



UTHUKELA

**UMKHANDLU WESIFUNDA
DISTRIKSMUNISIPALITEIT
DISTRICT MUNICIPALITY**

**2019/2020 – 2021/2022
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 2019/2020 FINAL
BUDGET IN THE COUNCIL
BOARDROOM, LADYSMITH, ON 31 MAY 2019**

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 draft 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 2019/20 financial year to R7 million which will assist to ensure that service delivery is instigated accordingly.

INFRASTRUCTURE DEVELOPMENT

The total capital grant allocations for 2019/20 financial year have increased to R304 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 31 May 2019 the Council of UThukela District Local Municipality met in the Council Boardroom of UThukela District Municipality to consider the draft annual budget of the municipality for the financial year 2019/2020. 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 draft 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.81, 91 and 94 were used to guide the compilation of the 2019/2020 Draft Budget and MTREF.

The main challenges experienced during the compilation of the Draft 2019/2020 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 2019/2020 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2019/200 MTREF.

	Adjustment Budget 2018/2019	Budget Year 2019/2020	Budget Year 2020/2021	Budget Year 2021/2022
Total Operating Revenue	781 320	789 650	835 177	893 209
Total Operating Expenditure	717 543	667 706	696 296	733 916
Surplus/ (Deficit)	63 776	121 943	138 880	159 293
Capital Expenditure	344 995	296 937	442 806	704 719
Total Budget	1 062 538	964 643	1 139 102	1 438 635

Operating Revenue

Total operating revenue has increased by 1% for the 2019/2020 financial year when compared to the 2018/2019 adjustments budget. The increase is due to the general percentage increase in revenue is 6% which is applied to service Charges tariffs and across all revenue generated by the municipality as prescribed by circular 94.

Operating Expenditure

Total operating expenditure for the 2019/2020 financial year has been appropriated at R668 million and translates into a budget surplus of R121 million. Comparing to the 2018/19 adjustment Budget operating expenditure has decreased by 7% after applying cost containment measures as per circular 81. Apart from the mentioned expenditure 6.5% increase was applied to salaries which is the percentile approved by South African Local Bargaining Council.

Capital Expenditure

R304 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 50% 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.

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

The following table is a summary of the 2019/2020 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source A4

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source										
Service charges - water revenue	133.216	143.171	151.993	260.645	270.645	231.801	231.801	245.710	258.978	272.963
Service charges - sanitation revenue	16.900	15.327	17.253	31.019	25.019	16.287	16.287	17.281	18.214	19.198
Interest earned - external investments	11.991	7.189	4.192	6.572	5.928	6.493	6.493	6.283	6.623	6.980
Interest earned - outstanding debtors	20.215	43.648	43.393	50.456	50.456	55.369	55.369	67.008	70.626	74.440
Fines, penalties and forfeits				50	50	50	50	53	56	59
Transfers and subsidies	322.989	347.535	368.613	405.533	418.073	438.138	438.138	449.659	476.827	515.509
Other revenue	3.567	4.111	12.711	4.098	11.149	11.149	11.149	3.655	3.853	4.061
Gains on disposal of PPE		-	-							
Total Revenue (excluding capital transfers and contributions)	508.879	560.981	598.154	758.374	781.320	759.286	759.286	789.650	835.177	893.210

Table 3 percentage growth in revenue by main revenue source A4

Description	Adjusted Budget	2019/20 Medium Term Revenue & Expenditure Framework						
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Budget Year +2 2021/22	Budget Year +2 2021/22	Budget Year +2 2021/22	
Revenue By Source								
Service charges - water revenue	270.645	35%	245.710	31%	258.978	31%	272.963	31%
Service charges - sanitation revenue	25.019	3%	17.281	2%	18.214	2%	19.198	2%
Interest earned - external investments	5.928	1%	6.283	1%	6.623	1%	6.980	1%
Interest earned - outstanding debtors	50.456	6%	67.008	8%	70.626	8%	74.440	8%
Fines, penalties and forfeits	50	0%	53	0%	56	0%	59	0%
Transfers and subsidies	418.073	54%	449.659	57%	476.827	57%	515.509	58%
Other revenue	11.149	1%	3.655	0%	3.853	0%	4.061	0%
Total Revenue (excluding capital transfers and contributions)	781.320		789.650		835.177		893.210	

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

A total of R259 million is expected to be generated from Service charges, this revenue shows a 6% increase in tariffs as stipulated In MFMA Budget circular no.94 which permits an increase of 3-6%. A 6% increase is applied throughout all revenue that will be generated by the municipality (excluding operational grants)

Revenue increases by 6 %in the outer financial years of the MTREF.

The Municipality has adopted a 6% 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 1% 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.

Operating grants and transfers totals R442 million in the 2019/2020 below is a detailed split of the operating grants

Table 4 Operating Transfers and Grant Receipts

DESCRIPTION	2019/2020	2020/2021	2021/2022
EQUITABLE SHARE	365123	393468	425438
RSC LEVIES REPLACEMENT	61418	66762	72380
SPECIAL SUPPORT FOR COUNCILLORS	5868	6190	6531
LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT	2010	1800	2064
DEVELOPMENT PLANNING AND SHARED SERVICE	550	550	600
EXPANDED PUBLIC WORKS PROGRAMME INTERGRATED GRANT (EPWP)	7054		

Further amounts of R2.6 million for rural roads and R5 million MIG allocation for VIP toilets has been treated as operating transfers , as these amounts are classified as operational in their nature.

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.

Since 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.

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 maximum 6% 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 2019/2020 these tariffs exclude VAT. The Municipality has adopted a 6% 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 TARIFFS 2019/2020 FINANCIAL YEAR

WATER & SANITATION SERVICES TARIFF 2019/2020 FINANCIAL YEAR

	Description	Tariff
1.	Tariff for accessibility to water (basic charge occupied and unoccupied)	R80.04/ month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R102.00 month
3.	Sewer tariff for restricted usage (unmetered)	R102.00/ month
4.	Servicing sewer conservancy tanks/pits (small)	R180.21/ service
	Servicing sewer conservancy tanks/pits (large)	R386.52/ 5000l/ load
	Discharge of sewage to waste water works by private sewer tankers	R0,14/litre
	Integrated Step Tariff (Domestic Use)	
5.	Water tariff for water usage up to 6kl	Free/ Indigent
	Water tariff for water usage 1 to 30kl	R11.62kl
	Water tariff for water usage 31kl to 100kl	R13.46kl
	Water tariff for water usage 101kl and above	R15.48kl
	Integrated step tariffs(Business use)	
	Water tariff for water usage 1 to 30kl	R11.62kl
	Water tariff for water usage 31kl to 100kl	R12.70kl
	Water tariff for water usage 101kl and above	R15.48kl
	Integrated Step Tariff (Industrial/Factory Use)	
6.	Water tariff for water usage1 to 1000kl	R11.62kl
	Water tariff for water usage 1001kl to 3000kl	R13.46kl
	Water tariff for water usage 3001kl and above	R15.48kl
	Integrated Step Tariff(Co-operatives)	
	Water tariff for water usage 1 to 40kl	R5.46kl
	Water tariff for water usage 41 to 80kl	R5.88kl
	Water tariff for water usage 81kl and above	R7.08kl
	Integrated Step Tariff(Churches)	
	Water tariff for water usage 1 to 30kl	R5.15kl

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	Water tariff for water usage 31 to 70kl	R6.23kl
	Water tariff for water usage 71kl and above	R7.50kl
	Integrated Step Tariff(Trust)	
	Water tariff for water usage 1 to 30kl	R10.30
	Water tariff for water usage 31 to 70kl	R10.82kl
	Water tariff for water usage 71kl and above	R12.67kl
	Integrated step tariff(Government use)	
	Water tariff for water usage 1 to 30kl	R11.62kl
	Water tariff for water usage 31kl to 100kl	R13.46kl
	Water tariff for water usage 101kl and above	R15.48kl

