain Management Policy
- Tariff Policy

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

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

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

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

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

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

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

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

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

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

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

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

- Employee Benefits Policy
- Budget Related policy - Human Resources

The above policies are under review pending stakeholder inputs and comments, and the reviewed policies will be submitted for approval during the final budget preparation process.

2.5 Overview of Budget Assumptions

When preparing the 2024/2025 budget estimates, the following were considered:

- The average CPI is 4.9 for the period 01 July 2024 to 30 June 2025.
- Umngeni-uThukela Water tariff increase of 9% for the 2024/25 financial year and an additional R 2.14 per KL for the uMkhomazi Dam Capital Unit Charge.
- A 12% increase in tariffs based on the increases anticipated for bulk water per KL.
- Average collection rate will be at 52.1% in line with the last audited financial year.
- An increase of 18.7% on Eskom tariffs.
- Interest rates will remain the same – Interest to service the long-term loan will not increase.
- The employee related costs will be allowed a maximum 5.5% increase.
- Critical positions will be filled including strategic positions of: Municipal Manager; Executive Manager: Budget and Treasury Office; Executive Manager: Technical Services; and Executive Manager: Corporate Services will be filled.

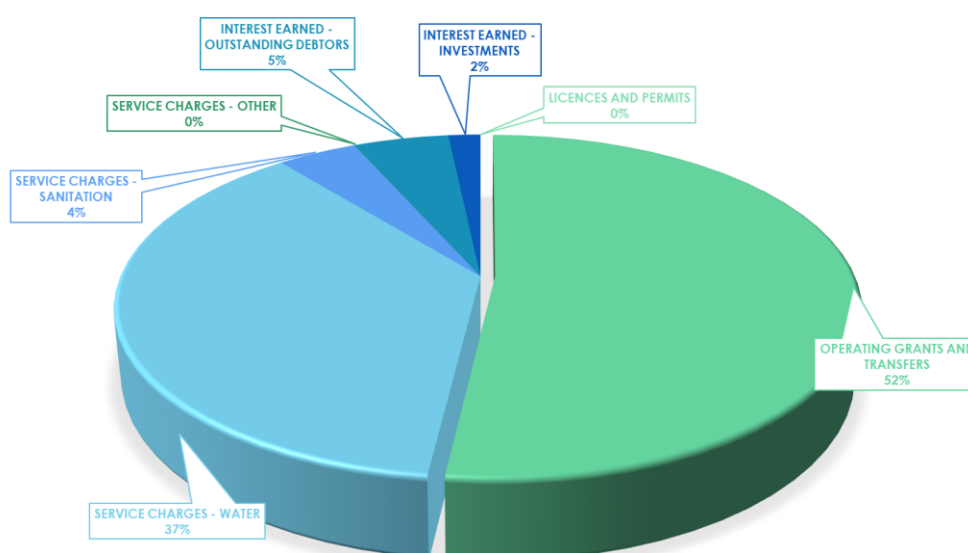
2.6 BUDGET FUNDING

Revenue Framework	Adjusted Budget 2023/24	Draft Budget 2024/25	Draft Budget 2025/26	Draft Budget 2026/27	% Change
Operating Grants and Transfers	741,034,174	776,996,670	815,476,740	878,334,346	5%
Internally Generated Revenue	607,840,518	718,554,837	754,672,782	773,006,763	18%
Total Operating Revenue	1,348,874,692	1,495,551,507	1,570,149,522	1,651,341,110	11%
Capital Grants and Transfers	189,031,826	196,255,330	203,340,260	180,883,654	4%
Total Revenue Framework	1,537,906,518	1,691,806,837	1,773,489,782	1,832,224,763	10%

Table 2: Revenue Framework Summary

The total revenue framework is estimated at R1.691 billion for the 2024/25 financial year resulting in an overall increase of 10% when compared to the 2023/24 financial year. A weighting of 42% (2024: 39%) of the total revenue framework is internally funded and 58% (2024: 61%).

The operating revenue is proposed at an amount of R 1.496 billion and contributes 88% (2024: 88%) to the total revenue framework. This reflects an increase of 11% when compared to the 2023/24 financial year. Of the operating revenue, 52% relates to operating transfers and subsidies, 37% relates to water revenue, 5% relates to interest on outstanding debtors, 4% relates sanitation revenue to, 2% relates to interest from investments, 0.04% relates to connection and disconnection fees and 0.003% relates to fees charges for environmental health licences and permits.



Graph 1: 2024/25 Operating Revenue Contributions

Of the operating revenue, 48% (2024: 45%) will be funded from internal funding, with the grant income contributing 52% (2024: 55%).

The breakdown is as follows:

REVENUE FRAMEWORK	Adjusted Budget 2023/24	Draft Budget 2024/25	Draft Budget 2025/26	Draft Budget 2026/27
OPERATING GRANTS AND TRANSFERS	741,034,174	776,996,670	815,476,740	878,334,346
NATIONAL	740,884,174	776,581,670	815,476,740	878,334,346
EQUITABLE SHARE	364,715,000	389,256,000	412,781,000	436,891,000
LEVY REPLACEMENT GRANT	353,805,000	360,452,000	374,669,000	390,824,000
FINANCE MANAGEMENT GRANT	1,200,000	1,200,000	1,200,000	1,200,000
EPWP INCENTIVE GRANT	2,794,000	1,889,000	-	-
RURAL ROADS ASSET MANAGEMENT GRANT	2,718,000	2,840,000	2,967,000	3,103,000
MUNICIPAL INFRASTRUCTURE GRANT	15,652,174	10,998,670	13,859,740	26,245,710
WATER SERVICES INFRASTRUCTURE GRANT	-	9,946,000	10,000,000	20,070,636
NATIONAL DEPARTMENTAL AGENCIES	150,000	-	-	-
SOUTH AFRICAN NATIONAL BIODIVERSITY INSTUT	150,000	-	-	-
PROVINCIAL	-	415,000	-	-
DEPARTMENT OF SPORT, ARTS AND CULTURE	-	415,000	-	-
INTERNALLY GENERATED REVENUE	607,840,518	718,554,837	754,672,782	788,633,057
SERVICE CHARGES - WATER	454,432,711	572,003,533	601,380,118	628,442,224
COST OF FREE BASIC SERVICES	(10,314,099)	(15,697,595)	(16,419,684)	(17,158,570)
SERVICE CHARGES - SANITATION	54,831,256	62,635,097	65,516,312	68,464,546
SERVICE CHARGES - OTHER	579,150	607,528	635,475	664,071
INTEREST EARNED - OUTSTANDING DEBTORS	79,266,444	73,959,009	77,361,123	80,842,374
INTEREST EARNED - INVESTMENTS	29,000,000	25,000,000	26,150,000	27,326,750
LICENCES AND PERMITS	45,056	47,264	49,438	51,663
TOTAL OPERATING REVENUE	1,348,874,692	1,495,551,507	1,570,149,522	1,666,967,404

Table 3: 2024/25 Operating Revenue Framework

The capital revenue is proposed at R 196.255 million and contributes 12% (2024:12%) to the total revenue framework. This revenue is fully grant funded. Of the capital revenue, 54% (2024: 52%) is funded by the Municipal Infrastructure Grant and 46% (2024: 48%) by the Water Services Infrastructure Grant.

CAPITAL GRANTS AND TRANSFERS	189,031,826	196,255,330	203,340,260	180,883,654
NATIONAL	189,031,826	196,255,330	203,340,260	180,883,654
MUNICIPAL INFRASTRUCTURE GRANT	98,381,826	106,201,330	103,340,260	90,954,290
WATER SERVICES INFRASTRUCTURE GRANT	90,650,000	90,054,000	100,000,000	89,929,364

2.6.2 Tariffs

2.6.2.1 Service Charges – Water and Sanitation

While great efforts are made to manage operating costs for service delivery to minimise tariff increases, it is unavoidable to increase tariff charges to ensure the recovery of the costs of providing the service and to achieve sustainable delivery of services.

