



**UTHUKELA**

**UMKHANDLU WESIFUNDA  
DISTRIKSMUNISIPALITEIT  
DISTRICT MUNICIPALITY**

**2020/2021 – 2022/2023  
FINAL ANNUAL BUDGET & MEDIUM-TERM REVENUE  
AND EXPENDITURE FRAMEWORK**

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## **PART 1- ANNUAL BUDGET**

### **1.1 MAYORS REPORT**

**SPEECH BY THE MAYOR OF UTHUKELA DISTRICT MUNICIPALITY  
PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF TABLING OF THE 2020/2021 FINAL  
BUDGET IN THE COUNCIL  
BOARDROOM, LADYSMITH, ON 27**

#### **VISION**

Our vision is an economically sound municipality with effective infrastructure and a municipality that empowers people, protects the environment and demonstrates excellence in leadership.

In this tabled final budget Council has endeavoured to achieve these calls and has tried to provide for this within its limited resources. Given the constraints on the revenue side, tough decisions have been made to ensure a sustainable budget.

#### **JOB CREATION**

Council has heeded the Government's call for job creation and has partnered with the Department of Public Works to ensure that the EPWP is fully operational in this Municipality. The allocation for EPWP will increase for 2020/2021 financial year from R7million to R3.4 million. The municipality is unfortunately not in a position to subsidise the equitable share. Management will have to manage the contracting of workers accordingly.

#### **INFRASTRUCTURE DEVELOPMENT**

The total capital grant allocations for 2020/2021 financial year have increased to R312 million. We will continue to upgrade our infrastructure and embark on new capital projects improve water distribution and reticulation. Various infrastructure projects that have been identified by the community during the needs analysis will be considered in this budget.

#### **DEBT MANAGEMENT**

Council has written off debts for qualifying indigent debtors, a concerted effort has been made to collect and reduce all outstanding debts. Council has also approved the implementation of the flat tariff in order to improve the collection rate. Debt collection and revenue enhancement will remain a priority in the upcoming financial year. The municipality has employed recommendations from COGTA on the issue of revenue enhancement. Further to that a pool of debt collectors has been employed in order to assist with debt collection. We are anticipating an improvement in our collection rate.

#### **ASSET MANAGEMENT**

Asset management is prioritised and ensuring that councils assets are managed properly. We have responsibility of reducing expenditure on non-essential assets and prioritising repairs and maintenance of municipal assets. A certain percentage of the MIG will be allocated towards refurbishment of infrastructure.

#### **THE WAY FORWARD**

The municipality will remain dedicated to its core business of providing high quality basic services to the community. All areas of non-performance affecting basic service delivery will be identified and remedial

measures will be employed accordingly. The limited resources available will be prioritised strictly for basic service delivery.

## **1.2 COUNCIL RESOLUTIONS:**

On 29 May 2020 the Council of UThukela District Local Municipality met in the Council Boardroom of UThukela District Municipality to consider the final annual budget of the municipality for the financial year 2020/2021. The Council approved and adopted the following resolutions:

1. The UThukela District Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual final budget of the municipality for the financial year 2018/19 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
    - 1.1.3. Budget Summary as contained in Table A1
    - 1.1.4. Budgeted financial performance (revenue and expenditure) as contained in Table A4
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table A6
    - 1.2.2. Budgeted Cash Flows as contained in Table A7
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8
    - 1.2.4. Asset management as contained in Table A9
    - 1.2.5. Basic service delivery measurement as contained in Table A10
2. The Council of UThukela District Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) to consider:
  - 2.1. The tariffs for water services.
  - 2.2. The tariffs for sanitation services.
  - 2.3. The tariffs for other municipal services.

### 1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

In the compilation of this budget the municipality has taken note of the Cabinet resolution by which all national and provincial departments, constitutional institutions and all public entities are required to implement cost containment measures. These cost containment measures must be implemented to eliminate waste, reprioritise spending and ensure savings on six focus arrears namely consultancy fees, no credit cards, travel and related costs, advertising, catering and events costs as well as accommodation.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Most of which will benefit the municipality as well as consumers. Consultants have also been engaged in the revenue department to assist with the prior year's qualifying matters

National Treasury's MFMA Circular No.99 was used to guide the compilation of the 2020/2021 Final Budget and MTREF.

The main challenges experienced during the compilation of the Final 2020/2021 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging water infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Escalating water losses
- Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2020/2021 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2020/2021 MTREF.**

	<b>Adjustment Budget 2020</b>	<b>Budget 2021</b>	<b>Budget 2022</b>	<b>Budget 2023</b>
Total Operating Revenue	816,616	865,815	916,522	972,212
Total Operating Expenditure	820,149	865,815	909,790	951,442
Surplus/(Deficit)	-3,533	-	6,732	20,770
Capital Expenditure	313,937	312,046	1,104,956	1,202,438
<b>Total Budget</b>	<b>1,134,086</b>	<b>1,177,861</b>	<b>2,014,746</b>	<b>2,153,880</b>

### **Operating Revenue**

Total operating revenue has increased by 6% for the 2020/2021 financial year when compared to the 2019/2020 adjustments budget. The increase is due to the general percentage increase which is applied to service Charges tariffs and across all revenue generated by the municipality as prescribed by circular 99. Tariffs have been increased by 8.1% however the increase in operating transfers is only 5%.

### **Operating Expenditure**

Total operating expenditure for the 2020/2021 financial year has been appropriated at R865 million which results in the budget breaking even. Comparing to the 2019/2020 adjustment Budget operating expenditure has increased by 6% which is above the 4.5%. Apart from the mentioned expenditure 6.25% increase was applied to salaries which is the percentile approved by South African Local Bargaining Council.

### **Capital Expenditure**

R312 million is funding from national Government Grants for water and sanitation capital projects which are core functions of the municipality

## **1.4 OPERATING REVENUE FRAMEWORK**

For UThukela District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to achieve a 60% annual collection rate for key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and tariff policies of the Municipality.

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The following table is a summary of the 2020/2021 MTREF  
(classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source A4**

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>										
Service charges - water revenue	141 171	150 437	193 749	245 710	245 395	245 395	245 395	265 272	277 474	290 238
Service charges - sanitation revenue	14 306	15 339	27 401	17 281	16 632	16 632	16 632	17 979	18 806	19 671
Interest earned - external investments	7 189	4 192	7 090	6 283	5 640	5 640	5 640	6 097	6 378	6 671
Interest earned - outstanding debtors	43 648	43 393	56 210	67 008	63 528	63 528	63 528	68 674	71 833	75 137
Dividends received										
Fines, penalties and forfeits	3 021	3 470	5 934	53	-	-	-			
Transfers and subsidies	347 535	368 613	406 171	449 659	459 031	459 031	459 031	499 450	514 234	551 419
Other revenue	4 111	12 711	10 512	3 655	26 390	26 390	26 390	26 575	27 798	29 076
Gains										
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>560 981</b>	<b>598 154</b>	<b>707 068</b>	<b>789 649</b>	<b>816 616</b>	<b>816 616</b>	<b>816 616</b>	<b>884 047</b>	<b>916 523</b>	<b>972 213</b>

**Table 3 percentage growth in revenue by main revenue source A4**

Description			2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget 2019/2020		Budget Year 2020/21		Budget Year 2021/22		Budget Year 2022/23	
<b>Revenue By Source</b>								
Service charges - water revenue	245 395	30%	265 272	30%	277 474	30%	290 238	30%
Service charges - sanitation revenue	16 632	2%	17 979	26%	18 806	26%	19 671	26%
Interest earned - external investments	5 640	1%	6 097	1%	6 378	1%	6 671	1%
Interest earned - outstanding debtors	63 528	8%	68 674	8%	71 833	8%	75 137	8%
Dividends received								
Fines, penalties and forfeits	-							
Transfers and subsidies	459 031	56%	499 450	56%	514 234	56%	551 419	57%
Other revenue	26 390	3%	26 575	3%	27 798	3%	29 076	3%
Gains								
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>816 616</b>		<b>884 047</b>		<b>916 523</b>		<b>972 213</b>	

The two tables above shows that the municipality's main source of Revenue is grant funding as it covers above half of the income. Thus making the municipality grant reliant. Revenue from Service Charges has remained constant at 31%.

A total of R265 million is expected to be generated from Service charges, this revenue shows a 8.1% increase in tariffs, the municipality has had the burden of non-cost reflective tariffs. We continuously suffered losses of greater than 25% on service charges.



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Revenue increases by 4.6% %in the outer financial years of the MTREF which is inline with the CPI inflation.

The Municipality has adopted an 8.1% increase due to the fact that tariffs have not been cost reflective in the past and certain areas a minimum flat rate has been applied. The municipality is working towards phasing in more cost reflective tariffs however this cannot be achieved in a single financial year.

Other revenue' contributes less than 5% in the total revenue. Other revenue consists of items and services that the municipality offers such as income received from the sale of tender documents and the issue of clearance certificates and the recovery costs from uMngeni.

Operating grants and transfers totals R481 million in the 2020/2021 below is a detailed split of the operating grants

**Table 4 Operating Transfers and Grant Receipts**

Transfers and Subsidies	Budget Year 2020/21	Budget Year 2021/22	Budget Year + 2022/23
EQUITABLE SHARE	466,180	504,064	540,872
FMG	1,800	2,000	2,200
EPWP	3,730	-	-
RURAL ROAD GRANT	2,508	2,647	2,800
SPATIAL FRAMEWORK DEVELOPMENT	1,500	-	-
<b>Total Allocation</b>	<b>475,718</b>	<b>508,711</b>	<b>545,872</b>

Further amounts of R5million MIG allocation has been treated as operating transfers ,the top-slice as these amounts are classified as operational in their nature.

**An amount of R745 thousand will be received in respect of the COVID – 19 disaster management grant.**

### 1.4.1 Water and Sanitation Tariffs

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

In 2015 the District and the rest of the country experienced severe drought due to the heat and lack of rain which resulted to water shortages, the impact from that situation affected the municipality. The effects from the drought are still felt by the municipality as it affected the collection rate as water had to be shut down and distributed by water tankers. Municipality is still recovering from this situation and water tanker debts remain unsettled.

The core function of the municipality is water and sanitation which is considered to be the basic needs for human beings and the constitution says they are basic human rights. The municipality has a difficult task of setting tariffs which are affordable to all consumers and the same time must be cost reflective taking into account all cost associated with the end product.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible.

Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. As mentioned earlier services are failing to break even.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows

Tariff the cost of the provision of general services. Determining the effective tariff is therefore an integral part of the municipality's budgeting process. The municipality has considered the percentage increase in the major cost drivers of providing services. Which are electricity increasing by 8.1%, the cost of labour increasing by 6.25%, and the uMngeni bulk tariffs increasing at 8%. The 8.1% increase on tariffs is set to be cost reflective and ensure protection of basic level services to provide free water to indigent recipients.

Below are the proposed water services tariffs for the financial year 2020/2021 these tariffs exclude VAT. The Municipality has adopted a 8.1% increase due to the fact that tariffs have not been cost reflective in the past and certain areas a minimum flat rate has been applied. The municipality is working towards phasing in more cost reflective tariffs however this cannot be achieved in a single financial year.

**Table 5 Water and Sanitation Tariffs**

**WATER & SANITATION SERVICES TARIFF 2020/2021 FINANCIAL YEAR**

	<b>Description</b>	<b>Tariff</b>
1.	Tariff for accessibility to water ( basic charge occupied and unoccupied)	R86.52/ month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R110.26 month
3.	Sewer tariff for restricted usage (unmetered)	R110.26/ month
4.	Servicing sewer conservancy tanks/pits (small)	R194.80/ service
	Servicing sewer conservancy tanks/pits (large)	R417.44/ 5000l/ load
	Discharge of sewage to waste water works by private sewer tankers	R0,15/litre
	<b>Integrated Step Tariff (Domestic Use)</b>	
5.	Water tariff for water usage up to 6kl	Free/ Indigent
	Water tariff for water usage 1 to 30kl	R12.56kl
	Water tariff for water usage 31kl to 100kl	R14.55kl
	Water tariff for water usage 101kl and above	R16.73kl
	<b>Integrated step tariffs(Business use)</b>	
	Water tariff for water usage 1 to 30kl	R12.56kl
	Water tariff for water usage 31kl to 100kl	R14.55kl
	Water tariff for water usage 101kl and above	R16.73kl
	<b>Integrated Step Tariff (Industrial/Factory Use)</b>	
6.	Water tariff for water usage 1 to 1000kl	R13.04kl
	Water tariff for water usage 1001kl and above	R6.31kl
	<b>Integrated Step Tariff(Co-operatives)</b>	
	Water tariff for water usage 1 to 40kl	R6.82kl
	Water tariff for water usage 41 to 80kl	R6.73kl
	Water tariff for water usage 81kl and above	R8.11kl
	<b>Integrated Step Tariff(Churches)</b>	
	Water tariff for water usage 1 to 30kl	R5.90kl
	Water tariff for water usage 31 to 70kl	R6.73kl
	Water tariff for water usage 71kl and above	R8.11kl
	<b>Integrated Step Tariff(Trust)</b>	

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	Water tariff for water usage 1 to 30kl	R12.03kl
	Water tariff for water usage 31 to 70kl	R11.70kl
	Water tariff for water usage 71kl and above	R13.69kl
	<b>Integrated step tariff(Government use)</b>	
	Water tariff for water usage 1 to 30kl	R12.56kl
	Water tariff for water usage 31kl to 100kl	R13.55kl
	Water tariff for water usage 101kl and above	R16.73kl

7.	Bulk potable water supply to IDC Estate	R6.56kl
	Bulk Raw water supply	R4.01kl
8.	Emergency Services Connection (excluding emergency services)	R27.91kl
9.	Availability charge for fire hydrant per month	R102.06
10.	For water drawn or usage from metered fire hydrant	R13.89/kl
11.	Inspections for internal leaks and any other services (per visit)	R673.82
12.	All connections, repairs and work required from Council Domestic	Cost + 10%
13.	All connections, repairs and work required from Council other services actual cost + 10 %	Cost + 10%
14.	Trade Effluent	Charge(c/kl)= R88.86c+([COD/1000] x R1.87c) (COD-Chemical Oxygen Demand)