7.	Bulk potable water supply to IDC Estate	R6.07kl
	Bulk Raw water supply	R3.71kl
8.	Emergency Services Connection (excluding emergency services)	R25.82kl
9.	Availability charge for fire hydrant per month	R98.44
10.	For water drawn or usage from metered fire hydrant	R12.85/kl
11.	Inspections for internal leaks and any other services (per visit)	R623.33
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)= R82.20c+([COD/1000] x R1.73c) (COD-Chemical Oxygen Demand)

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15.	Account Deposits (Subject to credit worthiness)	Residential dep. max R2768.49 Bus./Govt./Trust dep. max R9223.76 Industrial dep. max. R15912.72 Churc/Coops dep. Max R2 546.58 New consumers:- Residential dep.R1 600.27 New Bus./Govt./Industr. R3 818.80 New Co-operatives R752.02 New Churches R1 794.56 New Trust businesses R3 589.10 New Trusts R1 504.02 New account connection fee is R 185.00
16.	Scrutiny of building plans	R477.61/ plan
17.	Clearing of grass overgrowth	Actual cost + 12%
18.	Requested Water Tankering (funerals – if not indigent)	5000l = R550.37 / load
19.	Requested Water Tankering (other events)	5000l = R880.54/ load
20.	Developer's Capital Contribution - Water	R 10006.48
21.	Developer's Capital Contribution - Sanitation	R 11007.21
22.	Disconnection Fee Reconnection fee - Working hours -After hours, Saturdays/Sundays/Public Holidays	R 132.07 R 134.08 R330.15
23.	Clearance certificates	R487.88
24.	Flat rate services (where applicable)	R328.06per household
25.	Moving/shifting of the existing water meter (in metres)	
26.	A distance less than a metre (1m)	R327.54

27.	A distance from 1 metre to 3 metres	R530.00
28.	A distance more than 3 metres to any distance	R795.00

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 4 000,00 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 R 2 000,00 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 6 000,00 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 R50 000,00 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 R10 000,00 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 R75 000,00 or, in default on payment to imprisonment for a period not exceeding 12 months.

Water and Waste Water Analysis		
Determinant	Units	Cost per sample
Alkalinity	mg/l CaCO ₃	R63.72
Appearance	Descriptive	
Aluminium - soluble	mg/l Al	R55.15
Ammonia	mg/l N	R53.12
Chloride	mg/l Cl	R42.52

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Chlorine – Free	mg/l Cl ₂	R21.18
Colour	Pt-Co	R31.77
Conductivity	mS/m	R21.16
Fluoride	mg/l F	R53.13
Iron	mg/l Fe	R31.15
Manganese	mg/l Mn	R53.12
Nitrate	mg/l N	R32.23
Nitrite	mg/l N	R32.23
Odour	Descriptive	
pH	pH Units	R21.18
Phosphate - soluble	mg/l P	R31.77
Solids - Settle able	ml/l	R31.77
Sulphate	mg/l SO ₄	R46.63
Sulphide	mg/l H ₂ S	R53.12
Suspended Solids	mg/l	R46.92
Temperature	°C	
Total Dissolved Solids	mg/l	R31.77
Turbidity	NTU	R21.08
Oxygen Absorbed	mg/l O ₂	R63.72
Chemical Oxygen Demand	mg/l O ₂	R74.30
Magnesium/Calcium	mg/l Mg/Ca	R74.13

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

Microbiological Analysis		
Faecal coliforms	colonies per 100ml	R58.44
Total coliforms	colonies per 100ml	R58.44
Standard plate count	colonies per ml	R48.74

- 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 R19.39 per bottle.

FINES FOR ILLEGAL CONNECTIONS AND TEMPERING

First instance	R 2 650
Second instance	R 5 300

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Third instance R 7 950
 Forth instance R10 600

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

PENALTY FEES

- 1. Warning letter R
59.77
- 2. Final cut-off
 - Additional deposit-business R 179.33
 - Additional deposit-households R126.72
 - Penalty fee R 100.12

RECONNECTION FEES:

- 1. Standard fee applies during working office hours R123.12
- 2. Standard rate applies after office hours R293.83

NEW CONNECTION (PLUMBING WORK) CHARGES, INCLUDING FIRE HYDRANT

NO	SIZE (MM)	UNIT COST R	DEPOSIT
1	20	2 530.59	239.10
2	25	2 530.59	239.10
3	32	3031.07	597.76
4	40	6 767.00	597.76
5	50	7187.76	597.76
6	80	10 549.23	597.76
7	100	11 464.49	597.76
8	150	11 903.27	597.76

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NB: The above costs exclude material and labour costs!

Other municipal services increase by 6.0% as per MFMA circular 86.

Tender documents
Maps GIS
Clearance certificates

	A3 PRINTER		A0 PLOTTER		
	A4	A3	A2	A1	A0
Full Colour	23.57	47.16	178.95	159.16	212.21
Grey Scale	23.57	47.16	178.95	144.59	212.21
Topo Maps	17.69	33.37	83.42	178.95	159.16
Line / Hatch	11.79	33.37	63.32	76.64	106.10

Maps GIS tariffs

1.4.1.1 Tender Documents

Municipal Produced	R199.44
Consultants produced depending on the project	R398.88 and R465.39 respectively

- Clearance certificate R 454.72

ALL TARIFFS ARE EXCLUSIVE OF VAT!!

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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	2016/17	2017/18	2018/19	2019/2020
1.	Tariff for accessibility to water (basic charge occupied and unoccupied)	R66.96/ month	R71.25 month	R75.53 month	80.06 month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R85.32./month	R90.78./month	R96.23 month	R102.00 month
3.	Sewer tariff for restricted usage (un-metered)	R85.32/ month	R90.78/ month	R90.44 month	R95.87 month
4.	Servicing sewer conservancy tanks/pits (small)	R150.75/service	R160.40/service	R170.02 month	R180.22 month
	Servicing sewer conservancy tanks/pits (large)	R323.07 / 5000l/ load	R343.75 / 5000l/ load	R364.38 /5000/load	R386.24 month
	Discharge of sewage to waste water works by private sewer tankers	R0.12/litre	R0.35/litre	R0.37	R0.39
	Integrated Step Tariff (Domestic Use)				
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	R9.72kl	R10.34kl	R10.96kl	R11.62kl
	Water tariff for water usage 31k to 100kl	R11.26kl	R11.98kl	R12.70kl	R13.46kl
	Water tariff for water usage 101kl to any usage	R12.95kl	R13.77kl	R14.60kl	R15.48kl

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2019/2020 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 2019/2020 budget and MTREF (classified per main type of operating expenditure):