The minimum tariff is set to be at a minimum of R26.74 per KL (including VAT) based on the anticipated increase on 9% from Umngeni-uThukela Water and the uMkhomazi Dam Capital Unit Charge of R 2.14 per KL. This represents an 12% increase from the 2023/24 financial year.

The proposed tariff structure is as follows:

WATER AND SANITATION TARIFF CHART FOR 2024/25 FINANCIAL YEAR			
Water	2023/2024	2024/2025	% Increase
Households			
0 - 6	23.87	26.74	12
7 - 15	46.12	51.65	12
16 - 25	55.12	61.73	12
26 - 35	76.54	85.72	12
36 - 60	107.36	120.25	12
60 +	131.95	147.78	12
Basic charge	73.86	82.72	12
Business /Commercial			
0 - 999999	66.06	73.98	12
Builder/Construction Sites			
0 - 999999	191.71	214.72	12
NGO's (Public benefit)			
0 - 999999	29.87	33.45	12
Basic charge	35.81	40.10	12

Sewerage	2023/2024	2024/2025	% Increase
Households			
0 - 6	17.90	20.05	12
7 - 15	34.59	38.74	12
16 - 25	41.34	46.30	12
26 +	57.40	64.29	12
Business /Commercial			
0 - 999999	51.45	57.62	12

Table 4: Proposed Tariff Structure for Water and Sanitation

2.6.2.3 Fire and Emergency Services

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 Service Act 99 of 1987 on whose behalf the Fire and Emergency Service of the uMgungundlovu District Municipality is applied inside or outside the area of jurisdiction of the Council:

- a) For the attendance of Services
- b) For the use of the service 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 of Service Rendered at Fire and Special Service Incidents

1. For Service Rendered at Incidents Classified as Fire:
Per hour or part thereof

1.1.	Structural	R 2670.53	R3002.00	12%
1.2.	Transport	R 2127.16	R 2391.14	12%
1.3.	Fire- Vegetation, Grass, Bush, Rubbish or Plantation	R 1951.40	R 2193.56	12%
1.4.	Fire Hazmat	R 2670.53	R 3001.94	12%
1.5.	Fire-Other	R 1661.20	R 1867.35	12%
1.6.	Special Service-Transport	R 1331.76	R 1497.03	12%
1.7.	Special Service-Structural	R 1331.76	R 1497.03	12%
1.8.	Special Service-Hazmat	R 3001.94	R 3425.81	12%
1.9.	Special Service-Water	R1497.03	R 1683.11	12%
1.10.	Special Service-Other (e.g. major welding)	R 1331.76	R 1497.03	12%
1.11.	Out of Area	R 1331.76	R 1497.03	12%
1.12.	For consumables used at any incident			

Cost of consumables used plus 15% e.g. R500 + 15% (R75) = R575.00

2. Tariff of Charges in respect of the attendance & employment of Special Appliances and Plant, to Fire and Rescue incidents.

For the attendance and employment of a:

2.1	High Rise Firefighting Appliance	R 1497.03	R 1682.81	12%
2.2.	Water Foam Carrier	R 1497.03	R 1682.81	12%
2.3.	Foam Tanker and / or Foam Service Vehicle	R 1497.03	R 1682.81	12%
2.4.	Mobile Lighting Unit	R 1497.03	R 1682.81	12%

3. Tariff of Charges in respect of the employment of Outside Agencies at any incident.

For cost incurred because of the employment of an outside agency in:

3.1. The mitigating of any incident

Cost incurred plus 15% of applicable charge.

4. Tariff of charge in respect of Fire Prevention Service

4.1 For the attendance of staff at stage/theatre performances standby duty and the like:

	First Hour	R 236.95	R 266.35	12%
	Per Hour thereafter	R 126.79	R 142.52	12%
4.2.	For schedule inspection, consultation, inspection of Safety exit & appliances in public buildings			12%
	First Hour	R 236.95	R 266.35	12%
	Per Hour thereafter	R 116.40	R 130.84	12%
4.3.	For monitoring of direct alarm link- per alarm p.m.	R 178.75	R 200.93	12%
4.4.	For a certified copy of a fire report-per copy	R 236.95	R 266.35	12%
4.5.	For issuing a certificate of Registration-per certificate	R 56.12	R 63.08	12%
4.6.	For issuing a certificate of competence-per certificate	R 592.37	R 665.88	12%
4.7.	For copy of a Fire Investigation Report-per copy	R 881.28	R 990.64	12%
4.8.	For the monitoring of non-emergency telephone Lines (after hours complaints etc.)-per line per annum per staff member	R 37071.87	R 41 672.49	12%

5. Tariff of charges in respect of professional Fire Fighting and Rescue Training Course

	(Per Candidate excluding course materials, accommodation etc.)	R 12591.47	R 14154.07	12%
5.1.	Fire Fighter One	R 4188.15	R 4 707.90	12%
5.2.	Fire Fighter Two	R 1951.70	R 2 193.90	12%
5.3.	Hazmat 1 st Responder (Awareness)	R 5595.28	R 6 289.66	12%
5.4.	Hazmat 2 nd Responder (Operations)	R 5229.47	R 5 878.45	12%
5.6.	Fire Officer One	R 831.39	R 934.57	12%
5.7.	Handling of Chlorine Emergencies	R 831.39	R 934.57	12%
5.8.	Aerial Appliance (HHP)	R 1677.34	R 1 885.50	12%
5.9.	Vehicle Rescue & Extrication	R 2797.64	R 3 114.83	12%
5.10.	Elementary Firefighting, Fire Prevention (Disaster Management)	R 0.00 R 274.36	R 0.00 R 308.41	
5.11.	Pump Operator/Driver-Basic Course	R 1679.85	R 1 888.32	12%
5.12.	Pump Operator/Driver-IFSAC Course	R 3358.83	R 3 775.66	12%
5.13.	Re- Issue of Certificate per certificate	R 137.18	R 154.20	12%

6. Tariff of charge for the certification for the Fire Fighting 1&2 (Challenging) at 10% of Course Fee (Per Candidate)

6.1.	Fire Fighter One	R 1255.41	R 1411.20	12%
6.2.	Fire Fighter Two	R 415.70	R 467.29	12%
6.3.	Hazmat (Awareness)	R 193.30	R 217.29	12%
6.4.	Hazmat (Operations)	R 557.03	R 626.03	12%
6.5.	Fire Officer One	R 557.03	R 626.03	12%
6.6.	Instructor One	R 557. 3	R 626.03	12%

7. Tariff of charges for the use of training Staff and Facilities

7.1.	For the use of lecture rooms and facilities for the Purpose of seminars and symposia. Per lecture room per day	R 881.28	990.64	12%
7.2.	For the attendance of training personnel on training on training courses out of the area of jurisdiction. Per Lecture per day	R 592.37	R 665.88	12%
7.3.	For the attendance of training personnel accreditation for emergency service courses/challenges held in terms of regulations framed under IFSAC- (International Fire-Accreditation Committee). Per module per candidate	R 293.07	R 329.44	12%
7.4.	Re-issue of Certificates Cost plus 15% of applicable IFSAC tariff			

8. Tariff of charges in respect of Hose Charges

8.1.	Testing, scrubbing and drying of hose per length	R 230.71	R 259.34	12%
8.2.	Testing, scrubbing and drying of Hazmat contaminated. Hose per length plus, cost of any consumables used in decontamination. plus 15% of cost of consumables	R 463.50	R 521.02	12%
8.3.	Seizing of Couplings to hose-per coupling	R 230.71	R 259.34	12%
8.4.	Repairing of hose-per length Plus material at cost plus 15%	R 230.71	R 259.34	12%

9. Tariff charges in respect of the attendance & employment of Special Appliances and plant to standby at sport & special events.