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15.	Account Deposits (Subject to credit worthiness)	<b>Residential dep. max</b> R2992.73 <b>Bus./Govt./Trust dep. max</b> R9970.88 <b>Industrial dep. max.</b> R17201.65 <b>Churc/Coops dep. Max</b> R2 752.85 <b>New consumers:-</b> Residential dep.R1 729.89 <b>New Bus./Govt./Industr.</b> R4128.28 <b>New Co-operatives</b> R812.93 <b>New Churches</b> R1 939.91 <b>New Trust businesses</b> R3 879.81. <b>New Trusts</b> R1 625.84 New account connection fee is R 199.99
16	New accounts administration fees- Opened by Council per para. 4.7 CC&DCP	<b>Residential: R1 704.24</b> <b>Bus/Govt/Ind:R3 789.80</b> <b>Co-ops: R 906.89</b> <b>Churches: R1 886.87</b> <b>Trusts in bus:R3 573.75</b> <b>Trusts: R1 613.76</b>
16.	Scrutiny of building plans	R516.29/ plan
17.	Clearing of grass overgrowth	Actual cost + 13%
18.	Requested Water Tankering (funerals – if not indigent)	Water R23.23 per kl Transport R16.12per km Plus 6.2% administration fee
19.	Requested Water Tankering (other events)	Water R37.47 per kl Transport R26.00 per km Plus 10% administration fee

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20.	Developer's Capital Contribution - Water	R 10817.04
21.	Developer's Capital Contribution - Sanitation	R 11898.79
22.	Disconnection Fee	R 142.76
	Reconnection fee - Working hours	R 144.94
	-After hours, Saturdays/Sundays/Public Holidays	R 356.89
23.	Clearance certificates	R527.39
24.	Flat rate services (where applicable)	R354.63 per household
25.	Moving/shifting of the existing water meter (in metres)	
26.	A distance less than a metre (1m)	R354.56
27.	A distance from 1 metre to 3 metres	R572.93
28.	A distance more than 3 metres to any distance	R852.40

### Offences and penalties

1.Any person who fails or refuses to give access required by an officer of the authority or an authorized provider shall be guilty of an offence in terms of section 34 of the Water Services By-laws and liable on conviction to a fine not exceeding R 4 583,44 or in default on payment, to imprisonment for a period not exceeding 6 months and in the event of a continued offence to a further fine not exceeding R 2 291,72 for every day during the continuance of such offence after a written notice from the authority or an authorized provider has been issued and in the event of a second offence to a fine not exceeding R 6 875,16 or, in default on payment to imprisonment for a period not exceeding 12 months.

2.Any person who obstructs or hinders any officer of the authority in the exercise of his or her powers or performance of his or her functions or duties shall be guilty of an offence in terms of section 34 of the Water Services By-laws and liable on conviction to a fine not exceeding R57 293,00 or in default on payment, to imprisonment for a period not exceeding 6 months and in the event of a continued offence to a further fine not exceeding R11 458.60 for every day during the continuance of such offence after a written notice from the authority has been issued and in the event of a second offence to a fine not exceeding R 85939.50 or,

in default on payment to imprisonment for a period not exceeding 12 months.

<b>Water and Waste Water Analysis</b>		
<b>Determinant</b>	<b>Units</b>	<b>Cost per sample</b>
Alkalinity	mg/l CaCO <sub>3</sub>	R68.88
Appearance	Descriptive	
Aluminium - soluble	mg/l Al	R59.61
Ammonia	mg/l N	R57.42
Chloride	mg/l Cl	R45.96
Chlorine – Free	mg/l Cl <sub>2</sub>	R22.89
Colour	Pt-Co	R34.34
Conductivity	mS/m	R22.87
Fluoride	mg/l F	R57.43
Iron	mg/l Fe	R33.67
Manganese	mg/l Mn	R57.42
Nitrate	mg/l N	R34.84
Nitrite	mg/l N	R34.84
Odour	Descriptive	
pH	pH Units	R22.89
Phosphate - soluble	mg/l P	R34.34
Solids - Settle able	ml/l	R34.34
Sulphate	mg/l SO <sub>4</sub>	R50.40
Sulphide	mg/l H <sub>2</sub> S	R57.42
Suspended Solids	mg/l	R50.72
Temperature	°C	
Total Dissolved Solids	mg/l	R34.34
Turbidity	NTU	R22.78
Oxygen Absorbed	mg/l O <sub>2</sub>	R68.88
Chemical Oxygen Demand	mg/l O <sub>2</sub>	R80.32
Magnesium/Calcium	mg/l Mg/Ca	R80.13

- Sample bottles can be collected at the Laboratory.
- A volume of at least 1 litre is necessary for analysis.

<b>Microbiological Analysis</b>		
Faecal coliforms	colonies per 100ml	R63.17
Total coliforms	colonies per 100ml	R63.17
Standard plate count	colonies per ml	R52.68

- Sample bottle can be collected at the Laboratory.
  - A volume of at least 1 litre is necessary for analysis.
    - Sterile bottles provided by the Laboratory should be used.
    - Samples must be delivered to the Laboratory within 6 hours of collection and should be kept cold.
    - A volume of 500ml is sufficient for analysis.
1. Prices listed are for single samples.
  2. Sterile bottles can be supplied free of charge. Bottles broken or not returned will be charged for at a rate of R20.96 per bottle.

**FINES FOR ILLEGAL CONNECTIONS AND TEMPERING**

First instance	R 2 865
Second instance	R 5 729
Third instance	R 8 594
Forth instance	R11 458

NB: Immediately if the consumer committed a fifth instance, complete disconnection of water supply will apply!

**PENALTY FEES**

1. Warning letter	R 64.61
2. Final cut-off	
• Additional deposit-business	R 193.85
• Additional deposit-households	R136.98
• Penalty fee	R 108.22

**RECONNECTION FEES:**

1. Standard fee applies during working office hours	R133.09
2. Standard rate applies after office hours	R317.63

**NEW CONNECTION (PLUMBING WORK) CHARGES, INCLUDING FIRE HYDRANT**

NO	SIZE (MM)	UNIT COST R	DEPOSIT
1	20	2 735.56	258.46



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2	25	2 735.56	258.46
3	32	3276.58	258.46
4	40	7315.00	646.17
5	50	7769.96	646.17
6	80	11 403.71	646.17
7	100	12 393.11	646.17
8	150	12 867.43	646.17

NB: The above costs exclude material and labour costs!

Tender documents  
 Maps GIS  
 Clearance certificates

	A3 PRINTER		A0 PLOTTER		
	A4	A3	A2	A1	A0
<b>Full Colour</b>	25.48	50.98	193.44	172.05	229.39
<b>Grey Scale</b>	25.48	50.97	193.44	156.30	229.39
<b>Topo Maps</b>	19.12	36.07	90.17	193.44	172.05
<b>Line / Hatch</b>	12.74	36.07	68.44	82.84	114.69

**Maps GIS tariffs**

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1.4.1.1

**Tender Documents**

Municipal Produced	R515.59
Consultants produced depending on the project	R431.18 and R503.08 respectively

- Clearance certificate R 491.55

**ALL TARIFFS ARE EXCLUSIVE OF VAT!!**

The table above reflects the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

	Description	2017/18	2018/19	2019/20	2020/2021
1.	Tariff for accessibility to water (basic charge occupied and unoccupied)	R71.25/ month	R75.53 month	R80.06 month	86.54 month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R90.78./month	R96.23./month	R102.00 month	R110.26 month
3.	Sewer tariff for restricted usage (un-metered)	R90.78/ month	R90.78/ month	R95.87 month	R103.639month
4.	Servicing sewer conservancy tanks/pits (small)	R160.40/service	R170.02/service	R180.22 month	R194.81 month
	Servicing sewer conservancy tanks/pits (large)	R343.75 / 5000l/ load	R364.38 / 5000l/ load	R386.24 /5000/load	R417.52 month
	Discharge of sewage to waste water works by private sewer tankers	R0.35/litre	R0.37/litre	R0.39	R0.42
	<b>Integrated Step Tariff (Domestic Use)</b>				
5.	Water tariff for water usage up to 6kl	Free/ Indigent	Free/ Indigent	Free /indigent	Free /indigent
	Water tariff for water usage 1 to 30kl	R10.34kl	R10.96kl	R11.62kl	R12.56kl
	Water tariff for water usage 31k to 100kl	R11.98kl	R12.70kl	R13.46kl	R14.55kl
	Water tariff for water usage 101kl to any usage	R13.77kl	R14.60kl	R15.48kl	R16.73kl

## 1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2020/2021 Budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit,
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA,
- The capital programmes aligned to the asset renewal strategy and backlog eradication plan,
- Operational gains and efficiencies will be directed to funding the capital budget and other core services, and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.
- Strict adherence to the principle of prioritising basic service delivery informed by circular 81

The following table is a high level summary of the 2020/2021 budget and MTREF (classified per main type of operating expenditure):

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2020/2021

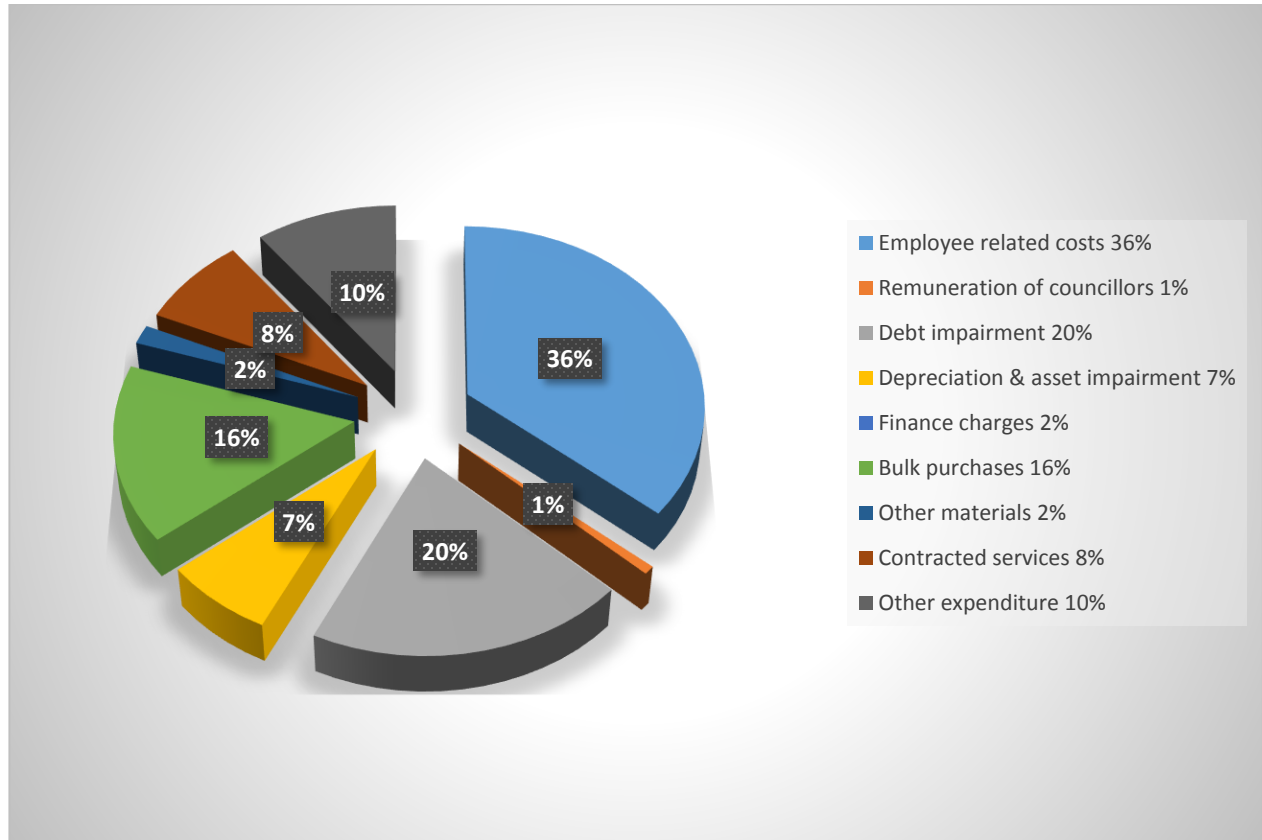
**Table 7 Summary of operating expenditure by standard classification item A4**

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
<b>Expenditure By Type</b>										
Employee related costs	218 667	253 203	292 794	291 842	296 435	296 435	296 435	312 771	327 158	342 208
Remuneration of councillors	5 483	6 547	6 486	7 956	6 342	6 342	6 342	6 372	6 665	6 971
Debt impairment	137 946	128 481	142 857	168 789	168 789	168 789	168 789	175 709	183 792	192 246
Depreciation & asset impairment	62 577	68 222	73 134	58 644	58 644	58 644	58 644	61 048	63 857	66 794
Bulk purchases	8 439	3 440	46 174	4 208	130 953	130 953	130 953	136 846	143 141	149 725
Other materials	34 235	30 053	8 456	8 950	13 486	13 486	13 486	15 307	15 231	15 932
Contracted services	120 136	88 701	87 095	59 926	68 027	68 027	68 027	87 293	71 855	75 192
Transfers and subsidies	-	-	1 608	-	-	-	-	-	-	-
Other expenditure	186 060	107 608	119 038	75 026	77 472	77 472	77 472	88 701	91 607	95 591
Losses	5 205	3 884	943							
<b>Total Expenditure</b>	<b>781 303</b>	<b>692 928</b>	<b>783 509</b>	<b>675 341</b>	<b>820 148</b>	<b>820 148</b>	<b>820 148</b>	<b>884 047</b>	<b>903 306</b>	<b>944 659</b>

**Table 8 Operating expenditure expressed as percentages**

Description	2020/21 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget		Budget Year 2020/21		Budget Year +1 2021/22		Budget Year +2 2022/23	
<b>R thousand</b>								
<b>Expenditure By Type</b>								
Employee related costs	296 435	36%	312 771	35%	327 158	36%	342 208	36%
Remuneration of councillors	6 342	1%	6 372	1%	6 665	1%	6 971	1%
Debt impairment	168 789	21%	175 709	20%	183 792	20%	192 246	20%
Depreciation & asset impairment	58 644	7%	61 048	7%	63 857	7%	66 794	7%
Bulk purchases	130 953	16%	136 846	15%	143 141	16%	149 725	16%
Other materials	13 486	2%	15 307	2%	15 231	2%	15 932	2%
Contracted services	68 027	8%	87 293	10%	71 855	8%	75 192	8%
Other expenditure	77 472	9%	88 701	10%	91 607	10%	95 591	10%
Losses								
<b>Total Expenditure</b>	<b>820 148</b>		<b>884 047</b>		<b>903 306</b>		<b>944 659</b>	

**Figure 1 Main operational expenditure categories for the 2020/2021 financial year**



### Employee related cost

The budgeted allocation for employee related costs for the 2020/2021 financial year totals R312 million, which equals 36% of the total operating expenditure. Which is well below the norm of 40%. The salaries have been increased by 6.255% as per circular No 2/2020 in line with the South African Local Government Bargaining Council.