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

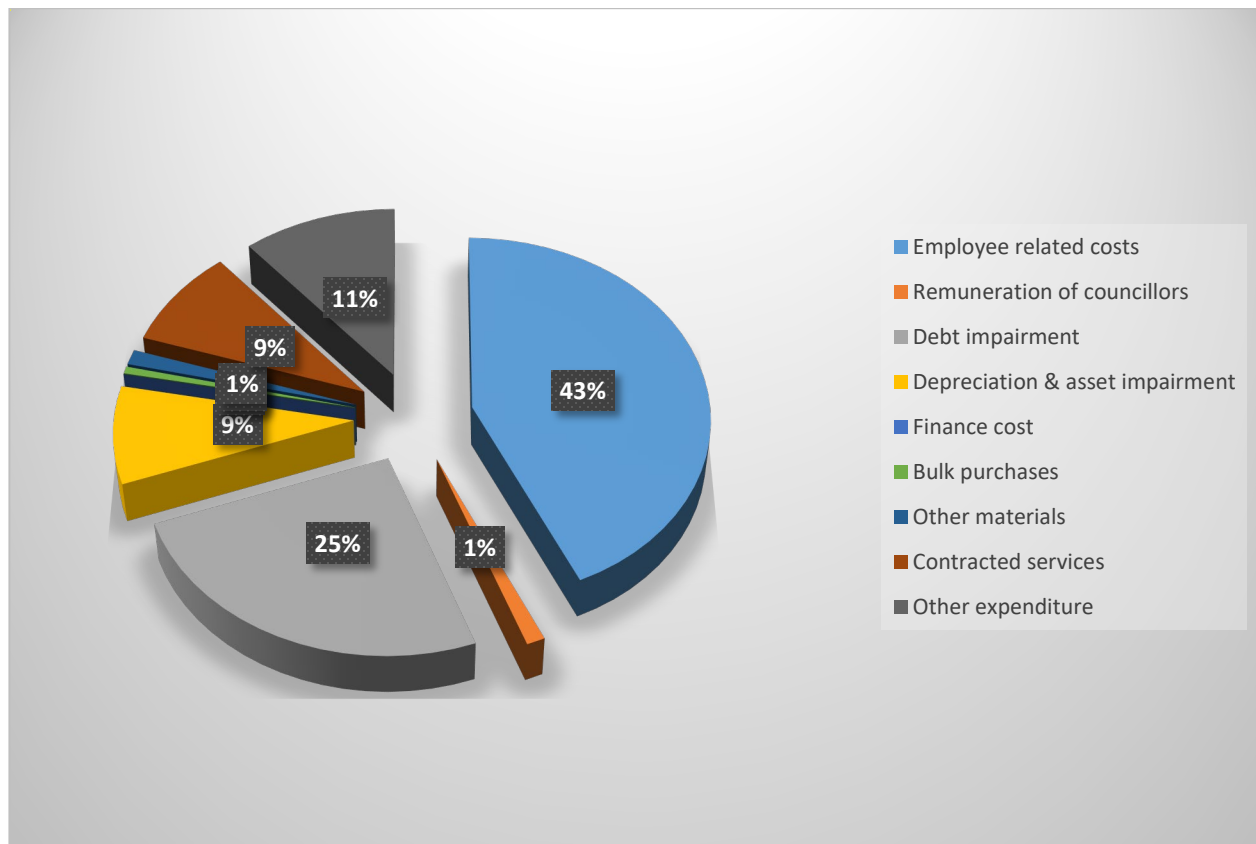
Table 7 Summary of operating expenditure by standard classification item A4

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Expenditure By Type										
Employee related costs	199.310	218.668	253.203	271.837	271.837	271.837	271.837	291.843	307.603	324.214
Remuneration of councillors	6.381	5.483	6.547	8.156	8.156	8.156	8.156	7.956	8.385	8.838
Debt impairment	57.975	94.881	109.459	136.628	136.628	136.628	136.628	168.789	177.904	187.510
Depreciation & asset impairment	49.197	68.207	79.030	86.634	64.000	64.000	64.000	58.644	61.811	65.149
Finance charges	1.125	2.555	2.789	561	949	949	949			
Bulk purchases	7.698	8.439	3.440	6.586	4.000	4.000	4.000	4.208	4.435	4.675
Other materials	37.829	35.636	31.912	16.023	14.384	14.384	14.384	8.950	9.434	9.943
Contracted services	68.623	120.136	88.701	117.869	139.420	159.148	159.148	59.926	55.705	58.736
Transfers and subsidies	60.635	4.776	1.919	1.000	450	450	450	-	-	-
Other expenditure	206.302	217.317	112.045	74.815	77.720	78.056	77.720	75.026	79.077	83.347
Loss on disposal of PPE	1.232	5.205	3.884							
Total Expenditure	696.307	781.303	692.928	720.109	717.544	737.608	737.271	675.342	704.354	742.412

Table 8 Operating expenditure expressed as percentages

Description	2019/20 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget		Budget Year 2019/20		Budget Year +1 2020/21		Budget Year +2 2021/22	
R thousand								
Expenditure By Type								
Employee related costs	271.837	38%	291.843	43%	307.603	44%	324.214	44%
Remuneration of councillors	8.156	1%	7.956	1%	8.385	1%	8.838	1%
Debt impairment	136.628	19%	168.789	25%	177.904	25%	187.510	25%
Depreciation & asset impairment	64.000	9%	58.644	9%	61.811	9%	65.149	9%
Finance charges	949	0%		0%		0%		0%
Bulk purchases	4.000	1%	4.208	1%	4.435	1%	4.675	1%
Other materials	14.384	2%	8.950	1%	9.434	1%	9.943	1%
Contracted services	139.420	19%	59.926	9%	55.705	8%	58.736	8%
Transfers and subsidies	450	0%	-	0%	-	0%	-	0%
Other expenditure	77.720	11%	75.026	11%	79.077	11%	83.347	11%
Loss on disposal of PPE								
Total Expenditure	717.544		675.342		704.354		742.412	

Figure 1 Main operational expenditure categories for the 2019/2020 financial year



Employee related cost

The budgeted allocation for employee related costs for the 2019/20 financial year totals R291 million, which equals 43% of the total operating expenditure. The salaries have been increased by 6.5% as per circular No 1/2019 in line with the South African Local Government Bargaining Council.

The municipalities salaries have been calculated to be R291 million, the municipality has handed over four 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 the benchmark of 5%. Senior managers have created a plan to reduce and effectively control overtime. The plan 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

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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 2017/2018 financial year the audited outcome was R109 million. An amount of R169 million has been budgeted for the 2019/2020 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 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 R59 million for the 2019/2020 financial and equates to 9% of the total operating expenditure. Calculations for the provision as follows:

Table 9 Depreciation per department

Depreciation for 2019/2020

Description

CORPORATE

Depreciation -Motor vehicle	192.453.41
Depreciation -Furniture and Office Equipment	222.949.37
Depreciation -Computure hardware	252.131.12

FINANCE

Depreciation -Motor vehicle	203.244.94
Depreciation -Furniture and Office Equipment	151.482.30
Depreciation -Computure hardware	175.344.24

SOCIAL

Amortization	37.182.11
Depreciation -Motor vehicle	423.568.37
Depreciation -Furniture and Office Equipment	87.525.59
Depreciation -Computure hardware	45.519.40
Depreciation- Building	258.821.65

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WATER,SANITATION AND TECHNICAL

Deprciation -Motor vehicle	7.748.643.29
Deprciation-Water Distribution	39.970.276.24
Deprciation-Sanitation Infrastructure	6.933.757.85
Deprciation -Furniture and Office Equipment	107.717.41
Deprciation -Computure hardware	26.606.54
Deprciation- Building	15.158.71

COUNCIL

Deprciation -Motor vehicle	522.236.34
Deprciation -Furniture and Office Equipment	94.248.10
Deprciation -Computure hardware	52.838.71
Deprciation- Building	684.705.54

MUNICIPAL HELATH

Deprciation -Motor vehicle	162.522.86
Deprciation -Furniture and Office Equipment	81.261.43
Deprciation -Computure hardware	40.630.71
Deprciation- Building	

MUNICIPAL MANAGER

Deprciation -Furniture and Office Equipment	91.808.84
Deprciation -Computure hardware	61.401.31

58.644.036.40

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.

Finance Charges

The municipality does not have any borrowings therefore bank charges are the only item that falls under this expenditure type.

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

DESCRIPTION	2019/2020	2020/2021	2021/2022
Chemicals	4.524.522	4.768.847	5.026.364
Fuel and oil	3.939.897	4.152.652	4.376.895
Stationery	467.317	492.552	519.150
Cleaning material	52.600	55.440	58.434
Consumables	18.713	19.723	20.788

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 R5 million for VIP toilets from MIG has also been included in contracted services as well as an amount of R2.6 million for rural roads.