For attendance and employment (per hour or part thereof)

9.1.	High rise firefighting appliance	R 612.35	R 688.34	12%
9.2.	Water Carrier	R 306.71	R 344.17	12%
9.3.	Mobile Lighting unit	R 306.17	R 344.17	12%
9.4.	Major pump	R 612.35	R 688.34	12%
9.5.	Light pump	R 306.17	R 344.17	12%

10. Tariff of Charges in respect of Various Miscellaneous Services and Hire Charges (per hour or part thereof 10.1 to 10.4)

10.1	Hire of Portable Pump and related equipment	R 440.64	R 495.32	12%
10.2.	Hire of extension Ladder	R 440.64	R 495.32	12%
10.3.	Gaining of access/Lockouts	R 440.64	R 495.32	12%
10.4.	Miscellaneous services- per service	R 440.64	R 495.32	12%
10.5.	In addition to the above applicable charge, mileage for Out of the area calls, out are as follows- per km.			
	Heavy duty vehicles	R 11.02	R 12.38	12%
	Light duty vehicle	R 6.61	R 7.43	12%

Table 5: Proposed Tariff Structure for Emergency Services

All tariffs reflected above are inclusive VAT.

General comments:

- Any Fire, Rescue or other emergency incident involving property or activities of the uMgungundlovu District Municipality shall not attract charges.
- Any incident of a humanitarian nature or request for assistance of a humanitarian shall not attract Charges.
- Services performed in the assistance of Community project or departmental public relations exercise and displays shall not attract charges.
- The applicable attendance rate charge shall be calculated from the time that the first arriving appliance attends an incident until the last departing appliance leaves the scene at the conclusion of the incident, due allowances being made for breaking down or mishap or times occupied by relief personnel.
- When the time used to calculate the appliance attendance rate charge is less than 30-minute no charges shall be raised.
- Explanation of Terminology:
 - i. **Hazmat** stands for Hazardous Material and refers to incidents that involve materials and chemicals that require an extraordinary response and the use of specialist equipment to resolve the incident.
 - ii. **Out of area** means a response to any physical location that is outside the recognized area of jurisdiction of the uMgungundlovu District municipality.

- iii. **Structural** means any building regardless of construction type or occupancy.
 - iv. **Transport** means mechanical transportation of any means.
- Whenever the Chief Fire Officer deems it necessary in the interests of public safety and to preserve life and property and as often as he/she thinks fit, arrangement shall be made for an inspection and/or attendance service to be provided in respect of premises used as public buildings or sports and recreational events.
 - The following persons shall be jointly and severally liable to the Council for the charges payable in terms of this section.
 - a) The owner/s of all property damaged or destroyed or under threat of damage or destruction by fire, accident, or other mishap in respect of which the service is rendered or the material are supplied.
 - b) The person or owner or the owner's spouse, child, employee, or agent whose wrongful act or omission was the direct cause of the circumstances which make the rendering of the service necessary in the opinion of the Chief Fire Officer or any other officer acting with the relevant authority.
 - c) The person responsible or whose alarm system was responsible for the summoning of the service where, in the opinion of the Chief Fire Officer, such summoning was unwarranted, or was no reasonable justification thereof.

2.6.3 REVENUE MANAGEMENT

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

i. Revenue Raising Strategies

The drive to collect revenues was reintroduced since June 2018 and has been ongoing 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 was to sustain and redefine the processes of revenue generation and protection; improve customer relations and collections; and effective debt management to address and reduce the risk of financial distress. The project was completed and the close out report was signed by the partners. The project has subsequently been rolled out to the entire District as part of the Financial Recovery Plan to address the unfunded budget position of the municipality.

The focus areas and key deliverables for the project are:

- a. Effective communication and Customer Care:
 - Creating a sound and effective communication strategy for our customers.
 - Enhancing levels of customer care and increasing responsiveness in addressing billing and other service delivery queries
 - Improving efficiency at our customer contact points
 - Improving accessibility of customer access points

- Improving and intensifying the indigent customer registration drive
- b. Meter reading which involves:
- Allocating additional human capital to improve efficiency and accuracy
 - Effective management of meter readers
 - Improving data collection and data integrity
 - Identifying and verifying meters
 - Locating meters
 - Replacing faulty meters
 - Integrating GIS with the billing system.
- c. Billing
- Ensuring correct customer information / details
 - Ensuring accuracy of billing
 - Distributing statements and correspondence timeously

The consumption patterns observed during the 2023/24 adjustment budget are expected to increase due to the water projects anticipated to be commissioned towards the end of the 2023/24 financial year.

ii. Revenue Collection Strategies – Debt Management

The 2023/24 adjustment budget assumption is that the Municipality will collect 52% of its raised bills. The collection rate is assumed to remain constant in the 2024/25 financial year to maintain a conservative approach in expenditure appropriations.

With the implementation of the revenue raising strategies, the municipality anticipates increasing the quantity and quality of bills in the medium to long term. As part of producing the efforts to produce quality bills, the municipality has strengthened the functionality of customer care centres which has resulted in a drastic reduction in the number of account queries, the lower the number of queries, the higher the chances of the customer paying for their account. This will ultimately result in an increase in the revenue collection rate. The municipality has also strengthened the capacity to effectively implement the debt collection and credit control policy by getting meter attendants who deal with faulty meters timeously and ensure timeous disconnections and restrictions of meters in case of non-payment. This measure is positively contributing in improving the revenue collection rate. The municipality will continue to implement these measures during 2024/25.

Debtors Age Analysis By Customer Group			
Category	Total	Total > 90 days	% > 90 days
Organs of State	42 116	30 809	73%
Commercial	37 131	22 000	59%
Households	928 269	829 618	89%
Other	123 788	111 015	90%
Total	1 131 304	993 442	88%

Table 6: Debtors Per Category

The debt impairment assessment was conducted as at 30 June 2022 where the entire debtors' database was tested for impairment in line with GRAP 104. The results of the assessment were used as the basis for the analysis of qualifying debt write offs.

As at 29 February 2024 the debtors balance amounted to R 1.131 billion where a total of R 993 million or 88% relates to amounts owing for more than 90 days.

2.7 Operating Expenditure Framework

The call by National Government to control government spending remains relevant in the foreseeable future to ensure that the municipality remains sustainable and financially viable.

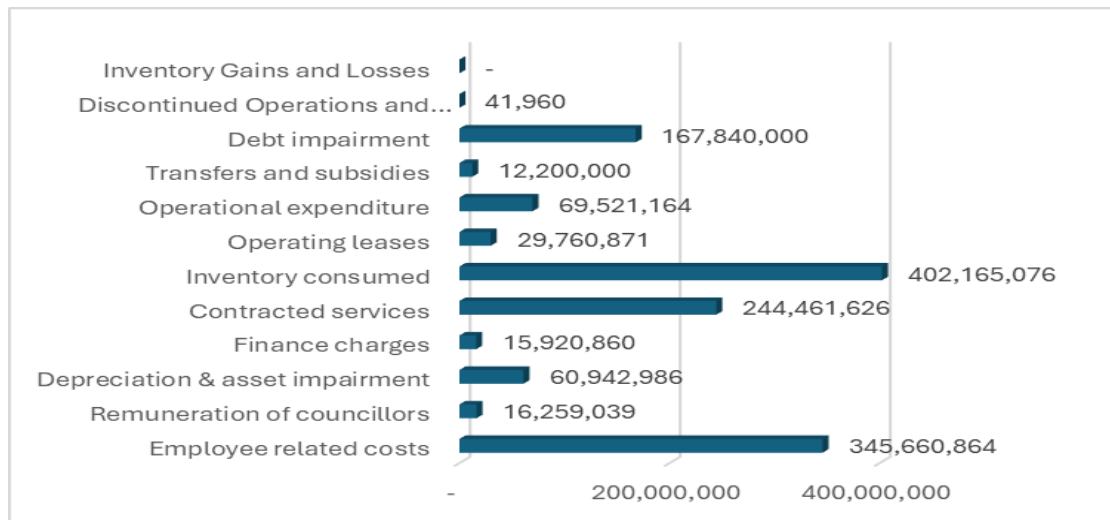
The operating expenditure framework is estimated at R1.365 billion for the 2024/25 financial year. The overall increase is 12% when compared to the 2023/24 financial year.