The municipalities salaries have been calculated to be R312 million, the municipality has handed over three plants to Umngeni Water. Which has resulted in a drop in employees. Further to that this will impact on in the drop of overtime.

The municipality has been very strict in budgeting for overtime and standby, the budget has been strictly set at R15 million. Senior managers have created a plan to reduce and effectively control overtime. The plan to reduce will be attached to the budget.

### **Remuneration of Councillors**

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

### **Debt Impairment**

The cost of debt impairment is considered to be a non-cash flow item; it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

The past the audited financial years has shown a trend of nearly 20% increase of consumer debtors. In 2018/2019 financial year the audited outcome was R218 million. An amount of R175 million has been budgeted for the 2020/2021 financial year.

However the municipality is confident that this figure will be reduced during the adjustment period as measures have been put into place to try and recover a substantial amount from outstanding debtors. Two services providers have been appointed in February to deal with debt collection, their services will help the municipality with collection rate and the indigent register with correct and credible information.

### **Provision for depreciation and asset impairment**

Depreciation has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the asset consumption. Budget appropriations in this regard total R61 million for the 2020/2021 financial and equates to 7% of the total operating expenditure. Calculations for the provision as follows:

#### **Table 9 Depreciation per department (TABLE TO BE INSERTED)**

With the assumption that only 60% of the capital budget is capitalised and added to asset register, the same method is used to calculate the estimation for the additional new assets. There has also been a drop in depreciation since there were plants handed over to Umngeni.

**Other materials**

Repairs and maintenance were previously reported on this item but due to the changes that came with mSCOA data strings the following items are now classified as other materials.

**Table 10 Other Materials**

<b>DESCRIPTION</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Stationery	460,450	481,631	503,786
Fuel & Oil	6,897,000	7,214,262	7,546,118
OM Chemicals	7,003,750	7,325,923	7,662,915
Cleaning materials	200,000	209,200	218,823
<b>TOTAL OTHER MATERIALS</b>	<b>14,561,200</b>	<b>15,231,015</b>	<b>15,931,642</b>

**Contracted services**

mSCOA classifications of expenditure type have changed which has given a move of all items that are outsourced to contracted services. Some of the items such as repairs and maintenance, water tankers, operational grants expenditure have now form part of contracted services. Chemicals, insurance and computer programs no longer part of contracted services.

An amount of R2.6 million for rural roads has also been included in contracted services.

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**Table 10 Contracted Services**

DESCRIPTION	2021	2022	2023
VIP. Security (100/235525)	10,000,000	10,460,000	10,941,160
Doctors Examinations (200/260343)	418,000	437,228	457,340
Job Evaluation (200/260218)	52,250	54,654	57,168
Professional Fees (200/260343)	177,650	185,822	194,370
Repairs specialised equipment (200/..)	313,500	327,921	343,005
Security (200/235525)	10,496,961	10,979,821	11,484,893
Maintenance of buildings and facilities (200/235011)	500,000	523,000	547,058
Legal Costs (105/260240)	2,500,000	2,615,000	2,735,290
Rental Office Machines. (200/260442)	461,723	482,962	505,178
Renting of Offices (200/260443)	522,500	546,535	571,676
Computer Systems	1,000,000	1,046,000	1,094,116
Computer Licensing	3,000,000	3,138,000	3,282,348
Audit Committee (105/260027)	255,000	266,730	279,000
Billing and Printing (300/260052)	1,045,000	1,093,070	1,143,351
Collection Fees (300/225001)	783,750	819,803	857,513
Computer Programs (300/260)	2,748,350	2,874,774	3,007,014
Professional Fees (300/260342)	535,145	559,761	585,510
Development Agency (405/260118)	2,000,000	2,092,000	2,188,232
GIS. Programmes (405/406360)	700,000	732,200	765,881
SMME START UP	1,500,000	1,569,000	1,641,174
WOMEN AND YOUTH IN AGRICULTURE	1,500,000	1,569,000	1,641,174
DISASTER AWARENESS CAMPAIGNS	700,000	732,200	765,881
DISASTER RELIEF MATERIAL	2,000,000	2,092,000	2,188,232
COMMUNICATION UNIT	700,000	732,200	765,881
IDP UNIT	500,000	523,000	547,058
DISASTER & FIRE UNIFORM	400,000	418,400	437,646
TOURISM BROACHERS	500,000	523,000	547,058
DISTRICT DEVELOPMENT MODEL	300,000	313,800	328,235
TOWNSHIP AND RURAL ECONOMY	1,000,000	1,046,000	1,094,116
Building/Plant (510/235110)	261,250	273,268	285,838
Pipelines & portable water maintenance (510/235100)	5,113,561	5,348,785	5,594,829
Repairs and maintenance vehicles (510/235080)	8,882,500	9,291,095	9,718,485
Water tankering. (510/260147)	731,500	765,149	800,346
Plant & Equipment Hire (510/235510)	2,403,500	2,514,061	2,629,708
Repairs and maintenance Pumps (510/235120)	1,901,268	1,988,726	2,080,207
Repairs and maintenance Electrical (510/255045)	261,250	273,268	285,838
Technical Services EPWP (510)	3,730,000	-	-
Rural Road Asset Management	2,508,000	2,647,000	2,800,000
	<b>69,806,490</b>	<b>71,855,232</b>	<b>75,191,810</b>

Contracted services also includes an amount of R17487 000 which the MIG budget for VIP toilets this has been treated as an operational potion of MIG ( note: amount not depicted boave)



**Other Expenditure**

Other expenditure forms 10% of the total operating expenditure. Items that form the total cost other expenditure:

**Table 11 Other Expenditure**

DESCRIPTION	2021	2022	2023
Telephone	2,295,434	2,401,024	2,511,471
Skills Levy	1,400,841	1,357,542	1,419,989
Traditional leaders sitting Allowance	158,400	165,686	173,308
Advertising	200,000	209,200	218,823
External Students Bursaries	500,000	523,000	547,058
In-Service Training	735,072	768,885	804,254
LGSETA Training	500,000	523,000	547,058
SALGA Levy	2,897,333	3,030,611	3,170,019
Audit Fees	3,869,538	4,047,536	4,233,723
Insurance	5,390,425	5,638,385	5,897,750
Radio broadcasting	54,967	57,495	60,140
Bank Charges (300/260047)	802,109	839,006	877,600
Interest Charges	240,950	252,034	263,627
Pauper Burial GE	100,000	104,600	109,412
Protective Clothing (408/260347)	3,000,000	3,138,000	3,282,348
Electricity (510/255040)	54,830,224	56,515,615	59,115,333
Expenditure: Operational Cost: Indigent Relief	5,000,000	5,230,000	5,470,580
MIG TOP SLICE PROJECT MANAGEMENT''''	5,000,000	5,000,000	5,000,000
Vehicle Licence (510/260552)	1,045,000	1,093,070	1,143,351
Subsistance & Travel. (510/260534)	680,765	712,080	744,836
<b>TOTAL OTHER MATERIALS</b>	<b>88,701,058</b>	<b>91,606,768</b>	<b>95,590,680</b>

To try and minimise the cost of day to day operating expenses the municipality has put control measures such as that the staff has to pay for their private calls and this has resulted in decline in telephone expenses.

### **1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2020/2021 budget provides for in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

The following table lists the total anticipated cost for repairs and maintenance on infrastructure and assets for the year 2020/2021 and the comparison years. It must be noted that the municipality has identified all the shortcomings associated with neglecting capital assets such as infrastructure thus the increased provision for repairing and maintenance of capital assets.

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**Table 12 Repairs and maintenance per asset class SA34c**

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	59,179	51,884	15,625	5,077	10,256	10,256	7,276	7,611	7,961
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	8	-	-	-	-	-	-	-	-
<i>Drainage Collection</i>									
<i>Storm water Conveyance</i>	8								
<i>Attenuation</i>									
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>									
Water Supply Infrastructure	58,328	51,884	15,296	5,077	10,256	10,256	7,276	7,611	7,961
<i>Dams and Weirs</i>									
<i>Boreholes</i>									
<i>Reservoirs</i>									
<i>Pump Stations</i>				4,577	4,577	4,577	1,901	1,989	2,080
<i>Water Treatment Works</i>				500	5,679	5,679	5,114	5,349	5,595
<i>Bulk Mains</i>									
<i>Distribution</i>	58,328	51,884	15,296				261	273	286
<i>Distribution Points</i>									
Sanitation Infrastructure	844	-	329	-	-	-	-	-	-
<i>Pump Station</i>									
<i>Reticulation</i>									
<i>Waste Water Treatment Works</i>	844		329						
<i>Outfall Sewers</i>									
<i>Toilet Facilities</i>									
<i>Capital Spares</i>									
<b>Other assets</b>	-	553	129	105	-	-	500	523	547
Operational Buildings	-	553	129	105	-	-	500	523	547
<i>Municipal Offices</i>		553	129	105	-	-	500	523	547
<b>Intangible Assets</b>	-	-	-	-	-	-	3,000	3,138	3,282
<i>Servitudes</i>									
<i>Licences and Rights</i>	-	-	-	-	-	-	3,000	3,138	3,282
<i>Computer Software and Applications</i>							3,000	3,138	3,282
<i>Load Settlement Software Applications</i>									
<i>Unspecified</i>									
<b>Computer Equipment</b>	-	-	-	158	300	300	314	328	343
<i>Computer Equipment</i>				158	300	300	314	328	343
<b>Furniture and Office Equipment</b>	-	-	2	-	-	-	-	-	-
<i>Furniture and Office Equipment</i>			2						
<b>Machinery and Equipment</b>	-	500	248	250	250	250	261	273	286
<i>Machinery and Equipment</i>		500	248	250	250	250	261	273	286
<b>Transport Assets</b>	-	12,000	8,611	3,360	8,500	8,500	8,883	9,291	9,718
<i>Transport Assets</i>		12,000	8,611	3,360	8,500	8,500	8,883	9,291	9,718
<b>Land</b>	-	-	-	-	-	-	-	-	-
<i>Land</i>									
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<i>Zoo's, Marine and Non-biological Animals</i>									
<b>Total Repairs and Maintenance Expenditure</b>	<b>59,179</b>	<b>64,937</b>	<b>24,615</b>	<b>8,950</b>	<b>19,306</b>	<b>19,306</b>	<b>20,233</b>	<b>21,164</b>	<b>22,138</b>

a portion of the MIG has been set aside specifically for the renewal and refurbishment of assets.

Due to insufficient funds the municipality cannot meet the recommended benchmark of 8% of PPE.

**1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy.

In the 2020/2021 financial year it is anticipated that R5 million will be allocated towards the provision of free basic services.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 CAPITAL EXPENDITURE

The following table reflects a breakdown of budgeted capital expenditure by vote:

**Table 13 2020/2021 Medium-term capital budget per vote**

<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>		964	10 353	-	-	-	-	-	-	-
Executive and council		414								
Finance and administration		550	10 353							
Internal audit										
<b>Community and public safety</b>		10	-	-	-	-	-	-	-	-
Community and social services										
Sport and recreation										
Public safety										
Housing										
Health		10								
<b>Economic and environmental services</b>		38	-	-	-	2 000	2 000	2 000	-	-
Planning and development		38				2 000	2 000	2 000		
Road transport										
Environmental protection										
<b>Trading services</b>		192 053	230 686	244 683	296 937	311 937	311 937	311 937	289 559	389 299
Energy sources										
Water management		192 053	230 686	244 683	296 937	311 937	311 937	311 937	289 559	389 299
Waste water management										
Waste management										
<b>Other</b>										
<b>Total Capital Expenditure - Functional</b>	3	193 066	241 039	244 683	296 937	313 937	313 937	313 937	289 559	389 299

Due to financial constraints the capital budget is focused mainly on water infrastructure which is funded by national government grants amounting to R289 million. Note: R17 487 000 for VIP toilet facilities has been treated as part of the operational budget.

A total of R307 million will be allocated towards water and sanitation infrastructure as per the following grant allocations.