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Table 10 Contracted Services

DESCRIPTION	2019/2020	2020/2021	2021/2022
Maintenance of buildings and facilities	105.200	110.881	116.868
Doctors Examinations	99.624	105.004	110.674
Legal Costs	500.000	527.000	555.458
Security	10.000.000	10.534.000	11.096.524
Repairs specialised equipment	157.800	166.321	175.303
Rental Office Machines.	441.840	465.699	490.847
Renting of Offices	105.200	110.881	116.868
Traditional Leaders Sitting Allowance	105.200	110.670	116.425
Rent & Hire Vehicles	80.400	84.581	88.979
Audit Committee	251.281	264.850	279.152
Computer Programs	2.630.000	2.772.020	2.921.709
Billing Printing	1.255.267	1.323.052	1.394.497
collection fees	1.578.000	1.663.212	1.753.025
Shared Service Plan.	550.000	550.000	600.000
Development Agency	1.136.009	1.197.353	1.262.010
Repairs and maintenance Building/Plant	250.000	263.500	277.729
Repairs and maintenance vehicles	5.360.317	5.649.602	5.954.499
Plant & Equipment Hire	2.000.000	2.108.000	2.221.832
Repairs and maintenance Pumps	7.930.477	8.358.809	8.810.275
Pipelines & portable water maintenance	7.930.477	8.358.809	8.810.275
Repairs and maintenance Electrical	500.000	527.000	555.458
EPWP	7.054.000	-	-
Rural Road Asset Management	2.636.000	2.787.000	2.941.000
MIG VIP toilets	5.000.000	5.270.000	5.554.580

Other Expenditure

Other expenditure forms 11% of the total operating expenditure. Items that form the total cost other expenditure:

Table 11 Other Expenditure

DESCRIPTION	2019/2020	2020/2021	2021/2022
Skills Development Fund Levy	851.999.86	898.007.85	946.500.27
SALGA Levy	2.823.572.21	2.976.045.11	3.136.751.54
LGSETA Training	568.080.00	598.756.32	631.089.16
Telephone	2.170.176.03	2.287.225.54	2.410.743.72
Advertising	300.872.00	317.119.09	334.243.52
Departmental Water	351.929.17	370.933.35	390.963.75
Membership Fees	10.520.00	11.088.08	11.686.84
Radio	52.600.00	55.440.40	58.434.18
Councillors Risk Cover	3.154.11	3.324.43	3.503.95
Councillor Data Allowance	17.989.20	18.960.62	19.984.49
Insurance	5.178.121.65	5.457.740.22	5.752.458.19
Audit Fees - Auditor General	3.147.134.80	3.317.080.07	3.496.202.40
Youth Directorate	21.040.00	22.176.16	23.373.67
Bank Charges	998.143.35	1.052.043.09	1.108.853.42
Protective Clothing	996.240.02	1.050.036.98	1.106.738.97
Pauper Burial	49.812.20	52.502.06	55.337.17
Vehicle Licence	996.240.02	1.050.036.98	1.106.738.97
Electricity	56.488.253.02	59.538.618.68	62.753.704.09
	75.025.877.62	79.077.135.01	83.347.308.30

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.

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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 2019/2020 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 2019/2020 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.

Table 12 Repairs and maintenance per asset class SA34c

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	26.880	28.024	25.063	28.579	30.213	30.213	16.361	17.245	18.176
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	22.413	27.181	24.303	28.579	30.213	30.213	16.361	17.245	18.176
Dams and Weirs									
Boreholes									
Reservoirs				10.530	10.530	10.530	7.930	8.359	8.810
Pump Stations				15.795	17.795	17.795	7.930	8.359	8.810
Water Treatment Works	22.413	27.181	24.303	1.000	700	700	-	-	-
Bulk Mains				1.254	1.188	1.188	500	527	555
Distribution									
Distribution Points									
PRV Stations									
Capital Spares									
Sanitation Infrastructure	4.467	844	759	-	-	-	-	-	-
Pump Station									
Reticulation									
Waste Water Treatment Works	4.467	844	759						
Outfall Sewers									
Other assets	1.468	1.105	994	316	316	316	105	111	117
Operational Buildings	1.468	1.105	994	316	316	316	105	111	117
Municipal Offices	1.468	1.105	994	316	316	316	105	111	117
Computer Equipment	19	19	17	250	250	250	158	166	175
Computer Equipment	19	19	17	250	250	250	158	166	175
Furniture and Office Equipment	-	114	103	-	-	-	-	-	-
Furniture and Office Equipment		114	103						
Machinery and Equipment	243	601	541	627	627	627	250	264	278
Machinery and Equipment	243	601	541	627	627	627	250	264	278
Transport Assets	212	5.772	5.195	11.685	19.685	16.685	5.360	5.650	5.954
Transport Assets	212	5.772	5.195	11.685	19.685	16.685	5.360	5.650	5.954
Land	-	-	-	-	-	-	-	-	-
Land									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Repairs and Maintenance Expenditure	28.822	35.636	31.913	41.457	51.091	48.091	22.234	23.435	24.700

repairs and maintenance contributes about 6% of the total operating expenditure, about 2% of the PPE, these percentages are relatively low what is expected but due financial shortages we believe these funds are sufficient to cover the cost of maintenance of assets. Further to that a portion of the MIG has been set aside specifically for the renewal 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 2019/2020 financial year it is anticipated that R3.1million 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 2019/2020 Medium-term capital budget per vote

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<i>Single-year expenditure to be appropriated</i>										
105 - MUNICIPAL MANAGER	31	740	119	-	-	-	-	-	-	-
200 - CORPORATE SERVICES	124	1.386	10.156	-	150	150	150	-	-	-
300 - BUDGET AND TREASURY	19	225	-	27	10	10	10	-	-	-
405 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV)	135	38	741	-	-	-	-	-	-	-
408 - WSA& HEALTH SERVICES	718	93	-	-	-	-	-	-	-	-
500 - 500 - WATER, SANITATION AND TECHNICAL SER	178.402	238.478	249.447	407.804	344.995	344.995	344.995	296.937	442.806	704.719
Total Capital Expenditure - Vote	179.429	240.960	260.463	407.831	345.155	345.155	345.155	296.937	442.806	704.719

Due to financial constraints the capital budget is focused mainly on water infrastructure which is funded by national government grants amounting to R296 million.

A total of R296 million will be allocated towards water infrastructure as per the following grant allocations.

Table 14 Infrastructure Grants

CONDITIONAL GRANTS	2019/2020	1.0	2021/2022
MUNICIPAL INFRASTRUCTURE GRANT(MIG)	183937	194737	210274
REGIONAL BULK INFRASTRUCTURE GRANT(RBIG)	10000	139399	400000
WATER SERVICES INFRASTRUCTURE GRANT(WSIG)	108000	113940	100000