The breakdown of the operating expenditure budget is as follows:

Expenditure By Type	Adjusted Budget 2023/24	Draft Budget 2024/25	Draft Budget 2025/26	Draft Budget 2026/27	% Change
Employee related costs	310,020,146	345,660,864	360,000,435	376,200,455	11%
Remuneration of Councillors	17,164,344	16,259,039	17,006,955	17,772,268	-5%
Depreciation & asset impairment	58,096,269	60,942,986	63,746,364	66,614,950	5%
Finance charges	17,403,733	15,920,860	14,140,380	12,255,399	-9%
Contracted services	246,259,991	244,461,626	255,235,913	266,674,573	-1%
Inventory consumed	307,044,931	402,165,076	422,352,631	459,952,341	31%
Operating leases	24,422,072	29,760,871	27,921,309	27,417,390	22%
Operational costs	68,451,094	69,521,164	72,283,456	75,536,211	2%
Transfers and subsidies	12,138,842	12,200,000	209,200	218,614	1%
Debt impairment	160,000,000	167,840,000	175,560,640	183,460,869	5%
Discontinued Operations and Disposals	40,000	41,960	43,890	45,865	5%
Inventory Gains and Losses	72,298	-	-	-	-100%
Total Operational Expenditure	1,221,113,719	1,364,774,446	1,408,501,173	1,486,148,934	12%

Table 7: Expenditure Per Type

Of the operating expenditure items, R 1.197 billion (88%) relates to cash items and R167.882 million (12%) relates to non-cash items.



Graph 2: Operating Expenditure Contributions

Of the total operating expenditure budget, R345.661 million (25%) has been allocated to Employee Related Costs and R 16.259 million (1%) to Remuneration of Councillors. The total costs of Salaries and Wages is R 361.920 (26.5%) which is within the National Treasury norm of 22–40%.

Inventory consumed is budgeted at a total of R 402.165 million which constitutes 29% of the operating expenditure framework where R 394.259 million (98%) relates to basic service delivery; R 1.75 million (0.4%) relates to disaster materials and consumables; R 5 million (1%) relates to SMME support; and R 1.156 million (0.3%) relates to municipal running costs.

Within the inventory consumed expenditure budget for basic service delivery is an allocation for the construction of VIP toilets at a total amount of R18.213 million (excluding VAT) where R 9.564 million will be funded by MIG and R 8.649 million will be funded by WSIG. This programme will be spread across the district.

Contracted services are budgeted at a total of R 244.461 million and contribute 18% to the total operating expenditure framework where R189.358 million (77%) relates to basic service delivery; R51.538 million (21%) relates to municipal running costs; and R3.565 million (1%) relates to special Programmes.

The budget for operational costs is at a total of R 69.521 million and contributes 5% to the total operating expenditure framework where R 47.381 million (68%) relates to municipal running costs; R 15.962 million (23%) relates to basic service delivery; and R6.178 million (9%) relates to special programmes.

The operating leases budget is at a total of R 29.761 million and constitutes 2% of the total operating budget where R 21.168 million (71%) relates to municipal running costs for customer care centres; fleet and equipment; and R8.593 million (29%) relates to emergency response vehicles (fire engines).

Transfers and subsidies are proposed at a total of R 12.2 million which constitutes 1% of the operating expenditure framework R 11.5 million (94%) relates to allocation to the uMgungundlovu Economic Development Agency to support the performance of its functions and activities; R 0.5 million (4%) relates to the allocation to contribute towards the Mandela Marathon; R 0.2 million (2%) relates to bursaries to support high achieving matriculants with registration fees.

Finance charges are proposed at a total of R15.921 million and constitutes 1% of the operating expenditure framework. This relates to the interest to be incurred on the outstanding balance for the Loan with the Development Bank of South Africa. The amount of is aligned to the loan amortisation schedule.

The depreciation costs are proposed at R60.943 million which constitutes 4% of the operating budget. This estimate considers the fixed asset balance and proposed additions of capital.

The debt impairment cost is a non-cash item and is proposed at a budget of R167.84 million which constitutes 12% of the operational budget. This estimate considers the outstanding debtors' balance.

Cost Containment Measures

The municipality has committed to monitoring and controlling operational expenditure by implementing its Cost Containment policy.

The user departments continuously monitor and review the contracts and service level agreements with service providers in an effort to ensure that value for money is realised.

As part of cost containment measures, and considering that water and sanitation are the core business of the municipality, 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.

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

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

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

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

Employee Related Costs

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

2.8 Allocation and Grants Made By The Municipality

Council resolved to transfer a total sum of R 11.5 million to the uMgungundlovu Development Agency for the 2024/2025 financial period.

2.9.1 Councillors' Allowances

REMUNERATION OF COUNCILLORS	Draft Budget 2024/25	Draft Budget 2025/26	Draft Budget 2026/27
CHIEF WHIP: BASIC SALARY	881,946	922,516	964,029
CHIEF WHIP: CELLPHONE ALLOWANCE	49,354	51,624	53,948
CHIEF WHIP: TRAVEL ALLOWANCE	254,909	266,635	278,634
DEPUTY MAYOR: BASIC SALARY	584,094	610,962	638,455
DEPUTY MAYOR: MEDICAL AID	33,914	35,474	37,071
DEPUTY MAYOR: PENSION	87,561	91,588	95,710
DEPUTY MAYOR: TRAVEL ALLOWANCE	235,071	245,884	256,949
DEPUTY MAYOR: CELLPHONE ALLOWANCE	49,354	51,624	53,948
EXCO: BASIC SALARY	4,869,353	5,093,343	5,322,543
EXCO: CELLPHONE ALLOWANCE	296,125	309,747	323,686
EXCO: MEDICAL AID	92,376	96,625	100,973
EXCO: PENSION	206,480	215,978	225,697
EXCO: TRAVEL ALLOWANCE	123,270	128,941	134,743
MAYOR: BASIC SALARY	882,059	922,634	964,153
MAYOR: CELLPHONE ALLOWANCE	49,354	51,624	53,948
MAYOR: TRAVEL ALLOWANCE	394,639	412,792	431,368
OTHER COUNCILLORS: BASIC SALARY	4,061,601	4,248,434	4,439,614
OTHER COUNCILLORS: CELLPHONE ALLOWANCE	514,975	538,663	562,903
OTHER COUNCILLORS: MEDICAL AID	152,886	159,919	167,115
OTHER COUNCILLORS: OTHER ALLOWANCES	478,800	500,825	523,362
OTHER COUNCILLORS: PENSION	161,604	169,038	176,644
OTHER COUNCILLORS: TRAVEL ALLOWANCE	809,239	846,464	884,555
SPEAKER: BASIC SALARY	705,650	738,110	771,324
SPEAKER: CELLPHONE ALLOWANCE	49,354	51,624	53,948
SPEAKER: TRAVEL ALLOWANCE	235,071	245,884	256,949
	16,259,039	17,006,955	17,772,268

2.9.2 Employee Related Costs

Department	Draft Budget 2024/25	Draft Budget 2025/26	Draft Budget 2026/27
Community	108,673,530	113,672,512	118,787,775
Corporate	33,148,608	34,673,444	36,233,749
Economic Development & Planning	17,776,231	18,593,937	19,430,666
Finance	51,547,964	53,919,170	56,345,531
Office of the Municipal Manager	36,818,648	38,512,305	40,245,360
Technical	96,255,886	100,683,656	105,214,421
Post retirement Benefits	1,440,000	1,506,240	1,574,021
Total	345,660,867	361,561,264	377,831,523