**Table 14 Infrastructure Grants**

### CAPITAL GRANTS

MIG	182,647	199,299	211,483
REGIONAL BULK INFRA	39,399	100,000	150,000
WATER SERVICES	90,000	95,000	80,800
	<b>312,046</b>	<b>1,104,956</b>	<b>1,202,438</b>

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2020/2021

Projects Name	Project Phase	Local Municipality	Funder	Budget		Total Budget	Progress	New/ongoing
				Direct Cost	Indirect cost	182,647,000		
Ntabamhlophe CWSS	Ntabamhlophe Emergency Repairs	InkosiLangalibalele		R 5,000,000,00	R 1,000,000,00	R 6,000,000,00	Contractor Appointed	Repairs to all Ntabamhlophe phases
Kwanobamaba-Ezitendeni water supply	Weenen and Ezitendeni reticulation	InkosiLangalibalele		R 14,000,000,00	R 1,960,000,00	R 15,960,000,00	Contractor Appointed	New household connection
Weenen-Ezitendeni Sanitation	Phase 1B Sewer Reticulation Construction of WWTW	InkosiLangalibalele		R 15,000,000,00 R 17,000,000,00	R 1,200,000,00 R 1,200,000,00	R 16,200,000,00 R 18,200,000,00	40% Completion 10% Completion	Project ongoing construction of sewer line and connect to household Construction of WWTW
Bergville Sanitation Project	Phase 2	Okhahlamba		R 10,000,000,00	R 1,400,000,00	R 11,400,000,00	58% Completion	Project ongoing for the construction of pump station, sewer line and erf connection
Ekuvukeni Regional Bulk Water Supply	Upgrading Oliphantskoop WTW		MIG	R 12,000,000,00	R 1,200,000,00	R 13,200,000,00	20% Completion	Projects ongoing for upgrading of WTW Project ongoing for construction of bulk pipeline and upgrading of pumpstation
	Bulk rising main and booster pump	Alfred Duma		R 20,000,000,00	R 1,200,000,00	R 21,200,000,00	25% Completion	
Fitty Park Sunday River Water Supply	Phase 2 Reticulation	Alfred Duma						
District Wide Sanitation	VIP	District wide sanitation		R 17,487,000,00	R -	R 17,487,000,00		Business Plan Submitted to DWS
Refurbishment and Upgrade of Water and Sanitation Infrastructure	Existing WWTW infrastructure	District Wide		R 18,000,000,00	R -	R 18,000,000,00		Business Plan Submitted to DWS
Upgrade Langkloof WTW, Bulk and reticulation network	Upgrading of Langkloof WTW	Okhahlamba		R 14,000,000,00	R 4,000,000,00	R 18,000,000,00		Business Plan Submitted to DWS
Upgrade of Bergville WTW and regional Bulk Water Supply phase 1	Upgrading of Bergville WTW	Okhahlamba		R 14,000,000,00	R 5,000,000,00	R 19,000,000,00		Business Plan Submitted to DWS
Okhahlamba ward 2,3 and 14 Regional Bulk Water Supply abd reticulation network	Planning	Okhahlamba			R 3,000,000,00	R 3,000,000,00		Business Plan Submitted to DWS
MIG Topslice (PMU)		District		R -	R -	R 5,000,000,00		
						R 182,647,000,00		

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2020/2021

Projects Name	Project Phase	Local Municipality	Funder	Budget		Total Budget	Progress	New/ongoing
				Direct Cost	Indirect cost	90,000,000		
Moyeni/Zwelisha Bulk & Reticulation Upgrade		Okhahlamba		R 2,400,000,00		R 2,400,000,00	Planning and Design	Upgrade of bulk pipe line and connections to industries
Escourt Industrial Pipeline Bulk Upgrade		Inkosilangalibalele		R 6,000,000,00	R 600,000,00	R 6,600,000,00	60% completion	Upgrade of bulk pipe line and connections to industries
Wembezi Bulk & Reticulation Upgrade (WCDM)		Inkosilangalibalele		R 20,000,000,00	R 1,200,000,00	R 21,200,000,00	22% Completion	Project ongoing for construction of bulk pipeline
Reticulation to ennersdale,Ephangwini phase	Phase 3	Inkosilangalibalele	WSIG	R 12,000,000,00	R 800,000,00	R 12,800,000,00	22% Completion	Project ongoing for construction of reticulation network
Reticulation to ennersdale,Ephangwini phase	Phase 4	Inkosilangalibalele		R 11,000,000,00	R 800,000,00	R 11,800,000,00	22% Completion	Project ongoing for construction of reticulation network
Reticulation to ennersdale,Ephangwini phase Ward 5	ILM Ward 5	Inkosilangalibalele		R 13,000,000,00	R 1,200,000,00	R 14,200,000,00	Tender Satge	To advertise in April
Ezakheni WCDM	Planning	Okhahlamba			R 3,000,000,00	R 3,000,000,00	Planning and Design	Business submitted
Laydismith AC Pipe replacement	Planning	Okhahlamba			R 3,000,000,00	R 3,000,000,00	Planning and Design	Business submitted
Spring Protection District Wide	District Wide	Districtwide		R 15,000,000,00	R -	R 15,000,000,00	Ongoing	New scope to be developed
						R 90,000,000,00		
Projects Name	Project Phase	Local Municipality	Funder	Budget		Total Budget	Progress	New/ongoing
				Direct Cost	Indirect cost	3,730,000		
General Water/Sewer Maintanance & Reticulation		District Wide				R 3,730,000,00		
Water Service Delivery Intervention		District Wide	EPWP			R -		
Uthukela Enviromental Impact		District Wide				R -		
						R 3,730,000,00		
Projects Name	Project Phase	Local Municipality	Funder	Budget		Total Budget	Progress	New/ongoing
				Direct Cost	Indirect cost			
Sanitation Related Equipment			MASSIFICATION			R -		
Fleet						R -		
Refurbishment of Water Infrastructure						R -		
Projects Name	Project Phase	Local Municipality	Funder	Budget		Total Budget	Progress	New/ongoing
				Direct Cost	Indirect cost	2,508,000		
RRAMS		Distric Wide	DOT			R 2,508,000,00		
Projects Name	Project Phase	Local Municipality	Funder	Budget		Total Budget	Progress	New/ongoing
				Direct Cost	Indirect cost	39,399,000		
Emnambithi Bulk Water	Stage 1			R -	R -	R -		
	Stage 2			R -	R -	R -		
	Stage 3	Alfred Duma	RBIG	R 37,399,000,00	R 2,000,000,00	R 39,399,000,00	Tender stage	To be advertised around April 2020
						R 39,399,000,00		

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2020/2021

**1.7 ANNUAL BUDGET TABLES**

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/2021 final budget and MTREF as approved by the Council.

**Table 15 MBRR Table A1 - Budget Summary**

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	155,478	165,775	221,150	262,991	262,027	262,027	262,027	283,251	296,281	309,910
Investment revenue	7,189	4,192	7,090	6,283	5,640	5,640	5,640	6,097	6,378	6,671
Transfers recognised - operational	347,535	368,613	406,171	449,659	459,031	459,031	459,031	481,218	514,234	551,419
Other own revenue	50,780	59,574	72,656	70,716	89,918	89,918	89,918	95,249	99,630	104,213
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>560,981</b>	<b>598,154</b>	<b>707,068</b>	<b>789,649</b>	<b>816,616</b>	<b>816,616</b>	<b>816,616</b>	<b>865,815</b>	<b>916,523</b>	<b>972,213</b>
Employee costs	218,667	253,203	292,794	291,842	296,435	296,435	296,435	312,771	327,158	342,208
Remuneration of councillors	5,483	6,547	6,486	7,956	6,342	6,342	6,342	6,372	6,665	6,971
Depreciation & asset impairment	62,577	68,222	73,134	58,644	58,644	58,644	58,644	61,048	63,857	66,794
Finance charges	2,555	2,789	4,925	-	-	-	-	-	-	-
Materials and bulk purchases	42,675	33,493	54,629	13,159	144,441	144,441	144,439	151,407	158,372	165,657
Transfers and grants	-	-	1,608	-	-	-	-	-	-	-
Other expenditure	449,347	328,674	349,933	303,741	314,288	314,288	314,288	334,217	347,254	363,029
<b>Total Expenditure</b>	<b>781,304</b>	<b>692,928</b>	<b>783,509</b>	<b>675,342</b>	<b>820,149</b>	<b>820,149</b>	<b>820,148</b>	<b>865,815</b>	<b>903,306</b>	<b>944,659</b>
<b>Surplus/(Deficit)</b>	<b>(220,322)</b>	<b>(94,774)</b>	<b>(76,441)</b>	<b>114,308</b>	<b>(3,534)</b>	<b>(3,534)</b>	<b>(3,532)</b>	<b>-</b>	<b>13,217</b>	<b>27,554</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	274,085	300,959	342,101	296,937	313,937	313,937	313,937	307,046	389,299	437,283
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>53,763</b>	<b>206,185</b>	<b>265,660</b>	<b>411,245</b>	<b>310,403</b>	<b>310,403</b>	<b>310,405</b>	<b>307,046</b>	<b>402,516</b>	<b>464,837</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>53,763</b>	<b>206,185</b>	<b>265,660</b>	<b>411,245</b>	<b>310,403</b>	<b>310,403</b>	<b>310,405</b>	<b>307,046</b>	<b>402,516</b>	<b>464,837</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>193,066</b>	<b>241,039</b>	<b>244,683</b>	<b>296,937</b>	<b>313,937</b>	<b>313,937</b>	<b>313,937</b>	<b>307,046</b>	<b>389,299</b>	<b>437,283</b>
Transfers recognised - capital	192,372	222,407	244,683	296,937	313,937	313,937	313,937	307,046	389,299	437,283
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	694	18,632	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	<b>193,066</b>	<b>241,039</b>	<b>244,683</b>	<b>296,937</b>	<b>313,937</b>	<b>313,937</b>	<b>313,937</b>	<b>307,046</b>	<b>389,299</b>	<b>437,283</b>
<b>Financial position</b>										
Total current assets	176,556	203,410	366,071	506,415	290,102	272,453	272,453	300,328	373,165	463,082
Total non current assets	2,332,423	2,521,976	2,697,584	3,039,990	2,898,734	2,898,734	2,898,734	3,145,145	3,532,077	3,966,883
Total current liabilities	286,553	313,360	432,528	211,923	311,986	312,387	311,986	234,435	237,051	239,787
Total non current liabilities	28,136	31,813	30,569	36,824	36,824	36,824	36,824	39,126	40,925	42,808
Community wealth/Equity	2,194,291	2,380,214	2,600,558	3,297,558	2,840,026	2,821,977	2,822,377	3,171,912	3,627,265	4,147,370
<b>Cash flows</b>										
Net cash from (used) operating	227,040	279,053	282,578	414,415	302,673	302,673	302,673	281,830	453,334	517,993
Net cash from (used) investing	(259,209)	(280,469)	(244,683)	(296,937)	(313,937)	(313,937)	(313,937)	(307,046)	(389,299)	(437,283)
Net cash from (used) financing	1,451	1,428	-	1,541	1,693	1,693	1,693	1,769	1,850	1,936
<b>Cash/cash equivalents at the year end</b>	<b>5,998</b>	<b>6,011</b>	<b>43,906</b>	<b>145,803</b>	<b>34,335</b>	<b>34,335</b>	<b>34,335</b>	<b>10,888</b>	<b>76,773</b>	<b>159,419</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	5,998	6,011	43,906	145,803	34,335	3,942	3,942	10,888	76,773	159,419
Application of cash and investments	356,144	269,872	324,716	139,983	209,346	204,522	204,121	117,709	118,259	118,836
<b>Balance - surplus (shortfall)</b>	<b>(350,146)</b>	<b>(263,862)</b>	<b>(280,810)</b>	<b>5,820</b>	<b>(175,011)</b>	<b>(200,580)</b>	<b>(200,179)</b>	<b>(106,822)</b>	<b>(41,486)</b>	<b>40,583</b>



## UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2020/2021

<b>Asset management</b>										
Asset register summary (WDV)	2,513,302	2,688,612	3,031,316	2,668,283	2,702,283	2,702,283	2,702,283	3,136,081	3,522,595	3,956,966
Depreciation	62,577	68,222	73,134	58,644	58,644	58,644	58,644	61,048	63,857	66,794
Renewal and Upgrading of Existing Assets	-	-	-	84,900	84,900	84,900	84,900	98,400	102,926	107,661
Repairs and Maintenance	59,179	64,937	24,972	8,950	19,306	19,306	19,306	20,233	21,164	22,138
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	5,000	5,000	5,230	5,471
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	28	23	23	25	25	25	26	26	27	28
Sanitation/sewage:	-	28	28	30	30	30	31	31	33	34
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised are reflected on the Financial Performance Budget;
    - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Over the MTREF there is progressive improvement in the level of cash-backing of obligations
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the public. The amount of services provided by the municipality including free basic services continues to increase.

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2020/2021

**Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue - Functional</b>	1									
<b>Governance and administration</b>		343 456	381 765	417 057	774 357	472 177	472 177	500 773	540 365	578 951
Executive and council		55 419	7 787	62 083	67 286	67 286	67 286	72 630	78 329	84 069
Finance and administration		288 037	373 978	354 974	707 071	404 891	404 891	428 143	462 036	494 882
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	5 934	53	-	-	745	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	5 934	53	-	-	745	-	-
<b>Economic and environmental services</b>		536	-	3 511	550	6 403	6 403	1 500	-	-
Planning and development		536	-	3 511	550	6 403	6 403	1 500	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		488 053	513 879	622 667	311 627	651 973	651 973	670 588	765 456	830 545
Energy sources		-	-	-	-	-	-	-	-	-
Water management		473 747	498 540	595 267	311 627	651 973	651 973	670 588	765 456	830 545
Waste water management		14 306	15 339	27 401	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>	4	3 021	3 470	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	835 066	899 113	1 049 169	1 086 586	1 130 553	1 130 553	1 173 606	1 305 822	1 409 496
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		454 118	235 405	283 905	379 809	388 664	388 664	410 302	429 175	448 917
Executive and council		56 079	52 289	48 274	56 978	61 995	61 995	65 113	68 108	71 241
Finance and administration		398 039	183 117	235 631	322 831	326 669	326 669	345 188	361 067	377 676
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		21 201	27 941	22 573	24 597	24 115	24 115	28 427	28 956	30 288
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		21 201	27 941	22 573	24 597	24 115	24 115	28 427	28 956	30 288
<b>Economic and environmental services</b>		23 767	23 711	26 183	22 995	30 407	30 407	33 713	37 979	39 726
Planning and development		23 767	23 711	26 183	22 995	30 407	30 407	33 713	37 979	39 726
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		282 218	405 871	450 848	247 941	376 964	376 964	411 606	407 196	425 728
Energy sources		-	-	-	-	-	-	-	-	-
Water management		282 218	405 871	450 848	247 941	376 964	376 964	411 606	407 196	425 728
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	781 304	692 928	783 509	675 342	820 149	820 149	884 047	903 306	944 659
<b>Surplus/(Deficit) for the year</b>		53 763	206 185	265 660	411 245	310 403	310 403	289 559	402 516	464 837

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

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2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

**Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue by Vote</b>	1									
105 - MUNICIPAL MANAGER		55 419	7 787	62 083	67 286	67 286	67 286	72 630	78 329	84 069
200 - CORPORATE SERVICES		-	-	-	-	964	964	500	523	547
300 - BUDGET AND TREASURY		288 037	373 978	354 974	707 071	398 804	398 804	427 643	461 513	494 335
405 - SOCIAL SERVICES(PLANNING&ECONOMIC D		536	-	3 511	550	6 403	6 403	1 500	-	-
408 - WSA& HEALTH SERVICES		-	-	5 934	53	-	-	745	-	-
500 - WATER, SANITATION AND TECHNICAL SERV		491 074	517 349	622 667	311 627	657 096	657 096	670 588	765 456	830 545
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>835 066</b>	<b>899 113</b>	<b>1 049 169</b>	<b>1 086 586</b>	<b>1 130 553</b>	<b>1 130 553</b>	<b>1 173 606</b>	<b>1 305 822</b>	<b>1 409 496</b>
<b>Expenditure by Vote to be appropriated</b>	1									
105 - MUNICIPAL MANAGER		56 079	52 289	48 274	56 978	61 995	61 995	65 113	68 108	71 241
200 - CORPORATE SERVICES		53 112	63 094	59 071	43 073	47 660	47 660	56 345	58 937	61 648
300 - BUDGET AND TREASURY		344 927	120 023	176 560	279 758	279 009	279 009	288 844	302 130	316 028
405 - SOCIAL SERVICES(PLANNING&ECONOMIC D		23 767	23 711	26 183	22 995	30 407	30 407	33 713	37 979	39 726
408 - WSA& HEALTH SERVICES		21 201	27 941	22 573	24 597	24 115	24 115	28 427	28 956	30 288
500 - WATER, SANITATION AND TECHNICAL SERV		282 217	405 871	450 848	247 941	376 964	376 964	411 606	407 196	425 728
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>781 304</b>	<b>692 928</b>	<b>783 509</b>	<b>675 342</b>	<b>820 149</b>	<b>820 149</b>	<b>884 047</b>	<b>903 306</b>	<b>944 659</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>53 763</b>	<b>206 185</b>	<b>265 660</b>	<b>411 245</b>	<b>310 403</b>	<b>310 403</b>	<b>289 559</b>	<b>402 516</b>	<b>464 837</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality.

Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

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**Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	141 171	150 437	193 749	245 710	245 395	245 395	245 395	265 272	277 474	290 238
Service charges - sanitation revenue	2	14 306	15 339	27 401	17 281	16 632	16 632	16 632	17 979	18 806	19 671
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment											
Interest earned - external investments		7 189	4 192	7 090	6 283	5 640	5 640	5 640	6 097	6 378	6 671
Interest earned - outstanding debtors		43 648	43 393	56 210	67 008	63 528	63 528	63 528	68 674	71 833	75 137
Dividends received											
Fines, penalties and forfeits		3 021	3 470	5 934	53	-	-	-			
Licences and permits											
Agency services											
Transfers and subsidies		347 535	368 613	406 171	449 659	459 031	459 031	459 031	499 450	514 234	551 419
Other revenue	2	4 111	12 711	10 512	3 655	26 390	26 390	26 390	26 575	27 798	29 076
Gains											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>560 981</b>	<b>598 154</b>	<b>707 068</b>	<b>789 649</b>	<b>816 616</b>	<b>816 616</b>	<b>816 616</b>	<b>884 047</b>	<b>916 523</b>	<b>972 213</b>
<b>Expenditure By Type</b>											
Employee related costs	2	218 667	253 203	292 794	291 842	296 435	296 435	296 435	312 771	327 158	342 208
Remuneration of councillors		5 483	6 547	6 486	7 956	6 342	6 342	6 342	6 372	6 665	6 971
Debt impairment	3	137 946	128 481	142 857	168 789	168 789	168 789	168 789	175 709	183 792	192 246
Depreciation & asset impairment	2	62 577	68 222	73 134	58 644	58 644	58 644	58 644	61 048	63 857	66 794
Finance charges		2 555	2 789	4 925							
Bulk purchases	2	8 439	3 440	46 174	4 208	130 953	130 953	130 953	136 846	143 141	149 725
Other materials	8	34 235	30 054	8 456	8 951	13 488	13 488	13 486	15 307	15 231	15 932
Contracted services		120 136	88 701	87 095	59 926	68 027	68 027	68 027	87 293	71 855	75 192
Transfers and subsidies		-	-	1 608	-	-	-	-	-	-	-
Other expenditure	4, 5	186 060	107 608	119 038	75 026	77 472	77 472	77 472	88 701	91 607	95 591
Losses		5 205	3 884	943							
<b>Total Expenditure</b>		<b>781 304</b>	<b>692 928</b>	<b>783 509</b>	<b>675 342</b>	<b>820 149</b>	<b>820 149</b>	<b>820 148</b>	<b>884 047</b>	<b>903 306</b>	<b>944 659</b>
<b>Surplus/(Deficit)</b>		<b>(220 322)</b>	<b>(94 774)</b>	<b>(76 441)</b>	<b>114 308</b>	<b>(3 534)</b>	<b>(3 534)</b>	<b>(3 532)</b>	<b>-</b>	<b>13 217</b>	<b>27 554</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		274 085	300 959	342 101	296 937	313 937	313 937	313 937	289 559	389 299	437 283
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-									
Transfers and subsidies - capital (in-kind - all)											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>53 763</b>	<b>206 185</b>	<b>265 660</b>	<b>411 245</b>	<b>310 403</b>	<b>310 403</b>	<b>310 405</b>	<b>289 559</b>	<b>402 516</b>	<b>464 837</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>53 763</b>	<b>206 185</b>	<b>265 660</b>	<b>411 245</b>	<b>310 403</b>	<b>310 403</b>	<b>310 405</b>	<b>289 559</b>	<b>402 516</b>	<b>464 837</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>53 763</b>	<b>206 185</b>	<b>265 660</b>	<b>411 245</b>	<b>310 403</b>	<b>310 403</b>	<b>310 405</b>	<b>289 559</b>	<b>402 516</b>	<b>464 837</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>53 763</b>	<b>206 185</b>	<b>265 660</b>	<b>411 245</b>	<b>310 403</b>	<b>310 403</b>	<b>310 405</b>	<b>289 559</b>	<b>402 516</b>	<b>464 837</b>

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total operating revenue is R865 million in 2020/2021 and escalates to R972 million by 2021/2023. However given sound financial management strategies are put in place we can expect an increase in revenues exceeding 4. 6%
2. Total operating expenditure has been budgeted at R865 million in 2020/201 therefore the budget breaks even.expenditure increases to R944 million in 2022/2023.

**Table 19 MBRR - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding**

<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		964	10 353	-	-	-	-	-	-	-	-
Executive and council		414									
Finance and administration		550	10 353								
Internal audit											
<b>Community and public safety</b>		10	-	-	-	-	-	-	-	-	-
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health		10									
<b>Economic and environmental services</b>		38	-	-	-	2 000	2 000	2 000	-	-	-
Planning and development		38				2 000	2 000	2 000			
Road transport											
Environmental protection											
<b>Trading services</b>		192 053	230 686	244 683	296 937	311 937	311 937	311 937	289 559	389 299	437 283
Energy sources											
Water management		192 053	230 686	244 683	296 937	311 937	311 937	311 937	289 559	389 299	437 283
Waste water management											
Waste management											
<b>Other</b>											
<b>Total Capital Expenditure - Functional</b>	3	193 066	241 039	244 683	296 937	313 937	313 937	313 937	289 559	389 299	437 283
<b>Funded by:</b>											
National Government		192 372	222 407	244 683	296 937	296 937	296 937	296 937	289 559	389 299	437 283
Provincial Government						17 000	17 000	17 000			
District Municipality											
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)											
<b>Transfers recognised - capital</b>	4	192 372	222 407	244 683	296 937	313 937	313 937	313 937	289 559	389 299	437 283
<b>Borrowing</b>	6										
<b>Internally generated funds</b>		694	18 632								
<b>Total Capital Funding</b>	7	193 066	241 039	244 683	296 937	313 937	313 937	313 937	289 559	389 299	437 283

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**Explanatory notes to Table A5- Budgeted Capital Expenditure**

The capital budget is fully grant funded the municipality has budgeted R307 million towards water and sanitation infrastructure, for the 2020/2021 financial year.

**Table 20 MBRR Table A6 - Budgeted Financial Position**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		3,675	5,623	43,906	77,931	34,335	3,942	3,942	10,888	26,773	59,419
Call investment deposits	1	2,323	388		67,872					50,000	100,000
Consumer debtors	1	159,658	186,361	217,818	349,574	244,729	257,474	257,474	280,781	287,334	294,189
Other debtors				97,446	4,143	4,143	4,143	4,143	4,329	4,529	4,737
Current portion of long-term receivables		4,974	4,143	346							
Inventory	2	5,926	6,895	6,556	6,895	6,895	6,895	6,895	4,329	4,529	4,737
<b>Total current assets</b>		<b>176,556</b>	<b>203,410</b>	<b>366,071</b>	<b>506,415</b>	<b>290,102</b>	<b>272,453</b>	<b>272,453</b>	<b>300,328</b>	<b>373,165</b>	<b>463,082</b>
<b>Non current assets</b>											
Long-term receivables		6,251	6,251	6,251	6,251	6,251	6,251	6,251	6,532	6,833	7,147
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	2,325,584	2,512,760	2,688,112	3,030,774	2,889,561	2,889,561	2,889,561	3,135,558	3,522,049	3,956,394
Biological											
Intangible		588	542	500	542	500	500	500	523	547	572
Other non-current assets			2,423	2,722	2,423	2,423	2,423	2,423	2,532	2,649	2,770
<b>Total non current assets</b>		<b>2,332,423</b>	<b>2,521,976</b>	<b>2,697,584</b>	<b>3,039,990</b>	<b>2,898,734</b>	<b>2,898,734</b>	<b>2,898,734</b>	<b>3,145,145</b>	<b>3,532,077</b>	<b>3,966,883</b>
<b>TOTAL ASSETS</b>		<b>2,508,979</b>	<b>2,725,386</b>	<b>3,063,656</b>	<b>3,546,405</b>	<b>3,188,837</b>	<b>3,171,188</b>	<b>3,171,188</b>	<b>3,445,473</b>	<b>3,905,242</b>	<b>4,429,965</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4										
Consumer deposits		13,582	15,035	584	18,341	32,000	32,000	32,000	33,440	34,978	36,587
Trade and other payables	4	253,039	275,357	359,864	171,162	257,566	257,967	257,566	177,566	177,566	177,566
Provisions		19,933	22,967	72,080	22,420	22,420	22,420	22,420	23,429	24,507	25,634
<b>Total current liabilities</b>		<b>286,553</b>	<b>313,360</b>	<b>432,528</b>	<b>211,923</b>	<b>311,986</b>	<b>312,387</b>	<b>311,986</b>	<b>234,435</b>	<b>237,051</b>	<b>239,787</b>
<b>Non current liabilities</b>											
Borrowing											
Provisions		28,136	31,813	30,569	36,824	36,824	36,824	36,824	39,126	40,925	42,808
<b>Total non current liabilities</b>		<b>28,136</b>	<b>31,813</b>	<b>30,569</b>	<b>36,824</b>	<b>36,824</b>	<b>36,824</b>	<b>36,824</b>	<b>39,126</b>	<b>40,925</b>	<b>42,808</b>
<b>TOTAL LIABILITIES</b>		<b>314,689</b>	<b>345,173</b>	<b>463,097</b>	<b>248,747</b>	<b>348,810</b>	<b>349,211</b>	<b>348,810</b>	<b>273,561</b>	<b>277,976</b>	<b>282,595</b>
<b>NET ASSETS</b>	5	<b>2,194,291</b>	<b>2,380,214</b>	<b>2,600,558</b>	<b>3,297,658</b>	<b>2,840,026</b>	<b>2,821,977</b>	<b>2,822,377</b>	<b>3,171,912</b>	<b>3,627,265</b>	<b>4,147,370</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		2,194,291	2,380,214	2,600,558	3,297,658	2,840,026	2,821,977	2,822,377	3,171,912	3,627,265	4,147,370
Reserves	4										
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>2,194,291</b>	<b>2,380,214</b>	<b>2,600,558</b>	<b>3,297,658</b>	<b>2,840,026</b>	<b>2,821,977</b>	<b>2,822,377</b>	<b>3,171,912</b>	<b>3,627,265</b>	<b>4,147,370</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. This table is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Non-current Provisions;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

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**Table 21 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates									-	-	-
Service charges		81,362	104,940	133,735	105,737	117,912	117,912	117,912	169,951	177,768	185,946
Other revenue		1,727	3,751	10,512	3,708	26,382	26,382	26,382	26,575	27,798	29,076
Transfers and Subsidies - Operational	1	347,535	315,745	406,171	449,659	448,951	448,951	448,951	481,218	514,234	551,419
Transfers and Subsidies - Capital	1	327,640	347,339	342,101	296,937	313,937	313,937	313,937	307,046	389,299	437,283
Interest		7,189	4,192	7,090	6,283	5,640	5,640	5,640	6,097	6,378	6,671
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(535,859)	(494,125)	(612,107)	(447,909)	(610,149)	(610,149)	(610,149)	(709,057)	(662,142)	(692,402)
Finance charges		(2,555)	(2,789)	(4,925)					-	-	-
Transfers and Grants	1								-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>227,040</b>	<b>279,053</b>	<b>282,578</b>	<b>414,415</b>	<b>302,673</b>	<b>302,673</b>	<b>302,673</b>	<b>281,830</b>	<b>453,334</b>	<b>517,993</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE									-	-	-
Decrease (increase) in non-current receivables			14,768						-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets		(259,209)	(295,237)	(244,683)	(296,937)	(313,937)	(313,937)	(313,937)	(307,046)	(389,299)	(437,283)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(259,209)</b>	<b>(280,469)</b>	<b>(244,683)</b>	<b>(296,937)</b>	<b>(313,937)</b>	<b>(313,937)</b>	<b>(313,937)</b>	<b>(307,046)</b>	<b>(389,299)</b>	<b>(437,283)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		1,696	1,454		1,541	1,693	1,693	1,693	1,769	1,850	1,936
<b>Payments</b>											
Repayment of borrowing		(245)	(25)						-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>1,451</b>	<b>1,428</b>	<b>-</b>	<b>1,541</b>	<b>1,693</b>	<b>1,693</b>	<b>1,693</b>	<b>1,769</b>	<b>1,850</b>	<b>1,936</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(30,718)</b>	<b>13</b>	<b>37,895</b>	<b>119,019</b>	<b>(9,571)</b>	<b>(9,571)</b>	<b>(9,571)</b>	<b>(23,447)</b>	<b>65,886</b>	<b>82,646</b>
Cash/cash equivalents at the year begin:	2	36,715	5,998	6,011	26,783	43,906	43,906	43,906	34,335	10,888	76,773
Cash/cash equivalents at the year end:	2	5,998	6,011	43,906	145,803	34,335	34,335	34,335	10,888	76,773	159,419

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

- Table A7 details the cash flow of the municipality and is one of the plays a pivotal role in measuring the funding of the budget.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- 2020/2021 adjustment cash flow estimated that the municipality will have R34.3 million at year end.