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Segment Desc		Tabled Budget	Adjustments Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget
Kwanobamba/ Ezitendeni (WWTW)	MIG	25.000.000	6.000.000	-	-	-
BERGVILLE SANITATION PROJECT PHASE 2	MIG	24.000.000	20.696.000	22.800.000	34.031.200	35.868.885
EZAKHENI SEWER UPGRADE	MIG	2.500.000	2.500.000			
WAGENDRIFT PUMP STATION	MIG	5.000.000	3.000.000			
REFURBISHMENT EXISTING AC PIPES "AGEING INFRASTRUCTURE"	MIG	200.000	20.000.000			
BHEKUZULU EPANGWENI COMMUNITY WATER SUPPLY (PHASE 5& 9)	MIG	22.294.220	15.000.000	8.500.000	13.959.000	14.733.988
NTABAMHLOPHE CWSS WEMBEZI TO BOSCH BULK	MIG	9.000.000	867.092	-	-	-
ROOSBOOM BULK WATER UPGRADE AND RETICULATION	MIG	400.000	-			
UMTSHEZI EAST BULK WATER SUPPLY	MIG	4.500.000	306.038	3.000.000	3.162.000	3.332.748
EKUVUKENI UPGRADE WTW BULK PIPELINES	MIG	28.000.000	28.000.000			
Weenen Ezitendeni Sanatation-Phase 1B Sewer Reticulation	MIG	15.000.000	13.000.000	17.100.000	28.023.400	29.536.664
Weenen Ezitendeni Sanatation-Construction of WWTW				20.520.000	31.628.080	33.335.996
Kwanobamba-Ezitendeni (Weenen) Water Supply-Weenen and Ezitendeni reticulation	MIG	17.559.780	10.000.000	5.700.000	6.007.800	6.332.221
Kwanobamba-Ezitendeni (Weenen) Water Supply-New abstraction				17.100.000	18.023.400	21.996.664
Fitty Park Umhlumayo Extensions	MIG	850.000	422.048			
Ntabamhlophe CWSS-Phase 13	MIG	11.000.000	11.000.000	4.000.000	8.585.320	11.048.927
Ntabamhlophe CWSS-Ntabamhlophe Emergency Repairs				19.200.000	30.236.800	31.869.587
Refurbishment and upgrade projects	MIG		31.000.000			
Fitty Park Sundays River	MIG		6.000.000	10.000.000	10.540.000	11.109.160
MIG top slice capacity building	MIG		5.741.822	5.000.000	5.270.000	5.554.580
Ekuvukeni Regional Bulk Water Supply-Upgrading Oliphantskoop	MIG			20.520.000	31.628.080	33.335.996
Ekuvukeni Regional Bulk Water Supply-Bulk rising main and booster pump station at Zandbuild	MIG			20.520.000	31.628.080	33.335.996
District Wide Underground Water Project	MIG			5.000.000	5.270.000	6.554.580
TOTAL				178.960.000	189.467.000	204.719.420
DRIEFONTEIN PHASE 3 (SPIOENKOP)	RBIG	142.283.000	40.000.000			
Emnambithi Bulk Water - Stage 1	RBIG			10.000.000	139.399.000	400.000.000
TOTAL				10.000.000	139.399.000	400.000.000
DRILLING AND EQUIPMENT OF BOREHOLES (HAND PUMPS AND SPRING PROTECTION DISTRICT WIDE	WSIG	10.000.000	-			
BERGVILLE WARD 5 SANITATION PROJECT (VIP LATRINES)	WSIG	5.000.000	5.000.000	15.000.000	15.810.000	11.663.740
WEMBEZI SANITATION UPGRADE	WSIG	200.000	-			
ROOSBOOM SANITATION PROJECT	WSIG	50.000	-			
LANGKLOOF WATER TREATMENT WORKS REFURBISHMENT	WSIG	50.000	-			
BERGVILLE WATER TREATMENT WORKS	WSIG	400.000	-			
BERGVILLE KHETHANI	WSIG	50.000	-			
ESTCOURT INDUSTRIAL PIPELINE	WSIG	29.000.000	20.000.000			
WEMBEZI WCDM PHASE 1 RETIC	WSIG	18.000.000	13.000.000			
EZAKHENI WATER SUPPLY SYSTEM UPGRADE	WSIG	50.000	-			
BHEKUZULU/EMPHANGWENI COMMUNITY WATER SUP SCH (PHASE 1	WSIG	18.000.000	28.000.000			
COLENZO BULK AND RETICULATION UPGRADE	WSIG	50.000	-			
Moyeni/Zwelisha WTW Mechanical & Electrical upgrade	WSIG	2.000.000	2.000.000			
Moyeni/Zwelisha Bulk & Reticulation Upgrade	WSIG			3.000.000	3.162.000	3.332.748
Escourt Industrial Pipeline Bulk Upgrade	WSIG			16.600.000	17.496.400	18.441.206
Wembezi Bulk & Reticulation Upgrade (WCDM)	WSIG			39.900.000	42.162.600	34.439.380
Reticulation to ennersdale, Ephangwini phase 3	WSIG			20.000.000	21.080.000	19.218.320
Reticulation to ennersdale, Ephangwini phase 4	WSIG		25.474.000	13.500.000	14.229.000	12.904.606
TOTAL			108.474.000	108.000.000	113.940.000	100.000.000
Ekuvukeni Secondary	MASS		2.000.000			
Procurement of sanitation related equipment	MASS		7.000.000			
LAPTOP COMPUTERS (CORPORATE SERVICES)			150.000			
Office Equipment Finance. (620/720002)		27.000	10.359			
		390.614.000	439.641.359	296.960.000	442.806.000	704.719.420

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 2019/2020 draft budget and MTREF as approved by the Council.

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2019/2020

Table 15 MBRR Table A1 - Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	150.117	158.499	169.245	291.665	295.665	248.088	248.088	262.991	277.193	292.161
Investment revenue	11.991	7.189	4.192	6.572	5.928	6.493	6.493	6.283	6.623	6.980
Transfers recognised - operational	322.989	347.535	368.613	405.533	418.073	438.138	438.138	449.659	476.827	515.509
Other own revenue	23.781	47.758	56.104	54.604	61.655	66.568	66.568	70.716	74.535	78.560
Total Revenue (excluding capital transfers and contributions)	508.879	560.981	598.154	758.374	781.320	759.286	759.286	789.650	835.177	893.210
Employee costs	199.310	218.668	253.203	271.837	271.837	271.837	271.837	291.843	307.603	324.214
Remuneration of councillors	6.381	5.483	6.547	8.156	7.456	7.456	7.456	7.956	8.385	8.838
Depreciation & asset impairment	49.197	62.577	68.222	86.634	64.000	64.000	64.000	58.644	61.811	65.149
Finance charges	1.125	2.555	2.789	561	949	949	949	-	-	-
Materials and bulk purchases	45.528	44.075	35.352	22.609	18.384	18.384	18.384	13.158	13.869	14.618
Transfers and grants	60.635	4.776	1.919	1.000	450	450	450	-	-	-
Other expenditure	338.132	443.170	324.897	329.312	353.768	373.833	373.833	303.741	312.686	329.594
Total Expenditure	700.307	781.304	692.928	720.109	716.844	736.908	736.908	675.342	704.354	742.412
Surplus/(Deficit)	(191.429)	(220.323)	(94.774)	38.265	64.476	22.378	22.378	114.308	130.824	150.798
Transfers and subsidies - capital (monetary allocation)	245.342	274.085	300.959	407.804	314.521	314.521	314.521	296.937	442.806	704.719
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	53.913	53.762	206.185	446.069	378.997	336.899	336.899	411.245	573.630	855.517
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	53.913	53.762	206.185	446.069	378.997	336.899	336.899	411.245	573.630	855.517
Capital expenditure & funds sources										
Capital expenditure	178.804	240.867	260.463	407.831	314.681	314.681	314.681	296.937	442.806	704.719
Transfers recognised - capital	177.951	238.478	241.831	407.804	314.521	314.521	314.521	296.937	442.806	704.719
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	853	2.389	18.633	27	160	160	160	-	-	-
Total sources of capital funds	178.804	240.867	260.463	407.831	314.681	314.681	314.681	296.937	442.806	704.719
Financial position										
Total current assets	197.486	176.557	203.410	250.891	208.263	302.600	302.600	506.415	654.220	822.940
Total non current assets	2.144.702	2.332.423	2.521.976	2.801.753	2.801.753	2.699.811	2.699.811	3.039.990	3.419.966	4.125.210
Total current liabilities	215.219	286.553	313.359	139.818	127.225	59.962	59.962	211.923	223.020	234.716
Total non current liabilities	26.439	28.136	31.813	35.824	35.824	35.824	35.824	36.824	37.824	38.240
Community wealth/Equity	2.100.531	2.194.291	2.380.214	2.877.001	2.846.966	3.692.941	2.906.625	3.297.658	3.813.342	4.675.195
Cash flows										
Net cash from (used) operating	132.854	227.040	279.053	458.459	361.907	361.907	361.907	414.415	569.515	851.203
Net cash from (used) investing	(250.985)	(259.209)	(295.237)	(407.831)	(314.681)	(296.519)	(296.519)	(296.937)	(442.806)	(704.719)
Net cash from (used) financing	9.760	1.451	16.197	1.765	(44.616)	(44.616)	(44.616)	1.541	1.624	1.712
Cash/cash equivalents at the year end	36.716	5.998	6.011	1.249	8.621	26.783	26.783	145.803	274.135	422.331
Cash backing/surplus reconciliation										
Cash and investments available	36.715	5.998	6.011	51.249	8.621	26.783	26.783	145.803	274.135	422.331
Application of cash and investments	109.249	375.085	292.292	49.061	72.356	(11.739)	(11.739)	139.983	146.562	153.496
Balance - surplus (shortfall)	(72.534)	(369.087)	(286.282)	2.188	(63.735)	38.522	38.522	5.820	127.573	268.835
Asset management										
Asset register summary (WDV)	2.143.044	2.326.172	2.513.302	2.801.753	2.801.753	2.699.811	2.699.811	3.031.316	3.410.824	4.115.574
Depreciation	49.197	62.577	68.222	86.634	64.000	64.000	64.000	58.644	61.811	65.149
Renewal and Upgrading of Existing Assets	-	-	-	40.000	42.000	42.000	42.000	84.900	127.055	155.406
Repairs and Maintenance	37.829	35.636	31.912	16.023	14.384	14.384	14.384	8.950	9.434	9.943
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	2.930	3.105	3.105	3.273	3.449
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	33	28	23	23	23	23	25	25	26	27
Sanitation/sew erage:	-	-	28	28	28	28	30	30	32	33
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.