***Totals above include costs for Executive Management and Group Life and Defined Benefit Contributions*

2.9.3 Executive Management Costs

Designation	Basic	Cellphone allowance	UIF	SALGBCL	Bonus	Annual
Municipal Manager	1,408,988	21,600	2,125	137	-	1,432,850
HOD: Budget & Treasury	1,163,700	21,600	2,125	137	-	1,187,562
EM: Corporate Services	1,087,460	21,600	2,125	137	-	1,111,322
EM: Technical Services	1,163,700	21,600	2,125	137	-	1,187,562
EM: Community Services	1,074,185	21,600	2,125	130	89,515	1,187,555
Executive Manager: EDP	1,163,700	21,600	2,125	137	-	1,187,562
Total	7,061,734	129,600	12,753	812	89,515	7,294,414

2.10 Monthly targets for revenue, expenditure and cash

DC22 uMgungundlovu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2024/25												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27	
R thousand																	
Revenue																	
Exchange Revenue																	
Service charges - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - Water		46,409	46,409	46,409	46,409	46,409	46,409	46,409	46,409	46,409	46,409	46,409	46,409	556,913	585,596	611,948	-
Service charges - Waste Water Management		5,220	5,220	5,220	5,220	5,220	5,220	5,220	5,220	5,220	5,220	5,220	5,220	62,635	65,516	68,465	-
Service charges - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		6,163	6,163	6,163	6,163	6,163	6,163	6,163	6,163	6,163	6,163	6,163	6,163	73,959	77,361	80,842	-
Interest earned from Current and Non Current As		2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000	26,150	27,327	-
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licence and permits		4	4	4	4	4	4	4	4	4	4	4	4	47	49	52	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Exchange Revenue																	
Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences or permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		34,712	34,712	34,712	34,712	34,712	34,712	34,712	34,712	34,712	34,712	34,712	34,712	416,545	440,808	487,510	-
Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fuel Levy		30,038	30,038	30,038	30,038	30,038	30,038	30,038	30,038	30,038	30,038	30,038	30,038	360,452	374,669	390,824	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and		124,629	124,629	124,629	124,629	124,629	124,629	124,629	124,629	124,629	124,629	124,629	124,629	1,485,552	1,570,150	1,666,987	
Expenditure																	
Employee related costs		28,805	28,805	28,805	28,805	28,805	28,805	28,805	28,805	28,805	28,805	28,805	28,805	345,661	361,561	377,832	-
Remuneration of councillors		1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	16,259	17,007	17,772	-
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		24,695	24,695	24,695	24,695	24,695	24,695	24,695	24,695	24,695	24,695	24,695	24,695	296,339	311,659	344,318	-
Debt impairment		13,987	13,987	13,987	13,987	13,987	13,987	13,987	13,987	13,987	13,987	13,987	13,987	167,840	175,561	183,461	-
Depreciation and amortisation		5,079	5,079	5,079	5,079	5,079	5,079	5,079	5,079	5,079	5,079	5,079	5,079	60,943	63,746	66,615	-
Interest		1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	1,327	15,921	14,140	12,255	-
Contracted services		20,372	20,372	20,372	20,372	20,372	20,372	20,372	20,372	20,372	20,372	20,372	20,372	244,462	255,236	266,675	-
Transfers and subsidies		1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	12,200	209	219	-
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational costs		8,274	8,274	8,274	8,274	8,274	8,274	8,274	8,274	8,274	8,274	8,274	8,274	99,282	100,205	102,964	-
Losses on disposal of Assets		3	3	3	3	3	3	3	3	3	3	3	3	42	44	46	-
Other Losses		8,819	8,819	8,819	8,819	8,819	8,819	8,819	8,819	8,819	8,819	8,819	8,819	105,826	110,694	115,675	-
Total Expenditure		113,731	113,731	113,731	113,731	113,731	113,731	113,731	113,731	113,731	113,731	113,731	113,731	1,364,774	1,410,062	1,487,821	
Surplus/(Deficit)		10,898	10,898	10,898	10,898	10,898	10,898	10,898	10,898	10,898	10,898	10,898	10,898	130,777	160,088	179,146	
Transfers and subsidies - capital (monetary allocations)		16,355	16,355	16,355	16,355	16,355	16,355	16,355	16,355	16,355	16,355	16,355	16,355	196,255	203,340	180,884	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	327,032	363,428	360,030	
Income Tax		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	327,032	363,428	360,030	
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	327,032	363,428	360,030	
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	27,253	327,032	363,428	360,030	

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 has been approved by the Mayor as per the Municipal Finance Management Act. Refer to Annexure A.

2.12 Annual Budgets and Service Delivery Agreements – Municipal Entities and Other External Mechanisms

Not applicable.

2.13 Contracts Having Future Budgetary Implications

The below contracts have budgetary implications beyond the 2024/25 financial year:

- Leasing of photocopying machines from Yurutek Business Solutions where the contract period ends on 30 April 2025.
- Leasing of fleet vehicles from Fleet Horizon Solutions Investments where the contract period ends on 30 June 2025.
- Leasing of warehouse space from Proudfoot Investments where the contract period ends on 31 August 2025.

2.14 Capital Expenditure Framework

2.14.1 Overview of Water and Sanitation Backlog

The Water Services Development Plan (WSDP)

The WSDP has been reviewed and adopted by council on 31 May 2019 which included vigorous public participation process in line with the IDP. The current WSDP is under review and the Draft reviewed documents is available on the DWS online platform for comments and inputs. The WSDP is currently reviewed for the next 5years. The final documents is anticipated to be approved by the 30th April 2024.

Water and Sanitation Institutions

Umgeni Water Board provides uMgungundlovu District Municipality with bulk water and maintains some of the wastewater treatment plans in UMDM. uMgungundlovu District Municipality provides portable drinking water to six of the local municipalities (uMshwathi, Richmond, Mkhambathini, Mpofana, uMngeni and Impendle) and the seventh municipality within the district (Msunduzi) is also a Water Service Authority servicing Pietermaritzburg.

Water and Sanitation

UMgungundlovu District Municipality is a Water Services Authority, servicing the uMshwathi, Mkhambathini, Mpofana, Impendle, uMngeni and Richmond Municipalities on water and sanitation services. The District Municipality uses grant funding, mainly WSIG and MIG to implement water and sanitation projects.

The Municipality provides varying levels of services, i.e. bulk water supply from UW, , BHs, springs or via water tankers.

Water provision backlog is about 14% (Demand 117993 Baseline 101 797 Backlog 16196)

The sanitation provision backlog is about 24%. (Demand 117993 Baseline 89914 Backlog 28079)

The bulk water service provider is the Umgeni-Uthukela Water (UUW) Board. UMDM also has a long-term operations and maintenance contract for the Wastewater Treatment Works (WWTW) with UW.

It must be noted that the Municipality is still awaiting the final Stats SA 2022 report to review the population numbers .

Launch of The Water And Sanitation Services Policy On Privately Owned Land

In the 2019 Court Case of Mshengu and others vs uMsunduzi LM, uMshwathi LM, uMgungundlovu DM and others, including Department of Water and Sanitation (DWS) as the sixth responded. The land rights-based NGO Association for Rural Advancement (AFRA) representing Mshengu and Ngema took the uMgungundlovu DM and others to court for failing to provide basic services to farm dwellers. The court judgement declared that the failure by uMgungundlovu, uMsunduzi LM, uMshwathi LM to provide farm occupiers, farm dwellers and labour tenants who are living in there are of jurisdiction with access to basic sanitation, sufficient water and collection of refuse is inconsistent with the Constitution of the Republic of South Africa particularly Section 9, 10, 24, 27(1)(b), 33, 152, 153, 195 and 237.

In response to this the uMgungundlovu District Municipality was instructed to give monthly reports to the high court regarding the provision of services to farm dwellers with uMgungundlovu District Municipality, since then the Municipality has provided Improved Ventilated Pit Latrines (VIP) to +/- 340 units to families residing in privately owned land. The Municipality continues to plan and provide water and sanitation to the farm dwellers.