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- It is anticipated that the municipality will have R34.3 million at year end provided the applied collection rate of 60% is maintained through out the year. As well as the cost containment measures are applied effectively as detailed in the recovery plan.
- All operating expenditure budgeted on table A4 has been budgeted to be settled in 2020/2021.
- Payment to creditors and suppliers includes an amount of R80 million which is budgeted to settle old debts per approved payment plans.

**Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	5,998	6,011	43,906	145,803	34,335	34,335	34,335	10,888	76,773	159,419
Other current investments > 90 days		-	-	-	1	-	(30,393)	(30,393)	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>5,998</b>	<b>6,011</b>	<b>43,906</b>	<b>145,803</b>	<b>34,335</b>	<b>3,942</b>	<b>3,942</b>	<b>10,888</b>	<b>76,773</b>	<b>159,419</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	18,162	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	150,007	64,459	64,459	64,459	29,693	29,693	29,693	67,940	71,065	74,334
Other working capital requirements	3	186,204	182,456	202,013	34,942	152,968	148,144	147,743	26,138	22,476	18,646
Other provisions		19,933	22,957	58,244	22,420	26,684	26,684	26,684	23,631	24,718	25,855
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>356,144</b>	<b>269,872</b>	<b>324,716</b>	<b>139,983</b>	<b>209,346</b>	<b>204,522</b>	<b>204,121</b>	<b>117,709</b>	<b>118,259</b>	<b>118,836</b>
<b>Surplus(shortfall)</b>		<b>(350,146)</b>	<b>(263,862)</b>	<b>(280,810)</b>	<b>5,820</b>	<b>(175,011)</b>	<b>(200,580)</b>	<b>(200,179)</b>	<b>(106,822)</b>	<b>(41,486)</b>	<b>40,583</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

5. From the table it can be seen that for the period 2020/2021 to 2021/2022 the budget is expected to be unfunded by R106 million and R41 million respectively.
6. The municipality has also compiled a budget funding plan, which identifies the major costs drivers and the areas of possible cost containment . the detailed funding plan consists of strategies that municipalities will employ as measures of cost containment and the financial benefits thereon. The plan adopted will cover a 10 year financial span, however improvements in the financial position of the municipality can be noted within three years.
7. The municipality notes the financial pressure imposed by the contract between its self and uMngeni. The Department of Cooperative Governance and Traditional Affairs has established a task team which is supported by treasury to review the terms of the contract. This task team was appointed in the month of March 2020 and is working tirelessly to review the contract.

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Table 23 MBRR -Table A9 Asset Management

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	193,065	241,039	244,683	212,037	229,037	229,037	208,646	286,373	329,622
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	2,787	2,787	2,787	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	192,018	222,407	244,683	188,142	203,230	203,230	181,046	257,503	299,424
<i>Sanitation Infrastructure</i>	-	-	-	20,520	20,520	20,520	27,600	28,870	30,198
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>192,018</b>	<b>222,407</b>	<b>244,683</b>	<b>211,449</b>	<b>226,537</b>	<b>226,537</b>	<b>208,646</b>	<b>286,373</b>	<b>329,622</b>
<b>Investment properties</b>									
<i>Operational Buildings</i>	1,047	18,632	-	-	-	-	-	-	-
<i>Housing</i>	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>1,047</b>	<b>18,632</b>							
<b>Biological or Cultivated Assets</b>									
<i>Servitudes</i>	-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>	-	-	-	588	500	500	-	-	-
<b>Intangible Assets</b>				<b>588</b>	<b>500</b>	<b>500</b>			
<b>Computer Equipment</b>									
<b>Furniture and Office Equipment</b>									
<b>Machinery and Equipment</b>									
<b>Transport Assets</b>					<b>2,000</b>	<b>2,000</b>			
<b>Land</b>									
<b>Zoo's, Marine and Non-biological Animals</b>									
<b>Total Renewal of Existing Assets</b>				<b>84,900</b>	<b>84,900</b>	<b>84,900</b>	<b>59,400</b>	<b>62,132</b>	<b>64,990</b>
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	-	45,000	45,000	45,000	59,400	62,132	64,990
<i>Sanitation Infrastructure</i>	-	-	-	39,900	39,900	39,900	-	-	-
<b>Infrastructure</b>				<b>84,900</b>	<b>84,900</b>	<b>84,900</b>	<b>59,400</b>	<b>62,132</b>	<b>64,990</b>
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>	-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>							<b>39,000</b>	<b>40,794</b>	<b>42,671</b>
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	30,000	31,380	32,823
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	9,000	9,414	9,847
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>							<b>39,000</b>	<b>40,794</b>	<b>42,671</b>
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>									
<b>Total Capital Expenditure</b>	<b>193,065</b>	<b>241,039</b>	<b>244,683</b>	<b>296,937</b>	<b>313,937</b>	<b>313,937</b>	<b>307,046</b>	<b>389,299</b>	<b>437,283</b>
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	2,787	2,787	2,787	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	192,018	222,407	244,683	233,142	248,230	248,230	270,446	351,015	397,238
<i>Sanitation Infrastructure</i>	-	-	-	60,420	60,420	60,420	36,600	38,284	40,045
<b>Infrastructure</b>	<b>192,018</b>	<b>222,407</b>	<b>244,683</b>	<b>296,349</b>	<b>311,437</b>	<b>311,437</b>	<b>307,046</b>	<b>389,299</b>	<b>437,283</b>
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>									
<i>Operational Buildings</i>	1,047	18,632	-	-	-	-	-	-	-
<i>Housing</i>	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>1,047</b>	<b>18,632</b>							
<b>Biological or Cultivated Assets</b>									
<i>Licences and Rights</i>	-	-	-	588	500	500	-	-	-
<b>Intangible Assets</b>				<b>588</b>	<b>500</b>	<b>500</b>			
<b>Computer Equipment</b>									
<b>Furniture and Office Equipment</b>									
<b>Machinery and Equipment</b>									
<b>Transport Assets</b>					<b>2,000</b>	<b>2,000</b>			
<b>Land</b>									
<b>Zoo's, Marine and Non-biological Animals</b>									
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>193,065</b>	<b>241,039</b>	<b>244,683</b>	<b>296,937</b>	<b>313,937</b>	<b>313,937</b>	<b>307,046</b>	<b>389,299</b>	<b>437,283</b>

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<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	2,513,302	2,688,612	3,031,316	2,668,283	2,702,283	2,702,283	3,136,081	3,522,595	3,956,966
<i>Roads Infrastructure</i>									
<i>Storm water Infrastructure</i>				9,093	9,093	9,093	9,503	9,940	10,397
<i>Electrical Infrastructure</i>									
<i>Water Supply Infrastructure</i>	2,255,280	2,447,248	2,577,058	2,517,347	2,532,347	2,532,347	2,960,678	3,339,125	3,765,056
<b>Infrastructure</b>	<b>2,255,280</b>	<b>2,447,248</b>	<b>2,577,058</b>	<b>2,526,440</b>	<b>2,541,440</b>	<b>2,541,440</b>	<b>2,970,181</b>	<b>3,349,065</b>	<b>3,775,453</b>
<b>Community Assets</b>									
<b>Heritage Assets</b>									
<b>Investment properties</b>									
<b>Other Assets</b>	258,022	241,364	454,258	141,255	158,255	158,255	165,377	172,984	180,942
<b>Biological or Cultivated Assets</b>									
<b>Intangible Assets</b>				588	588	588	523	547	572
<b>Computer Equipment</b>									
<b>Furniture and Office Equipment</b>									
<b>Machinery and Equipment</b>									
<b>Transport Assets</b>									
<b>Land</b>				-	2,000	2,000			
<b>Zoo's, Marine and Non-biological Animals</b>									
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>2,513,302</b>	<b>2,688,612</b>	<b>3,031,316</b>	<b>2,668,283</b>	<b>2,702,283</b>	<b>2,702,283</b>	<b>3,136,081</b>	<b>3,522,595</b>	<b>3,956,966</b>
<b>EXPENDITURE OTHER ITEMS</b>	<b>121,756</b>	<b>133,159</b>	<b>98,106</b>	<b>67,594</b>	<b>77,950</b>	<b>77,950</b>	<b>81,282</b>	<b>85,021</b>	<b>88,932</b>
<b>Depreciation</b>	62,577	68,222	73,134	58,644	58,644	58,644	61,048	63,857	66,794
<b>Repairs and Maintenance by Asset Class</b>	<b>59,179</b>	<b>64,937</b>	<b>24,972</b>	<b>8,950</b>	<b>19,306</b>	<b>19,306</b>	<b>20,233</b>	<b>21,164</b>	<b>22,138</b>
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	8	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	58,328	51,884	15,296	5,077	10,256	10,256	7,276	7,611	7,961
<i>Sanitation Infrastructure</i>	844	-	329	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>59,179</b>	<b>51,884</b>	<b>15,625</b>	<b>5,077</b>	<b>10,256</b>	<b>10,256</b>	<b>7,276</b>	<b>7,611</b>	<b>7,961</b>
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	-	553	129	105	-	-	500	523	547
<i>Housing</i>	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	<b>553</b>	<b>129</b>	<b>105</b>	-	-	<b>500</b>	<b>523</b>	<b>547</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
<i>Servitudes</i>	-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>	-	-	-	-	-	-	3,000	3,138	3,282
<b>Intangible Assets</b>	-	-	-	-	-	-	<b>3,000</b>	<b>3,138</b>	<b>3,282</b>
<b>Computer Equipment</b>	-	-	-	158	300	300	314	328	343
<b>Furniture and Office Equipment</b>	-	-	2	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	500	248	250	250	250	261	273	286
<b>Transport Assets</b>	-	12,000	8,968	3,360	8,500	8,500	8,883	9,291	9,718
<b>Land</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>121,756</b>	<b>133,159</b>	<b>98,106</b>	<b>67,594</b>	<b>77,950</b>	<b>77,950</b>	<b>81,282</b>	<b>85,021</b>	<b>88,932</b>
<i>Renewal and upgrading of Existing Assets as % of total c</i>	0,0%	0,0%	0,0%	28,6%	27,0%	27,0%	32,0%	26,4%	24,6%
<i>Renewal and upgrading of Existing Assets as % of deprec</i>	0,0%	0,0%	0,0%	144,8%	144,8%	144,8%	161,2%	161,2%	161,2%
<i>R&amp;M as a % of PPE</i>	2,5%	2,6%	0,9%	0,3%	0,7%	0,7%	0,6%	0,6%	0,6%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	2,0%	2,0%	1,0%	4,0%	4,0%	4,0%	4,0%	4,0%	3,0%

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The Municipality has committed to the renewal and repairs and maintenance of existing capital assets. The cost saving that will be gained from maintaining existing assets will be employed in future capital projects

## **PART 2 – SUPPORTING DOCUMENTATION**

### **2.1. OVER VIEW OF THE BUDGETPROCESS**

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

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

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

#### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2019) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2019, Key dates applicable to the process were as follows:

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**Table 24 Key dates applicable to the process were as follows:**

Activity No.	Action/ Task for IDP	Timeframe for Task Completion
<b>July 2019 &amp; Aug. 2019</b>	▪ Finaling of the IDP Framework and process plan	12 July 2019
	▪ Alignment of IDP and budget process plans	19 July 2019
	▪ Submission of the final Framework and Process Plan to COGTA for comments	26 July 2019
	▪ Advertisement of the IDP Framework and process plan	29 July 2019
	▪ Adoption of IDP Framework and Process Plan by full council	29 August 2019
	Planning Indaba	30 August 2019
<b>Sept 2019</b>	▪ Submission of the adopted IDP Framework and Process plan to COGTA	02 September 2019
	▪ Identify outstanding Sector Plans	26 September 2019
	▪ Integrate sector plans.	26 September 2019
	▪ IDP input into provincial adjustment budgets	27 September 2019
	▪ Provincial planners Forum	30 September 2019
	<b>Oct 2019</b>	▪ Provide inputs in the review of the Spatial Development Framework
▪ Projects identifications and prioritization		11 October 2019
▪ Develop KPI's targets, timeframes etc. where impacted upon by reprioritization		18 October 2019
▪ Align with final budget estimates		25 October 2019
<b>Nov 2019</b>	▪ World Planning Day	01 November 2019
	▪ Municipal alignment session	08 November 2019
	▪ Municipal alignment session	11 November 2019
	▪ Alignment meeting between DM & Province to revised 3 year MTEF	21 November 2019
	▪ Alignment meeting with family of municipalities	21 November 2019
	▪ SDF Alignment between the bordering district municipalities	21 November 2019
<b>Dec 2019</b>	▪ IDP best practice conference	03 December 2019
<b>Jan 2020</b>	▪ IDP Supporting Structure Committee Meeting	17 January 2020
	▪ Midyear review engagement 2019-2020 with Provincial Treasury	27 January 2020
<b>Feb 2020</b>	IDP steering committee and strategic planning session to: - Review Municipal Vision and Mission	6&7 February 2020

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	- Develop Objectives and Strategies	
	▪ Meeting COGTA and municipalities on IDP assessment	13 February 2020
	▪ Updating of municipal CIP and MTEF based on Final DORA allocations	17 February 2020
	▪ Updating of municipal CIP and MTEF based on Final DORA allocations	19 February 2020
	▪ IDP Representative Forum meeting	21 February 2020
	▪ IDP Roadshows (needs analysis)	24-28 February 2020
<b>March 2020</b>	▪ EXCO approval of the Final, recommend to Council ▪ Council Approval of the Final IDP 2020/2021 ▪ Submission of the Final 2020/2021 IDP to COGTA	20 March 2020 30 March 2020 31 March 2020
<b>April 2020</b>	• Decentralized IDP assessment forums • Advertise for public comments(21days) • Engagement with Provincial Treasury on the proposed final budget 2020-2021  • IDP/Budget Road shows	10 April 2020 13 April 2020 15 April 2020 20-30 April 2020
<b>May 2020</b>	▪ IDP Assessment Feedback Session  ▪ Amend IDP in accordance with the outcome of the assessment	04 May 2020  11 May 2020
<b>May 2020</b>	▪ EXCO recommend to Council  ▪ Council approval of the final 2020/2021 IDP	15 May 2020  29 May 2020
<b>June 2020</b>	▪ Submission of the adopted IDP to the MEC ▪ Advertise the Adopted IDP in the local newspaper	02 June 2020 09 June 2020

## **2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP**

### **2.2.1 ROLE PLAYERS**

- **National Linkages**

The national sphere should at least provide a framework for the preparation of the sectoral Plans, and where possible funding be accessed. This will contribute to the creation of a normative framework and consistency between municipalities.