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

Functional Classification Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional									
Governance and administration	327.311	341.736	359.582	406.468	770.764	770.764	774.357	826.514	884.055
Executive and council	48.867	53.055	50.694	62.083	62.083	62.083	67.286	72.952	78.911
Finance and administration	278.444	288.681	308.889	344.385	708.681	708.681	707.071	753.562	805.144
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	-	-	-	50	50	50	53	56	60
Health	-	-	-	50	50	50	53	56	60
Economic and environmental services	250	1.239	1.451	300	4.300	4.300	550	550	600
Planning and development	250	1.239	1.451	300	4.300	4.300	550	550	600
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	426.660	492.091	538.079	759.360	351.201	290.034	311.627	450.863	713.215
Energy sources	-	-	-	-	-	-	-	-	-
Water management	409.760	479.278	520.827	728.340	351.201	290.034	311.627	450.863	713.215
Waste water management	16.900	12.813	17.253	31.019	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	754.221	835.066	899.113	1.166.178	1.126.315	1.065.148	1.086.587	1.277.983	1.597.929
Expenditure - Functional									
Governance and administration	313.751	293.946	314.522	388.824	365.575	365.575	379.809	401.470	423.488
Executive and council	67.845	53.055	56.769	63.551	60.855	60.855	56.978	60.634	64.080
Finance and administration	245.906	240.891	257.753	325.273	304.721	304.721	322.831	340.836	359.408
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	18.714	21.201	22.685	24.993	24.898	24.898	24.597	26.205	27.620
Community and social services	-	-	-	-	-	-	-	-	-
Health	18.714	21.201	22.685	24.993	24.898	24.898	24.597	26.205	27.620
Economic and environmental services	30.513	23.765	25.429	22.932	24.407	24.407	22.995	24.468	25.810
Planning and development	30.513	23.765	25.429	22.932	24.407	24.407	22.995	24.468	25.810
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	333.329	442.391	330.292	283.360	302.663	322.727	247.942	252.210	265.494
Energy sources	-	-	-	-	-	-	-	-	-
Water management	332.686	440.575	328.349	282.244	302.663	322.727	247.942	252.210	265.494
Waste water management	643	1.816	1.943	1.116	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	696.307	781.303	692.928	720.109	717.544	737.608	675.342	704.354	742.412
Surplus/(Deficit) for the year	57.913	53.762	206.185	446.069	408.771	327.540	411.245	573.630	855.517

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.
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.

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

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
105 - MUNICIPAL MANAGER		48.867	53.055	50.694	62.083	62.083	62.083	67.286	72.952	78.911
200 - CORPORATE SERVICES		-	-	-	-	8.540	8.540	-	-	-
300 - BUDGET AND TREASURY		278.444	288.681	308.889	344.385	700.141	700.141	707.071	753.562	805.144
405 - SOCIAL SERVICES(PLANNING&ECONOMIC D		250	1.239	1.451	300	4.300	4.300	550	550	600
408 - WSA& HEALTH SERVICES		-	-	-	50	50	50	53	56	60
500 - 500 - WATER, SANITATION AND TECHNICAL		426.660	492.091	538.079	759.360	351.201	290.034	311.627	450.863	713.215
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]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	754.221	835.066	899.113	1.166.178	1.126.315	1.065.148	1.086.587	1.277.983	1.597.929
Expenditure by Vote to be appropriated	1									
105 - MUNICIPAL MANAGER		67.845	53.055	56.769	63.551	60.855	60.855	56.978	60.634	64.080
200 - CORPORATE SERVICES		63.655	53.112	56.830	48.051	51.712	51.712	43.073	45.748	48.218
300 - BUDGET AND TREASURY		182.251	187.779	200.924	277.222	253.009	253.009	279.758	295.088	311.190
405 - SOCIAL SERVICES(PLANNING&ECONOMIC D		30.513	23.765	25.429	22.932	24.407	24.407	22.995	24.468	25.810
408 - WSA& HEALTH SERVICES		18.714	21.201	22.685	24.993	24.898	24.898	24.597	26.205	27.620
500 - 500 - WATER, SANITATION AND TECHNICAL		337.329	442.392	330.293	283.360	332.437	313.368	247.942	252.210	265.494
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]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	700.307	781.304	692.928	720.109	747.318	728.250	675.342	704.354	742.412
Surplus/(Deficit) for the year	2	53.913	53.762	206.185	446.069	378.997	336.899	411.245	573.630	855.517