Furthermore, in response to the abovementioned court case the Department of Water and Sanitation developed the Water and Sanitation Services Policy on Privately Owned Land, uMgungundlovu District Municipality was part on in depth inputs and consultations on this policy for 90 days from December 2022 to February 2023. The policy was then granted endorsement by the Cabinet. This significant achievement marked a milestone in the collective efforts to ensure that all citizens, regardless of their place of residence, have access to adequate water and sanitation services.

To commemorate the approval of this policy and formally mark its implementation, the Department of Water and Sanitation and uMgungundlovu District Municipality scheduled a launch event on the 1st of March 2024 at Cool Air Sportsground, Ward 7 uMshwathi Local Municipality.

As a preparation for this event uMgungundlovu activated its MOU (Memorandum of Understanding) with SASSA and provided 53 elderly people living on farms within uMshwathi LM with Grant in Aid (GIA) services. The Municipality together with SASSA have committed to roll out these services to all farm dwelling communities within the whole District.

To showcase the Municipalities efforts towards provision of services to farms dwellers, there a site visit to Windyhill Farm where the Municipality has provided a borehole scheme and VIP units to 88 families residing in the farm.

The Community had the opportunity to listen and speak to the Minister of Water and Sanitation Mr Senzo Mchunu who was accompanied by CoGTA Minister MEC Mrs Bongzi Sithole-Moloyi, uMgungundlovu District Mayor Mr. Mzi Zuma, uMsunduzi Local Municipality Mayor Mr Mzi Thebola, uMshwathi Local Municipality Mayor Mr Mandla Zondi, Amakhosi, Officials from various Municipalities and Government Departments.

Whilst the Municipality is doing its best to provide services to the community living in privately owned land, it still faces budgetary constraints to provide these services with speed.

2.14.2 Capital Expenditure Budget

The three-year capital expenditure budget for the medium-term commencing in 2024/25 will amount to R 539.649 million where R 524.469 million will be funded by grants and R 15.607 million will be internally funded.

The 2024/25 capital expenditure budget is at a total of R 184.263 million (excluding VAT) of which R170.656 million (93%) of the capital expenditure relates to expenditure funded by capital grants and 7R 13.607 (7%) will be funded internally.

The capital budget has increased by 2% when compared to the previous financial year and constitutes 12% of the total 2024/25 expenditure framework which falls within the norm of 10 – 20% as recommended by National Treasury.

The capital programme constitutes the following:

- **Water projects:** R 170.657 million in 2024/25 which constitutes 93% of the total annual capital budget.
- **IT Equipment:** R5.839 million in 2024/25 which constitutes 3% of the total annual capital budget.
- **Transport Assets:** R 3 million for the acquisition of water tankers which constitute 2% of the annual capital budget.
- **Buildings:** R 2.668 million for the Disaster Management Centre which constitutes 1% of the total annual capital budget.
- **Machinery and Equipment:** R 1.3 million for the acquisition of an additional TLB which constitutes 1% of the annual capital budget.
- **Furniture and fittings:** R 0.8 million which constitute 0.4% of the annual capital budget.

Grant funding is ring-fenced by the municipality until such a time that the conditions of the grant are met. This is achieved through the transfer of all receipts of capital funding to a Projects Bank Account. This enables the distinction, control the management of such funds.

Furthermore, given that such grants are to be spent within the relevant fiscal year any identified surplus funds (after taking into account projected cashflows) are invested for short periods at a time (three to five months).

A break-down of the **MIG funded** capital expenditure programme per project is detailed below.

PROJECT NAME	2023/2024	2024/2025	2025/2026	2026/2027
Manyavu Water	323,355			
Asbestos Cement Pipe Replacement - Camperdown	-	-	12,036,377	-
Asbestos Cement Pipe Replacement in Rosetta	-	-	21,185,368	-
Mpolweni, Thokozani and Claridge Ext. Water Supply Phase 2	49,578,581	30,244,803	-	-

Community water supply to Trustfeed Phase 2 (AFA) MIS 457197	1,184,376	3,428,196	-	-
KwaMathwanya Water Reticulation Scheme (Mpofana LM) Project	743,817	1,978,994	-	-
KwaMathwanya Water Reticulation Scheme (Mpofana LM) Phase 2	-	2,400,252	-	-
Mbava and Mpethu Swayimane Water Supply Scheme Extension- Phase 3	111,428	4,333,913	14,032,747	45,819,278
Nkanyezini Community Water Supply Scheme Phase 2	33,607,857	30,646,438	-	-
Nhlambamasoka/Nhlathimbe and Khathikhathi Water Project		9,375,225	38,354,253	47,872,278
Community water supply to Trustfeed Phase 3	-	9,941,162	9,355,829	-
TOTAL	85,549,414	92,348,982	94,964,574	93,691,557

A break-down of the **WSIG funded** capital expenditure programme per project is detailed below.

PROJECT NAME	2023/24	2024/25	2025/26	2026/27
EXTENSION OF EFAYE & MT ELIAS RETICULATION WITHIN WARD 3	10,843,952	5,217,391	-	-
EXTENSION OF KWAZIBUSELE & MBULWANE RETICULATION WITHIN WARD 4	17,172,168	-	-	-
MPOFANA BULK CONNECTION AND BRUINVILLE/PHUMLAS UPGRADE	14,218,789	9,440,933	1,131,038	-
NADI RETICULATION PHASE 1	4,141,198	29,023,611	10,107,600	-
NADI RETICULATION PHASE 2	3,843,906	13,651,311	25,680,951	-
HOWICK PHASE 2 AC PIPELINE REPLACEMENT PROGRAMME	4,976,401	5,602,280	31,776,063	-
BOREHOLE & SPRING PROTECTION PROGRAMME PHASE 1	-	11,024,474	9,565,217	10,154,909
UMSHWATHI PHASE 2 AC PIPELINE REPLACEMENT PROGRAMME	-	-	-	55,001,060
NYAMVUBU COMMUNITY SUPPLY SCHEME	-	4,347,826	8,695,652	13,043,478
TOTAL	78,826,087	78,307,826	86,956,522	78,199,447

A break-down of the **internally funded** capital expenditure programme per project is detailed below.

DESCRIPTION	Adjusted Budget 2023/24	Draft Budget 2024/25	Draft Budget 2025/26	Draft Budget 2026/27
Construction of a Disaster Management Centre	697,056	2,500,000	-	-
Infrastructure - Housing Projects	2,000,000	-	-	-
Outsourced	4,180,179	-	-	-
Municipal Offices	167,800	167,800	-	-
Customer Care Centre IT Upgrade	-	3,000,000	-	-
Furniture and Office Equipment	554,480	-	-	-
Machinery and Equipment	1,050,000	-	-	-
Computer Equipment	65,000	-	-	-
IT LAN Upgrade	1,365,217	1,039,216	1,573,140	-
IT Electronic Signature	-	1,200,000	-	-
IT Computer Equipment Hardware	2,913,880	600,000	-	-
Furniture and Office Equipment	540,546	800,000	-	-
Machinery and Equipment	1,300,000	1,300,000	-	-
Computer Equipment	380,000	-	-	-
Communications	30,000	-	-	-
Water Tankers	-	3,000,000	-	-
Static Tanks / Water Storage	189,540	-	-	-
TOTAL	15,433,698	13,607,016	1,573,140	-

Assets and Infrastructure and Repairs and Maintenance

The Municipality currently has no renewal plan based on the conducted assets conditional assessment as at 30 June 2023. A service provider has been appointed to conduct planned and interval-based maintenance. The Infrastructure Operations and Maintenance Policy is in place.