The national sphere should also co-ordinate and prioritizes programmes and budgets between sectors and the national sphere in line with the framework.

- **Provincial Level**

As with the National Government, Provincial Government should prepare sectoral guidelines and funding analysis (Business Plans) for the preparation of these plans.

The preparation of the sectoral Plans and programmes and district programmes also need to be coordinated and aligned.

### **2.2.2 KEY STAGES OF ALIGNMENT BETWEEN UTHUKELA DISTRICT MUNICIPALITY AND ITS FAMILY OF MUNICIPALITIES**

Alignment meetings will take place on a quarterly basis through the IDP Supporting structure Committee that is formed by the IDP Managers of all Local Municipalities, representative from COGTA and is chaired by the District IDP Manager. It ensures that the IDP process is carried out in a holistic manner, interaction between the district and locals is essential as well as the alignment. Should a need arise for more of these meetings, local municipalities and the district municipality will have to come to consensus on suitable dates.

### **2.2.3 PARTICIPATING LOCAL MUNICIPALITIES**

The uThukela district municipality consists of three local municipalities, which are:

- Alfred Duma Local Municipality
- Inkosi Langalibalele Local Municipality
- Okhahlamba Local Municipality



The Final IDP Framework and Process Plan have been circulated to all local municipalities and COGTA for their inputs before its adoption.

#### **2.2.4 MONITORING OF THE PROCESS PLAN**

Alignment is the instrument that synthesis and integrates the top-down and the bottom-up planning process between different spheres of government. Not only alignment between the district and the local municipalities is important, but also between the local municipalities within the jurisdiction of the district municipality. The alignment procedures and mechanisms should be incorporated in the process plans of the local municipalities, while the responsibility for alignment rests with the district municipality.

In order to facilitate the above, frequent IDP alignment meetings will be rotational in all local municipalities, chaired and convened by the District. The secretariat function will be performed by the hosting municipality and verified by the district IDP Manager before its circulation to all members of the family. Coordination meetings have been scheduled as well as alignment workshops as stipulated in the Activity programme.

IDP Manager is required to submit a written report at each meeting, indicating progress and deviations from the Framework and Process plan, as well as the recommended action to address the deviation. The members at the meeting will assess the deviation and recommend necessary amendments to the Process Plan to the individual Steering Committees, which will make a decision as to whether the matter needs to be endorsed by the Executive Committee of the relevant Municipality.

#### **2.2.5 PROCEDURES FOR DEVIATION**

In terms of the Municipal Systems Act of 2000, the district and local municipalities must determine procedures to effect amendments to the Framework Plan. In order to amend the Framework Plan, amendments should be tabled at the IDP Supporting structure Committee meeting. The Committee will evaluate the changes and recommend such amendments to the individual Steering Committees. The IDP Steering Committee may recommend that changes be presented to Council in order to formally amend the Framework Plan

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;

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- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

**Table 25.1 IDP Goals Objectives and Strategies**

**Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Strategic Objective	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>									
Good Governance	55,419	7,787	62,083	67,286	67,286	67,286	72,630	78,329	84,069
Safe, Healthy and Secure Environment	3,557	3,470	9,445	603	11,526	11,526	1,500		
Financial Viability and Sustainability	288,037	373,978	354,974	707,071	398,804	398,804	427,643	461,513	494,335
Quality Living Environment	488,053	513,879	622,667	311,627	651,973	651,973	670,588	765,456	830,545
Operations and Support Services	-	-	-	-	964	964	500	523	547
<b>Allocations to other priorities</b>									
<b>Total Revenue (excluding capital)</b>	<b>835,066</b>	<b>899,113</b>	<b>1,049,169</b>	<b>1,086,586</b>	<b>1,130,553</b>	<b>1,130,553</b>	<b>1,172,861</b>	<b>1,305,822</b>	<b>1,409,496</b>

**Table 25.2 IDP Goals Objectives and Strategies**

**Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)**

Strategic Objective	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>									
Good Governance	56,079	52,289	48,274	56,978	61,995	61,995	65,113	68,108	71,241
Safe, Healthy and Secure Environment	44,968	51,652	48,756	47,591	54,522	54,522	61,395	72,583	75,922
Financial Viability and Sustainability	344,927	120,023	176,560	279,758	279,009	279,009	288,844	302,130	316,028
Quality Living Environment	282,217	405,871	450,848	247,941	376,964	376,964	394,119	408,032	426,603
Operations and Support Services	53,112	63,094	59,071	43,073	47,660	47,660	56,345	56,600	59,004
<b>Total Expenditure</b>	<b>781,304</b>	<b>692,928</b>	<b>783,509</b>	<b>675,342</b>	<b>820,149</b>	<b>820,149</b>	<b>865,815</b>	<b>903,306</b>	<b>944,659</b>

The 2020/2021 MTREF has therefore been directly informed by the IDP revision process and the above tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

## **2.3 OVER VIEW OF BUDGET RELATED POLICIES**

### **2.3.1. Budget Policy**

The objective of this policy is to set out the budgeting principles which the Municipality will follow in preparing each annual budget, as well as the responsibilities of the Chief Financial Officer in compiling such budget.

### **2.3.2 Credit Control and Debt Collection Policy**

- The Council of the municipality, in adopting this policy on credit control and debt collection, recognises its constitutional obligations to develop the local economy and to provide acceptable services to its residents. It simultaneously acknowledges that it cannot fulfil these constitutional obligations unless it exacts payment for the services which it provides and for the taxes which it legitimately levies – in full from those residents who can afford to pay, and in accordance with its indigency relief measures for those who have registered as indigents in terms of the Council's approved indigent management policy.

### **2.3.3 Indigent Support Policy**

- Indigents, whose level of income is less than the amount determined by Council as qualifying for indigent support, may apply in writing to the Council for such support.
- Owners or occupiers who apply for such support shall be required to apply annually, in writing, for such support on the prescribed form.
- Only registered residential consumers of services delivered by Municipality qualify for support.
- o consumer conducting a business on a residential property, with or without special consent from the Council, shall qualify for assistance.
- Support in terms of this policy only be provided to owners or residents who occupy the premises.
- Applications for support must be made during March of each year and will apply from the first of the month following the month application and will continue for 12 months. Should further support be required a new application must be lodged.

#### **2.3.4 Supply Chain Management Policy**

The principal objective of the policy is to provide, promote and implement, theoretical guidelines, governing processes and procedures within the supply chain management when

- 1) Procuring goods or services;
- 2) Disposal of goods, assets and immovable property no longer needed;
- 3) Selecting contractors to provide assistance in the provision of municipal services other than that where Chapter 8 of the Municipal Systems Act applies.

#### **2.3.5. Virements Policy**

This policy applies only to transfers between line items within votes of the Municipality's operating budget.

Section 28(2) (d) read together with section 69 of the MFMA provides that *"An adjustments budget...may authorise the utilisation of projected savings in one vote towards spending in another vote."* Transfers between votes may therefore be authorised only by the Council of the Municipality.

For ease of reference, the definition of "vote" as contained in Section 1 of the MFMA is set out hereunder:

*"Vote means –*

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and*
- (b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned."*

This policy shall not apply to transfers between or from capital projects or items and no such transfers may be performed under this policy.

Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the Council through an adjustment budget.

#### **2.3.6. Tariff Policy**

In terms of Section 62 (1) of the Municipal Finance Management Act (MFMA) the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality and, in terms of S62 (1) (f), must for this purpose take all reasonable steps to ensure – "that the municipality has and implements a tariff policy referred to in Section 74 of the Municipal Systems Act" (MSA).

In giving effect to S74 (1) of the Municipal Systems Act, the municipality adopts this policy as the as the framework for determining tariffs.

### **2.3.7. Petty Cash Policy**

The objectives of the policy are to:

- 2.3.7.1 Ensure goods and services are procured by the municipality in accordance authorized processes only.
- 2.3.7.2 Ensure that the municipality has and maintains an effective petty cash system Expenditure control.
- 2.3.7.3 Ensure that sufficient petty cash is available when required
- 2.3.7.4 Ensure that the items required to be procured are approved petty cash items.

***All policies highlighted above have been attached to the budget for further reference. Additional policies approved include:***

*Bad debt provision and write off policy  
Budget funding and reserves policy  
Cash management and investment policy  
Contract management policy  
Expenditure management policy  
Inventory policy  
Cost containment policy  
HR policy  
Overtime policy  
Assets Management policy*

## 2.4 OVER VIEW OF BUDGET ASSUMPTIONS

- The 2020/2021 budget assumes the following:
  - CPI inflation rate forecast is 4.1% for 2020/2021 and 4.6% for the outer two years respectively.
  - Tariffs on service charges will increase by 8.1%.
  - Collection rate estimated at 60% Service charges.
  - Employee related costs will increase by 6.25%
  - 60% of the capital budget is capitalised and added to the Asset register.

## 2.5 OVERVIEW OF BUDGET FUNDING

### 2.5.2 Medium-term outlook: operating revenue

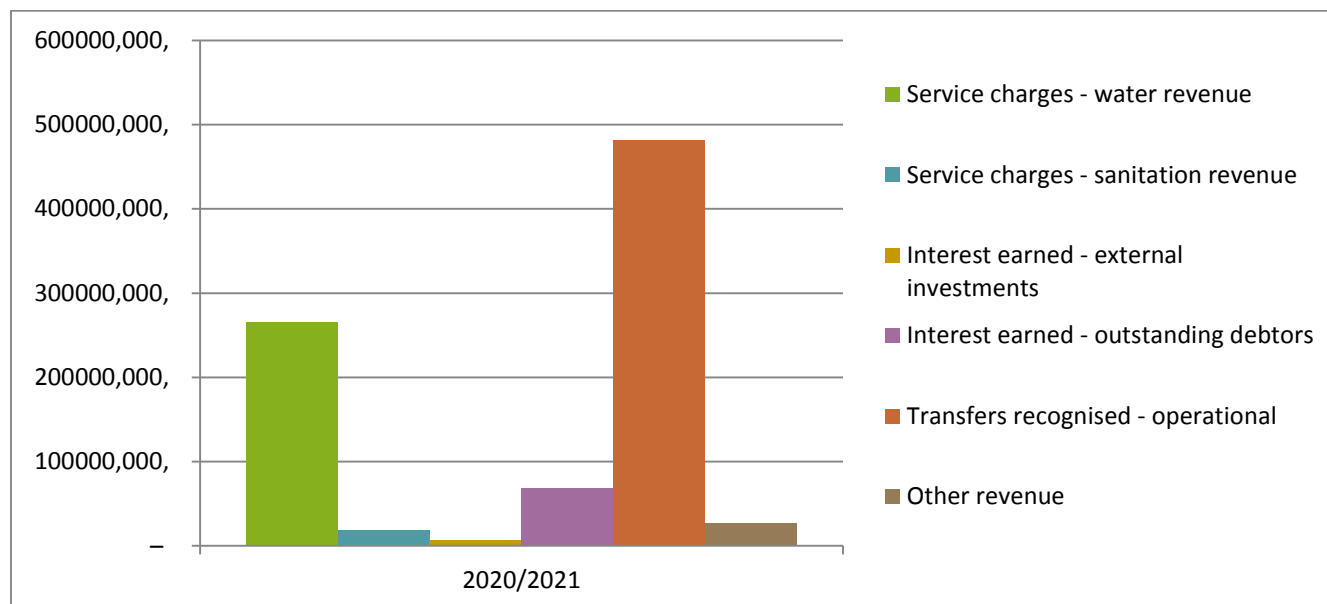
The following table is a breakdown of the operating revenue over the medium-term:

**Table 26 Breakdown of the operating revenue over the medium-term**

Description	2020/21 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget 2019/2020		Budget Year 2020/21		Budget Year 2021/22		Budget Year 2022/23	
<b>Revenue By Source</b>								
Service charges - water revenue	245,395	30%	265,272	31%	277,474	30%	290,238	30%
Service charges - sanitation revenue	16,632	2%	17,979	26%	18,806	26%	19,671	26%
Interest earned - external investments	5,640	1%	6,097	1%	6,378	1%	6,671	1%
Interest earned - outstanding debtors	63,528	8%	68,674	8%	71,833	8%	75,137	8%
Dividends received								
Fines, penalties and forfeits	-							
Transfers and subsidies	459,031	56%	481,218	56%	514,234	56%	551,419	57%
Other revenue	26,390	3%	26,575	3%	27,798	3%	29,076	3%
Gains								
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>816,616</b>		<b>865,815</b>		<b>916,523</b>		<b>972,213</b>	

The following graph is a breakdown of the operational revenue per main category for the 2020/2021 financial year.

## UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2020/2021



**Figure 2 Breakdown of operating revenue over the 2020/2021 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives 31% of its operational revenue from the provision of and services such as water and sanitation.

The above graph demonstrates that the major part of the municipality revenue is derived from operating grants making up 56% of the revenue basket.

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development
- Revenue management and enhancement
- Achievement of a 60 % annual collection rate for consumer revenue
- National Treasury guidelines
- Bulk electricity tariff increases
- Water tariff increases by DWA and uMngeni Water
- Achievement of full cost recovery of specific user charges
- Determining tariff escalation rate by establishing/calculating revenue requirements
- And the ability to extend new services and obtain cost recovery levels

The above principles guide the annual increase in the tariffs charged to the consumers and are aligned to the economic forecasts.

Revenue relating to water and sanitation will total R265 and R18 million respectively for the 2020/2021 financial year with water service charges increasing to R290 million and R19.6 million by 2022/2023. These constitute 31 % of the total budget.