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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Revenue By Source										
Service charges - water revenue	133.216	143.171	151.993	260.645	270.645	231.801	231.801	245.710	258.978	272.963
Service charges - sanitation revenue	16.900	15.327	17.253	31.019	25.019	16.287	16.287	17.281	18.214	19.198
Interest earned - external investments	11.991	7.189	4.192	6.572	5.928	6.493	6.493	6.283	6.623	6.980
Interest earned - outstanding debtors	20.215	43.648	43.393	50.456	50.456	55.369	55.369	67.008	70.626	74.440
Fines, penalties and forfeits				50	50	50	50	53	56	59
Transfers and subsidies	322.989	347.535	368.613	405.533	418.073	438.138	438.138	449.659	476.827	515.509
Other revenue	3.567	4.111	12.711	4.098	11.149	11.149	11.149	3.655	3.853	4.061
Gains on disposal of PPE		-	-							
Total Revenue (excluding capital transfers and contributions)	508.879	560.981	598.154	758.374	781.320	759.286	759.286	789.650	835.177	893.210
Expenditure By Type										
Employee related costs	199.310	218.668	253.203	271.837	271.837	271.837	271.837	291.843	307.603	324.214
Remuneration of councillors	6.381	5.483	6.547	8.156	8.156	8.156	8.156	7.956	8.385	8.838
Debt impairment	57.975	94.881	109.459	136.628	136.628	136.628	136.628	168.789	177.904	187.510
Depreciation & asset impairment	49.197	68.207	79.030	86.634	64.000	64.000	64.000	58.644	61.811	65.149
Finance charges	1.125	2.555	2.789	561	949	949	949			
Bulk purchases	7.698	8.439	3.440	6.586	4.000	4.000	4.000	4.208	4.435	4.675
Other materials	37.829	35.636	31.912	16.023	14.384	14.384	14.384	8.950	9.434	9.943
Contracted services	68.623	120.136	88.701	117.869	139.420	159.148	159.148	59.926	55.705	58.736
Transfers and subsidies	60.635	4.776	1.919	1.000	450	450	450	-	-	-
Other expenditure	206.302	217.317	112.045	74.815	77.720	78.056	77.720	75.026	79.077	83.347
Loss on disposal of PPE	1.232	5.205	3.884							
Total Expenditure	696.307	781.303	692.928	720.109	717.544	737.608	737.271	675.342	704.354	742.412
Surplus/(Deficit)	(187.429)	(220.323)	(94.774)	38.265	63.776	21.678	22.015	114.308	130.824	150.798
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	245.342	274.085	300.959	407.804	344.995	305.862	305.862	296.937	442.806	704.719
Surplus/(Deficit) after capital transfers & contributions	57.913	53.762	206.185	446.069	408.771	327.540	327.877	411.245	573.630	855.517
Taxation										
Surplus/(Deficit) after taxation	57.913	53.762	206.185	446.069	408.771	327.540	327.877	411.245	573.630	855.517
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	57.913	53.762	206.185	446.069	408.771	327.540	327.877	411.245	573.630	855.517
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	57.913	53.762	206.185	446.069	408.771	327.540	327.877	411.245	573.630	855.517

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

1. Total operating revenue is R759 million in 2019/2020 and escalates to R893 million by 2021/2022. However given sound financial management strategies are put in place we can expect an increase in revenues exceeding 6%

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Table 19 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									-	-	-
Service charges		168.423	81.362	104.940	131.249	128.403	128.403	128.403	105.737	111.446	117.464
Other revenue			1.727	3.751	4.148	11.199	11.199	11.199	3.708	3.909	4.120
Government - operating	1	322.989	374.313	365.369	405.533	418.073	418.073	418.073	449.659	476.827	515.509
Government - capital	1	245.342	300.862	297.715	407.804	314.521	314.521	314.521	296.937	442.806	704.719
Interest		11.991	7.189	4.192	6.572	5.928	5.928	5.928	6.283	6.623	6.980
Dividends									-	-	-
Payments											
Suppliers and employees		(614.767)	(535.859)	(494.125)	(495.286)	(514.817)	(514.817)	(514.817)	(447.909)	(472.096)	(497.589)
Finance charges		(1.125)	(2.555)	(2.789)	(561)	(949)	(949)	(949)	-	-	-
Transfers and Grants	1				(1.000)	(450)	(450)	(450)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		132.854	227.040	279.053	458.459	361.907	361.907	361.907	414.415	569.515	851.203
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		44							-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(251.029)	(259.209)	(295.237)	(407.831)	(314.681)	(296.519)	(296.519)	(296.937)	(442.806)	(704.719)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(250.985)	(259.209)	(295.237)	(407.831)	(314.681)	(296.519)	(296.519)	(296.937)	(442.806)	(704.719)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing		8.602		14.768					-	-	-
Increase (decrease) in consumer deposits		1.412	1.696	1.454	1.765	1.765	1.765	1.765	1.541	1.624	1.712
Payments											
Repayment of borrowing		(255)	(245)	(25)	(46.381)	(46.381)	(46.381)	(46.381)	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		9.760	1.451	16.197	1.765	(44.616)	(44.616)	(44.616)	1.541	1.624	1.712
NET INCREASE/ (DECREASE) IN CASH HELD		(108.372)	(30.718)	13	52.393	2.610	20.773	20.773	119.019	128.333	148.196
Cash/cash equivalents at the year begin:	2	145.088	36.716	5.998	(51.144)	6.011	6.011	6.011	26.783	145.803	274.135
Cash/cash equivalents at the year end:	2	36.716	5.998	6.011	1.249	8.621	26.783	26.783	145.803	274.135	422.331

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.

- 2019/2020 adjustment cash flow estimated that the municipality will have R145 million at year end.

It is anticipated tha the municipality will have R148 million at year end provided the applied collection rate of R35% is maintained through out the year. As well as the cost containment measures are applied effectively as detailed in the recovery plan.

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 2015) 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 2018, Key dates applicable to the process were as follows:

Table 20 Key dates applicable to the process were as follows:

Activity No.	Action/ Task for IDP and Budget	Timeframe for Task Completion
July 2018 & August 2018	▪ Drafting of the IDP Framework and process plan	12 July 2018
	▪ Alignment of IDP and budget process plans	19 July 2018
	▪ Submission of the draft Framework and Process Plan to COGTA for comments	26 July 2018
	▪ Advertisement of the IDP Framework and process plan	24 July 2018 2 August 2018
	▪ 1 st IDP Supporting Structure Committee Meeting	31 August 2018
	▪ Adoption of IDP Framework and Process Plan by full council	31 August 2018
	▪ Planning Indaba	
Sept 2018	▪ Submission of the adopted IDP Framework and Process plan to COGTA	September 2018
	▪ Identify outstanding Sector Plans	27 September 2018 September 2018
	▪ Integrate sector plans.	September 2018 September 2018
	▪ IDP input into provincial adjustment budgets	
	▪ Provincial planners Forum	
Oct 2018	▪ Review of the Spatial Development Framework Projects identifications and prioritization	04 October 2018 11 October 2018 18 October 2018
	▪ Develop KPI's targets, timeframes etc. where impacted upon by reprioritization	25 October 2018
	▪ Align with draft budget estimates	
Nov 2018	▪ World Planning Day	01 November 2018
	▪ Municipal alignment session	08 November 2018
	▪ Alignment meeting between DM & Province to revised 3 year MTEF	15 November 2018 21 November 2018
	▪ Alignment meeting with family of municipalities	22 November 2018
	▪ SDF Alignment between the bordering district municipalities	
Dec 2018	▪ IDP best practice conference	03 December 2018
Jan 2019	▪ IDP Supporting Structure Committee Meeting	January 2019

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Feb 2019	<ul style="list-style-type: none"> ▪ IDP steering committee and strategic planning session to: <ul style="list-style-type: none"> - Review Municipal Vision and Mission - Develop Objectives and Strategies ▪ Meeting COGTA and municipalities on IDP assessment ▪ Updating of municipal CIP and MTEF based on Draft DORA allocations ▪ IDP Coordinating committee meeting(IDP Managers) ▪ IDP Representative Forum meeting ▪ IDP Roadshows (needs analysis) 	<p><i>February 2019</i></p> <p><i>08 February 2019</i></p> <p><i>13 February 2019</i></p> <p><i>19 February 2019</i></p> <p><i>22 February 2019</i></p> <p><i>28 February 2019</i></p>
March 2019	<ul style="list-style-type: none"> ▪ Exco approval of the Draft, recommend to Council ▪ Council Approval of the Draft IDP ▪ 2019/2020 Submission of the Draft ▪ 2019/2020 IDP to COGTA 	<p><i>March 2019</i></p> <p><i>March 2019</i></p> <p><i>29 March 2019</i></p>
April 2019	<ul style="list-style-type: none"> ▪ Decentralized IDP assessment forums ▪ IDP/Budget Road shows 	<p><i>10 April 2019</i></p> <p><i>April 2019</i></p>
May 2019	<ul style="list-style-type: none"> ▪ IDP Assessment Feedback Session ▪ Amend IDP in accordance with the outcome of the assessment 	<p><i>03 May 2019</i></p> <p><i>10 May 2019</i></p>
May 2019	<ul style="list-style-type: none"> ▪ Advertise for public comments and incorporate comments 	<p><i>May 2019</i></p>
May 2019	<ul style="list-style-type: none"> ▪ Exco approval, recommend to Council ▪ Council approval of the IDP 	<p><i>16 May 2019</i></p> <p><i>31 May 2019</i></p>
June 2019	<ul style="list-style-type: none"> ▪ Submission of the adopted IDP to the MEC ▪ Advertise the Adopted IDP in the local newspaper 	<p><i>04 June 2019</i></p> <p><i>06 June 2019</i></p>

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development

platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

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;
- 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.