	2024/25	2025/26	2026/27
Salary costs	74,254,199	77,669,892	81,165,037
Contracted Services	36,726,498	38,415,917	40,144,633
<i>Infrastructure and Planning</i>	20,392,215	21,330,257	22,290,118
<i>Sewerage Services</i>	13,912,000	14,551,952	15,206,790
<i>Maintenance of Buildings and facilities</i>	1,200,000	1,255,200	1,311,684

Maintenance of Vehicles	1,049,000	1,097,254	1,146,630
Maintenance of Equipment	173,283	181,254	189,410
TLB Hire	1,500,000	1,569,000	1,639,605
Inventory	10,245,000	10,716,270	11,198,502
	122,725,696	128,371,078	134,147,777
Fixed Asset Register as at 29 Feb 2024	1,802,600,368	1,885,519,985	1,970,368,384
	7%	7%	7%

The municipality has set aside 7% of the 2024/25 budget for repairs and maintenance of assets, considering that some of the projects include upgrades of existing infrastructure.

2.15 LEGISLATION COMPLIANCE STATUS

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

In year reporting and Statutory returns

Reporting to National and Provincial Treasuries was complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website. The municipality has also submitted all statutory returns as per MFMA and mSCOA.

Internship programme

The Municipality is participating in the Municipal Financial Management Internship Programme. The programme is intended to empower graduates with on-the-job training and build capacity for the local government sector. The municipality currently has in its employ a total of five interns.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA with the Chief Financial Officer recruitment process currently pending. The position is, however, occupied on a short-term basis until such recruitment process is concluded.

Service Delivery and Implementation Plan

The detailed outcome based SDBIP document is at a draft stage and will be finalized in line with the approval of the 2024/25 MTREF in May 2024.

Annual Report

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

As at 29 February 2024, the loan book was at a total balance of R 150.835 million with a fixed interest rate of 10.889%. The debt to revenue ratio is 11.18% against the projected operating revenue which is within the National Treasury norm of below 45%. The debt service to income ratio for the year indicates that the costs associated with the debt were funded by 1.19% of the YTD operating income.

2.16.3 CONDITIONAL GRANTS

As at the 29 February 2024, a total of R 170.664 million of conditional grant allocations were received since 01 July 2023 whilst an additional R 20.5 million, which was received in the previous financial years, was available at the beginning of the period reduced by the repayment of R 4.18 million for the Disaster Recovery Grant. The operating and capital grant utilisation of allocations received to date were at 50% and 85%, respectively. The overall conditional grant utilisation is at 81% of available funds with an unspent value of R 36.152 million.

uMgungundlovu District Municipality Conditional Grants Register as at 29 February 2024							
Description	Opening Balance	Receipts	Roll Over Repayments	Total Available	Expenditure	Balance	Percentage
Operating Grants							
Accelerated Water Intervention Grant	12 339	0	0	12 339	0	12 339	-
Camperdown WWW	4 000 095	0	0	4 000 095	0	4 000 095	-
Expanded Public Works Programme Grant	0	2 794 000	0	2 794 000	1 956 658	837 342	70
Finance Management Grant	0	1 200 000	0	1 200 000	492 740	707 260	41
Geospatial Grant	35	0	0	35	0	35	-
IDP Spatial Development Grant	335 275	0	0	335 275	0	335 275	-
Municipal Infrastructure Grant	0	12 000 000	0	12 000 000	7 535 690	4 464 310	63
Public Transport Plan Grant	308 817	0	0	308 817	0	308 817	-
Rasset & DGDS Grant	126 989	0	0	126 989	0	126 989	-
Rural Roads Asset Management Grant	90	1 903 000	0	1 903 090	1 386 341	516 749	73
Spatial Development Framework Grant	15 255	0	0	15 255	0	15 255	-
Total Operating Grants	4 798 895	17 897 000	0	22 695 895	11 371 429	11 324 466	50
Capital Grants							
Accelerated Sanitation Intervention Grant	0	0	0	0	0	0	-
Municipal Infrastructure Grant	0	80 247 000	0	80 247 000	93 054 676	-12 807 676	116
ORIO Grant	11 550 860	0	0	11 550 860	0	11 550 860	-
Water Services Infrastructure Grant	208	72 520 000	0	72 520 208	46 435 120	26 085 088	64
Disaster Relief Grant	4 180 179	0	-4 180 000	179	0	179	-
Total Capital Grants	15 731 246	152 767 000	-4 180 000	164 318 246	139 489 795	24 828 451	85
Total Grants	20 530 141	170 664 000	-4 180 000	187 014 141	150 861 224	36 152 917	81

Capital grants are anticipated to be spent in full by the end of the financial year and are fully committed as the projects are underway.

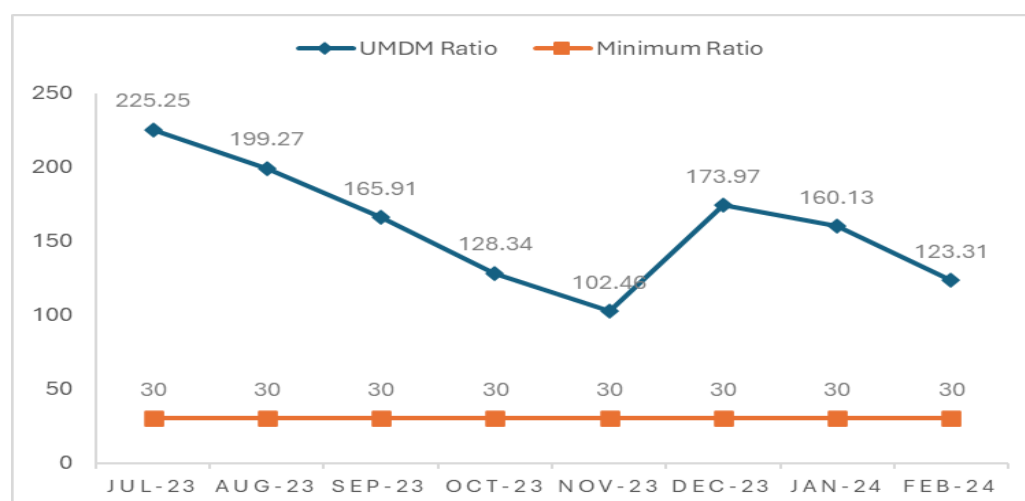
A total amount of R 11.3 million relates to the unspent portion of the operational grants. The municipality is confident that it will fully spend the conditional operating grants received in the current financial year. The municipality has requested assistance from Provincial Government in establishing the funding, conditions and expenditures of the grants that have historically been reflected on the Grant Register with no movements in such balances.

The municipality ensures that all grant funding received is cash-backed until the conditions of such grants are met.

2.16.3 CASH COVERAGE

The total bank balances as at 29 February 2024 amounted to R 128.506 million and investments amounted to R 203.586 million resulting in a total cash and cash equivalents balance of R 332.092 million. The average interest rate on the active investment is 9.35%. The cash coverage ratio as at 29 February 2024 is 4.11 based on average of R 72 million per month fixed operating expenditure. This indicates that the municipality as at 29 February 2024 has enough cash to run its operation for 123.31 days based on a 30-day calendar month. The norm as set out in the uniform financial ratios and norms circular 71 is 1 to 3 months.

Account Name	Dec-23	Jan-24	Feb-24
Main Account	22,453,905	127,377,854	62,536,572
Salaries Account	4,802,248	53,199,558	27,875,960
Water Services Account	30,219,342	43,450,833	30,641,897
NSTD Call Account	652,573	656,869	661,192
Mandela Race Account	875,397	879,190	883,316
Mandela ABSA	1,224,838	1,225,049	1,224,255
Corporate Cheque Account	4,630,516	4,656,799	4,682,403
Public Sector Cheque Account	-208	0	0
Total	64,858,611	231,446,152	128,505,597



The average debtors' collection rate for the audited 2022/23 financial year is 52.1% with the highest value of debtors' payments received in October 2023. Positive cash coverage has been maintained in the 2023/24 financial year despite the slow recovery of the economic climate further depressed by the impact of load shedding.

The municipality has maintained a healthy cash coverage in the current financial year. This can be attributed to the continued efforts directed at cash management and the enforcement of the Credit Control and Debt Collection Policy.