Operational grants and subsidies amount to R481 million in the 2020/2021 financial year being 56% of the total budgeted revenue. It needs to be noted that in real terms the grants receipts from national government are growing steadily over the MTREF.

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2020/2021

The tables below provide detail investment information and investment particulars by maturity.

**Table 27 MBRR SA15 – Detail Investment Information**

Investment type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		2,323	388	-	67,872	-	-		50,000	100,000
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	2,323	388	-	67,872	-	-	-	50,000	100,000

**Table 28- Detail Investment particulars by maturity**

The table reflects a list of investments currently held by the municipality at the end of February 2020

Investments by maturity Name of institution & investment ID	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
<b>R thousands</b>					
<b>Municipality</b>					
FNB	45,402	215	(21,000)	8,000	32,616
NEDBANK	1	39	-	20,000	20,040
INVESTEC	-	71		30,000	30,071
ABSA	73	40	(0)	20,000	20,113
STANDARD	-	39	-	20,000	20,039
					-
					-
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>45,476</b>		<b>(21,000)</b>	<b>98,000</b>	<b>122,879</b>

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity.



### 2.5.3 Capital revenue

The capital expenditure budget will be funded from the infrastructure grants to the value of R307million.

**Table 29 - Capital Grants**

**CAPITAL GRANT**

MIG	182,647	199,299	211,483
REGIONAL BULK INFRA	39,399	100,000	150,000
WATER SERVICES	90,000	95,000	80,800
	<b>312,046</b>	<b>1,104,956</b>	<b>1,202,438</b>

**2.6 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS**

**TABLE 30: DC23 UThukela - Supporting Table SA19 Expenditure on transfers and grant programme**

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2020/2021

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants:</b>										
<b>National Government:</b>		390 054	367 087	405 233	449 109	449 109	449 109	479 218	513 711	550 872
Local Government Equitable Share		332 370	304 535	335 399	365 123	365 123	365 123	393 550	425 735	456 803
RSC Levy Replacement		47 937	51 710	56 441	61 418	61 418	61 418	66 762	72 180	77 624
Finance Management		1 460	1 795	1 545	2 010	2 010	2 010	1 800	2 000	2 200
EPWP Incentive		3 169	3 724	6 206	7 054	7 054	7 054	3 730		
MIG Top Slice					5 000	5 000	5 000	5 000	5 000	5 000
Councillors Special Support		5 118	5 323	5 642	5 868	5 868	5 868	5 868	6 149	6 445
Rural Road asset Management					2 636	2 636	2 636	2 508	2 647	2 800
MIG VIP TOILETS										
WSIG VIP TOILETS										
Lg Seta										
0										
<b>Provincial Government:</b>		1 200	250	5 300	550	550	550	1 500	-	-
Spatial Framework Development								1 500		
Shared Services		1 200	250	300	550	550	550			
Massification				5 000						
Nodal Grant										
Raset programs grant										
Growth and Development summit										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total operating expenditure of Transfers and Grants</b>		391 254	367 337	410 533	449 659	449 659	449 659	480 718	513 711	550 872
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		274 085	300 959	296 862	296 937	296 937	296 937	307 046	389 299	437 283
Municipal Infrastructure Grant (MIG)		178 506	187 304	165 304	178 937	178 937	178 937	177 647	194 299	206 483
Regional Bulk Infrastructure		12 605	28 672	28 065	10 000	10 000	10 000	90 000	95 000	80 800
Water Services Infrastructure Grant		81 807	82 500	103 493	108 000	108 000	108 000	39 399	100 000	150 000
Rural Road Asset Management		1 167	2 483							
0										
<b>Provincial Government:</b>		-	-	9 000	-	17 000	17 000	-	-	-
<b>Disaster Management Grant</b>						2 000	2 000			
Massification				9 000		15 000	15 000			
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total capital expenditure of Transfers and Grants</b>		274 085	300 959	305 862	296 937	313 937	313 937	307 046	389 299	437 283
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		665 339	668 296	716 395	746 596	763 596	763 596	787 764	903 010	988 155

References

## 2.7 COUNCILLOR AND EMPLOYEE BENEFITS

**TABLE 31: DC23 UThukela - Table SA22 - Summary of councillor and staff benefit**

Summary of Employee and Councillor remuneration R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	5,483	6,721	6,486	5,849	4,235	4,235	4,235	4,430	4,634
Pension and UIF Contributions					-	-			
Medical Aid Contributions					-	-			
Motor Vehicle Allowance				1,597	1,597	1,597	1,597	1,670	1,747
Cellphone Allowance				510	510	510	510	533	558
Housing Allowances									
Other benefits and allowances									
<b>Sub Total - Councillors</b>	<b>5,483</b>	<b>6,721</b>	<b>6,486</b>	<b>7,956</b>	<b>6,342</b>	<b>6,342</b>	<b>6,342</b>	<b>6,633</b>	<b>6,938</b>
% increase		22,6%	(3,5%)	22,7%	(20,3%)	-	(0,0%)	4,6%	4,6%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	5,199	4,395	4,524	6,712	6,712	6,712	7,132	7,460	7,803
Pension and UIF Contributions	9	9	9	9	9	9	9	10	10
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	476	-	-	-	0	0	0	0	0
Motor Vehicle Allowance	1,058	922	1,037	877	877	877	932	975	1,020
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	283	637	837	425	425	425	451	472	494
Other benefits and allowances	360	951	742	-	-	-	-	-	-
Payments in lieu of leave	232	715	-	-	-	-	-	-	-
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Senior Managers of Municipality</b>	<b>7,616</b>	<b>7,630</b>	<b>7,149</b>	<b>8,023</b>	<b>8,023</b>	<b>8,023</b>	<b>8,525</b>	<b>8,917</b>	<b>9,327</b>
% increase		0,2%	(6,3%)	12,2%	0,0%	-	6,3%	4,6%	4,6%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	136,955	154,036	177,386	191,892	192,284	192,284	207,510	217,055	227,040
Pension and UIF Contributions	17,062	20,764	23,769	34,139	34,139	34,139	36,273	37,942	39,687
Medical Aid Contributions	5,160	5,777	6,769	7,364	7,364	7,364	7,824	8,184	8,561
Overtime	17,101	25,829	38,793	15,000	19,200	19,200	15,000	15,690	16,412
Performance Bonus				-	-	-	-	-	-
Motor Vehicle Allowance	7,099	7,249	10,357	15,707	15,707	15,707	16,689	17,457	18,260
Cellphone Allowance				-	-	-	-	-	-
Housing Allowances	821	1,080	1,182	1,135	1,135	1,135	1,206	1,262	1,320
Other benefits and allowances	25,664	27,065	22,418	17,182	17,182	17,182	18,256	19,096	19,974
Payments in lieu of leave	1,190	3,773	4,971	1,400	1,400	1,400	1,488	1,556	1,627
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Other Municipal Staff</b>	<b>211,052</b>	<b>245,573</b>	<b>285,645</b>	<b>283,820</b>	<b>288,412</b>	<b>288,412</b>	<b>304,246</b>	<b>318,241</b>	<b>332,881</b>
% increase		16,4%	16,3%	(0,6%)	1,6%	-	5,5%	4,6%	4,6%
<b>Total Parent Municipality</b>	<b>224,151</b>	<b>259,923</b>	<b>299,280</b>	<b>299,798</b>	<b>302,777</b>	<b>302,777</b>	<b>319,112</b>	<b>333,792</b>	<b>349,146</b>
		16,0%	15,1%	0,2%	1,0%	-	5,4%	4,6%	4,6%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>224,151</b>	<b>259,923</b>	<b>299,280</b>	<b>299,798</b>	<b>302,777</b>	<b>302,777</b>	<b>319,112</b>	<b>333,792</b>	<b>349,146</b>
% increase		16,0%	15,1%	0,2%	1,0%	-	5,4%	4,6%	4,6%
<b>TOTAL MANAGERS AND STAFF</b>	<b>218,668</b>	<b>253,203</b>	<b>292,794</b>	<b>291,843</b>	<b>296,436</b>	<b>296,436</b>	<b>312,771</b>	<b>327,158</b>	<b>342,208</b>

## 2.7. LEGISLATION COMPLIANCE STATUS

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

### 1. In- year reporting

Section S71 Reporting to National Treasury in electronic format was fully complied with on a monthly basis.

### 2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed 5 interns that have undergone training in various divisions of the Budget and Treasury Services Department.

### 3. Budget and Treasury Office

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

### 4. Audit Committee

An Audit Committee has been established and is fully functional.

### 5. Budget Steering Committee

A Budget Steering Committee Audit Committee has been established and is fully functional

### 6. Service Delivery and Implementation Plan

The detailed SDBIP document will be finalised after approval of the 2020/2021MTREF and will be directly aligned and informed by the 2021/2021 MTREF.

### 7. Annual Report

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

### 8. Policies

Budget related policies are reviewed on an annual basis.

### 9. MScoa compliance

The municipality is Mscoa compliant, an Mscoa committee has been established as well as an implementation plan put in place. Mscoa risks are reviewed regularly.

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Standard	Description	Service Level
<b>Solid Waste Removal</b>		
	Premise based removal (Residential Frequency)	N/A
	Premise based removal (Business Frequency)	N/A
	Bulk Removal (Frequency)	N/A
	Removal Bags provided(Yes/No)	N/A
	Garden refuse removal Included (Yes/No)	N/A
	Street Cleaning Frequency in CBD	N/A
	Street Cleaning Frequency in areas excluding CBD (24hours/48hours/longer)	N/A
	Clearing of illegal dumping (24hours/48hours/longer)	N/A
	Recycling or environmentally friendly practices(Yes/No)	N/A
	Licenced landfill site(Yes/No)	N/A
<b>Water Service</b>		
	Water Quality rating (Blue/Green/Brown/NO drop) consumers)	Indigents only
	Frequency of meter reading? (per month, per year)	per month
	consumption over (two month's/three month's/longer period)	three months
	before reverting back to actual readings? (months)	4 months
	<b>cases of service interruption (complete the sub questions)</b>	
	One service connection affected (number of hours)	3 Hours
	Up to 5 service connection affected (number of hours)	8 Hours
	Up to 20 service connection affected (number of hours)	day
	Feeder pipe larger than 800mm (number of hours)	4 Hours
	municipality?	
	protection activities as part of your operations? (Yes/No)	Yes
	How long does it take to replace faulty water meters? (days)	2 days
	operational at this stage? (Yes/No)	Yes
<b>Electricity Service</b>		
	month?	N/A
	operational? (Yes/No)	N/A
	ripple control system?	N/A
	year)	N/A
	(two month's/three month's/longer period)	N/A
	before reverting back to actual readings? (months)	N/A
	Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	N/A
	(Yes/no)	N/A
	protection activities as part of your operations? (Yes/No)	N/A
	How long does it take to replace faulty meters? (days)	N/A
	prevention of electricity theft? (Yes/No)	N/A
	(Good/Bad)	N/A
	customer upon a written request? (days)	N/A
	service where existing infrastructure can be used? (working days)	N/A

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2020/2021

service for low voltage users where network extension is not required? (working days)	N/A
service for high voltage users where network extension is not required? (working days)	N/A
<b>Sewerage Service</b>	
back in to the system after purification?	Yes
To what extend do you subsidize your indigent consumers?	Yes
<b>average</b>	
Severe overflow? (hours)	2 Hours
Sewer blocked pipes: Large pipes? (Hours)	2 Hours
Sewer blocked pipes: Small pipes? (Hours)	2 Hours
Spillage clean-up? (hours)	2 Hours
Replacement of manhole covers? (Hours)	3 Hours
<b>Road Infrastructure Services</b>	
(Hours)	N/A
(Hours)	N/A
crossing? (Hours)	N/A
Time taken to repair walkways? (Hours)	N/A
<b>Property valuations</b>	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	N /A
Do you have any special rating properties? (Yes/No)	N /A
<b>Financial Management</b>	
wasteful expenditure over time? (Decrease/Increase)	Decrease
Are the financial statement outsources? (Yes/No)	No
flow and managemet of documentation feeding to Trial Balance?	Yes
date it has been received?	within 30 Days
departmental plans quaterly and annually including for the next two to three years procurement plans?	Yes
<b>Administration</b>	
Reaction time on enquiries and requests?	
Time to respond to a verbal customer enquiry or request?	Immedatilty
Time to respond to a written customer enquiry or request?	2 Days
Time to resolve a customer enquiry or request?	24 Hours
What percentage of calls are not answered?	N/A
How long does it take to respond to voice mails?	N/A
Does the municipality have control over locked enquiries?	No
Is there a reduction in the number of complaints or not?	Yes
customer? (	Less than 20 minutes
unit sit to review and resolve SCM process delays other than normal monthly management meetings?	Once Every Week
<b>Community safety and licensing services</b>	
How long does it take to register a vehicle? (minutes)	N/A
How long does it take to renew a vehicle license? (minutes)	N/A
certificate vehicle? (minutes)	N/A

How long does it take to de-register a vehicle? (minutes)	N/A
How long does it take to renew a drivers license? (minutes)	N/A
incident? (minutes)	N/A
to an incident in the urban area? (minutes)	N/A
to an incident in the rural area? (minutes)	N/A
<b>Economic development</b>	
municipality drive?	14
be catalytic in creating an enabling environment to unlock key economic growth projects?	14
security?	
create an conducive environment for economic development? (Yes/No)	Yes
<b>Other Service delivery and communication</b>	
(Yes/No)	Yes
inform the community? (Yes/No)	Yes
manner? (Yes/No)	Yes

Captured above are the service level standards which were tabled with the budget on the 26<sup>th</sup> of March 2020.As per recommendations of circular 75 of the MFMA.



**MUNICIPAL MANAGERS QUALITY CERTIFICATE**

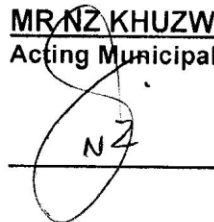


I **Nhlanhla Zama Khuzwayo** Municipal Manager of UThukela District Municipality, hereby certify that this Draft Annual Budget for 2020/2021 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under this Act.

Print Name

**MR NZ KHUZWAYO**  
Acting Municipal Manager

Signature



Date

**29 May 2020**