2.17 SOCIAL AND ECONOMIC REDRESS THROUGH INDIGENT SUPPORT AND INDIGENT MANAGEMENT

Indigent Policy

The Municipality is a Water Services Authority and provides free basic services, that are part of the municipality's mandate, to its registered Indigents. The Indigent register is continually updated, and the municipality receives applications. Currently, the Indigent Register has 9 719 registered indigent households.

The Indigent policy is under review and will be adopted in May 2024 for implementation. Through the District Wide Financial Model, a proposal to standardise indigent support is recommended. The developed strategy for updating the indigent customer register continues to be implemented.

Indigent Support

Indigents are defined as those people, due to several factors, who are unable to make monetary contribution towards basic services, no matter how small the amounts seem to be. Subsidies apply to households and not individuals. For a household to qualify as indigent, a household must comply with the following requirements:

- The applicant must be a resident of the uMgungundlovu District Municipality.
- Have a valid South African Identity Document.
- The applicant must be eighteen (18) years of age and above.
- The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system.
- All households that are child headed.
- Such applicants shall be assisted by the ward councilor and all documentary proof shall serve as evidence prior to qualification.
- Maximum combined household monthly income must not exceed R 5000.00

The Municipality has signed an MOU with SASSA confirming that a customer who is a recipient of the SASSA grant and is a customer of uMgungundlovu will be automatically included in the indigent register.

Any customer who has been confirmed as an indigent customer of any local municipality and is a customer of uMgungundlovu DM shall be included on the indigent register. The Municipality continues to encourage Local Municipalities to be alignment with the districts qualifying criteria, so as to ensure a targeted approach to a one register for uMgungundlovu District .

As at 29 February 2024 the Municipality currently has 9321 customers in the indigent register.

2.18.3 Financial Viability / Sustainability

The table below reflects the municipality's financial ratios.

FINANCIAL HEALTH ASSESSMENT			
		30 June 2023	30 June 2022
Revenue Management			
1.	Revenue from exchange transactions	R 530 044 460	R 347 226 826
2.	Debt collection rate	52%	55%
3.	Debt-collection period (after impairment)	44 days	114 days
4.	Debt impairment provision as a percentage of accounts receivable	93%	84%
	• Amount of debt impairment provision	R 858 075 050	R 564 358 626
	• Number of accounts receivable	R 921 226 399	R 672 195 850
5.	Percentage distribution losses - water	29.5%	35.49%
	• Number of units generated / purchased	28 057 394 kL	28 124 627 kL
	• Number of units sold to consumers	19 773 560 kL	18 142 129 kL
Expenditure Management			
6.	Creditor-payment period	129 days	38 days
7.	Employee related costs	R287 766 446	R289 538 901
8.	Remuneration of Councillors and Board Members	R 15 542 762	R11 673 350
9.	Percentage of remuneration (employees and councillors) to total expenditure	29%	23%
10.	Percentage of capital expenditure to total expenditure	17%	17%
Asset and Liability Management			
11.	Amount of the surplus / (deficit) for the year	R 318 430 322	R 252 999 569
12.	Amount of the net current assets / (liability) position	(R 73 303 658)	R 31 032 552
13.	Current Ratio (current assets to current liabilities)	1.09: 1	0.73: 1
14.	Amount of the net asset / (liability) position	R 2055 050 908	R 2 373 854 856
15.	Debt to Revenue	39.9%	37%
16.	Solvency ratio	48%	39%
Cash Management			
17.	Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft)	R 333 152 099	R 84 539 751
18.	Amount of net cash in / (out)flows for the year from operating activities	R 545 953 225	R 244 916 667

FINANCIAL HEALTH ASSESSMENT			
		30 June 2023	30 June 2022
	Average cash coverage ratio	4.7 months	1.3 months
19.	Creditors as a percentage of cash and cash equivalents	86%	151%
	• Amount of trade creditors (accounts payable)	R 286 618 278	R 127 821 836
	• Amount of cash and cash equivalents / (bank overdraft) at year-end	R 333 152 099	R 84 539 751

There was a substantial increase in revenue generated from exchange transactions mainly due to the higher service charges raised, Interest earned from investments and bank accounts and interest on outstanding debtors.

Service charges revenue increases are due to an increase in tariffs to ensure that they are cost reflective based on expenditure incurred to provide such services. The increase in Interest earned on investments and bank accounts is due to improved cash management with greater efforts made to invest surplus funds on a short term-basis.

The collection rate of the economic entity remained below the National Treasury norm of 95% with a result of 55% in 2023 compared to 52% in the 2022 financial year. This directly impacts the interest charged on overdue accounts which increased in 2022/23. The debt collection period improved from 114 days in 2022 to 44 days in 2023. This is attributable to improved credit control and debt collection where the municipality has raised internal capacity as well as made use of debt collectors for recoveries of long outstanding amounts.

Debt impairment increased to 93% from 88% in the prior year. This is due to the revised methodology whereby government debt is now also considered for impairment as well as UIFW debtors. The municipality is committed in making all possible attempts to recover outstanding monies and does not consider write-off of debt until all efforts to recover have been exhausted in line with the Credit Control and Debt Collection Policy. The entity continuously explores strategies to assist in improving the collection of outstanding debt.

The creditors' payment period has regressed in 2022/2023 to 129 days when compared to the 38 days in the prior year. The creditors payment period remains above the prescribed 30 days.

This is mainly attributable to the impact of the sewerage service costs where negotiations and reconciliations with the service provider stalled the payment of invoices .

The economic entity had adequate investment activities in the form of capital expenditure at 17%.

The economic entity’s operations resulted in with a surplus of R 261 035 276 in the 2021/2022 financial year, an increase from a surplus of R 117 733 621 in the prior year.

The current ratio of 1.09:1 shows an improvement from 0.73:1 in the prior year. It is however still below the norm of 1.5 -2: 1. This means that the economic entity had inadequate liquid assets (easily convertible into cash) available to cover short-term obligations as of 30 June 2023.

However, the economic entity had sufficient operating revenue to meet the current payment obligations at 37% and 39.9% in 2022/2023 and 2021/2022, respectively. This falls within the norm of below 45%.

The economic entity’s solvency was calculated on the net income after adding back non-cash items as a means to assess the entity’s capacity to continue operating as a going concern. The economic entity’s ability to meet its long-term financial obligations (solvency) improved in the 2022/2023 financial year when compared to the 2021/2022 financial year at 48% and 39%, respectively. The cash coverage ratio remained healthy against the norm of 1 to 3 months, indicating that the economic entity has adequate capacity to fund monthly fixed operational expenditure. This ratio improved from 1.3 months in 201/2022 to 4.7 months in 2022/2023.

The table below reflects employee related costs for the uMgungundlovu District Municipality and its entity for the 2022/2023 financial year, compared to the previous financial year.

2.18.4 LOANS/BORROWINGS AND GRANT DEPENDENCY

The table below reflects financial ratios.

	2022/23	2021/22
Debt to Revenue	39.9%	37%
Solvency ratio	66%	72%

The municipality has one loan from the Development Bank of Southern Africa. The principal capital amount is R230 million borrowed over a 15-year term and subject to a fixed 15-year SWAP rate plus 230 basis points (average 10.899%) over the loan term.

The debt to revenue ratio of 39.9% is inclusive of other payables (i.e., trade payables, retentions, accruals, etc.) and indicates that the municipality is capable of repaying its debt.

The municipality had sufficient operating revenue to meet the current payments it is liable for in terms of the debts owed by the entity falling within the norm of 45% for the period 2021/22 to 2022/23 financial years.

The municipality remains grant reliant. Grant revenue contributed 66% of the total operating revenue in 2022/23 and 72% in 2021/2022. Own revenue is made up of service charges (water and sanitation); interest from debtors; interest from investments and licensing fees.

2.18.5 AUDITOR GENERAL'S OPINION

The municipality has maintained an unqualified audit opinion on the Annual Financial Statements in the 2022/2023 financial year.

The municipality's audit opinion on the Annual Performance Report for 2022/2023 financial year improved to an unqualified opinion.

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