2.3 OVER VIEW OF BUDGET ASSUMPTIONS

- The 2019/2020 budget assumes the following:
 - CPI inflation rate forecast is 5.2% for 2019/2020 5.4 and for the outer two years respectively.
 - Tariffs on service charges will increase by 6%.
 - Collection rate estimated at 35% Service charges.
 - Employee related costs will increase by 6.5%
 - 60% of the capital budget is capitalised and added to the Asset register.

2.4 OVERVIEW OF BUDGET FUNDING

2.4.1 Medium-term outlook: operating revenue

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

Table 21 Breakdown of the operating revenue over the medium-term

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget		Budget Year 2019/20		Budget Year +1 2020/21		Budget Year +2 2021/22	Budget Year +2 2021/22
Revenue By Source								
Service charges - water revenue	270.645	35%	245.710	31%	258.978	31%	272.963	31%
Service charges - sanitation revenue	25.019	3%	17.281	2%	18.214	2%	19.198	2%
Interest earned - external investments	5.928	1%	6.283	1%	6.623	1%	6.980	1%
Interest earned - outstanding debtors	50.456	6%	67.008	8%	70.626	8%	74.440	8%
Fines, penalties and forfeits	50	0%	53	0%	56	0%	59	0%
Transfers and subsidies	418.073	54%	449.659	57%	476.827	57%	515.509	58%
Other revenue	11.149	1%	3.655	0%	3.853	0%	4.061	0%
Total Revenue (excluding capital transfers and contributions)	781.320		789.650		835.177		893.210	

The following graph is a breakdown of the operational revenue per main category for the 2019/20 financial year.

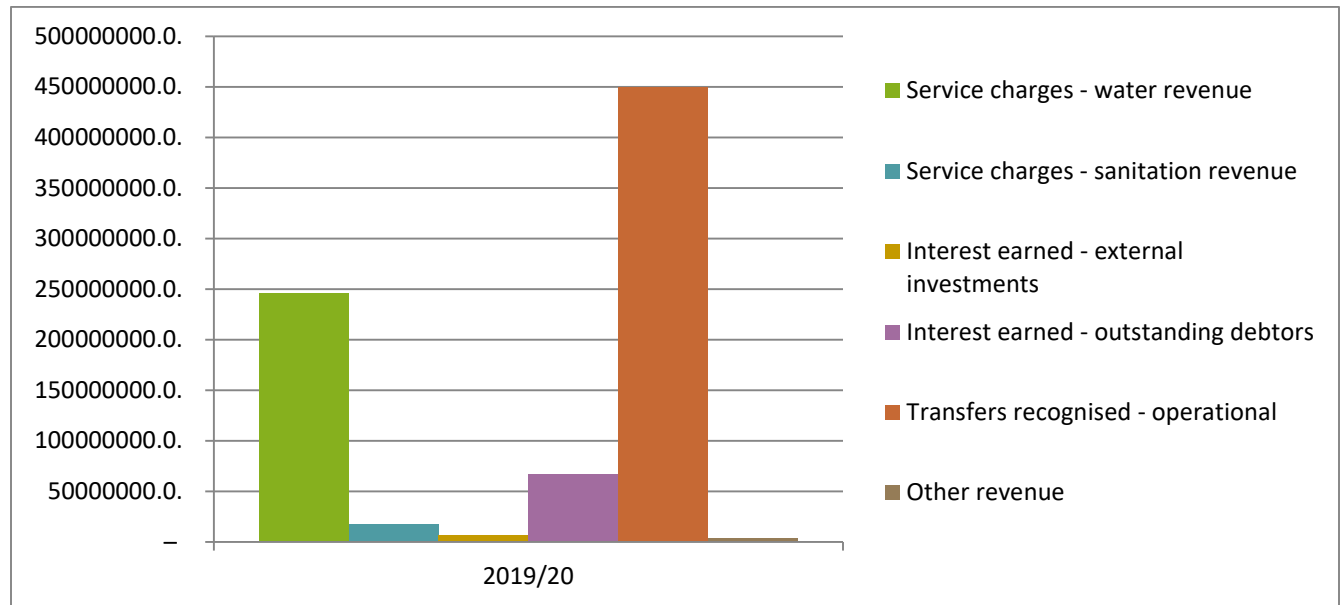


Figure 4 Breakdown of operating revenue over the 2019/20 MTREF

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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 35% 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 57% 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 35% annual collection rate for consumer revenue
- National Treasury guidelines
- Water tariff increases by DWA
- 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 R245 and R18 million respectively for the 2019/20 financial year with water service charges increasing to R272 million and R19 million by 2021/22. These constitute 31 % of the total budget.

Operational grants and subsidies amount to R449 million in the 2019/20 financial year being 51% 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.

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

Table 22 MBRR SA15 – Detail Investment Information

Investment type	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Parent municipality									
Listed Corporate Bonds									
Deposits - Bank				50.000	-	-	70.976	74.809	78.849
Municipality sub-total	-	-	-	50.000	-	-	70.976	74.809	78.849

Table 23 MBRR SA15 – Detail Investment particulars by maturity

The table reflects a list of investments currently held by the municipality

DC23 Uthukela - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M10 April		
Investments by maturity Name of institution & investment ID	Ref	Market value at end of the month
R thousands		
Municipality		
FNB		15 883
NEDBANK		20 113
INVESTEC		83 494
ABSA		41 039
STANDARD		30 131
TOTAL INVESTMENTS AND INTEREST	2	190 660

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

2.4.2 Capital revenue

The capital expenditure budget will be funded from the infrastructure grants to the value of R296 million.

2.5 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

TABLE 21: DC23 UThukela - Supporting Table SA19 Expenditure on transfers and grant programme

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	318.864	390.054	367.087	405.233	405.233	405.233	441.473	468.220	506.413
Local Government Equitable Share	261.605	332.370	304.535	335.399	335.399	335.399	365.123	393.468	425.438
RSC Levy Replacement	44.198	47.937	51.710	56.441	56.441	56.441	61.418	66.762	72.380
Finance Management	1.325	1.460	1.795	1.545	1.545	1.545	2.010	1.800	2.064
EPWP Incentive	2.384	3.169	3.724	6.206	6.206	6.206	7.054		
Special Support For Councillors	4.669	5.118	5.323	5.642	5.642	5.642	5.868	6.190	6.531
Municipal Systems Improvement	940								
Water Services Operating Subsidy	3.743								
LG Seta	365	-	372		540	877			
Water infrastructure maintenance	270								
Rural Roads Asset management						2.488	2.636	2.787	2.941
MIG - VIP Toilets						14.729	5.000	5.270	5.555
WSIG - VIP Toilets						5.000			
Provincial Government:	680	536	1.154	300	12.300	9.511	550	550	600
Shared Services Grant	680	536	1.154	300	300	511	550	550	600
Nodal Grant					1.000	1.000			
Raset programs grant					3.000	3.000			
Fleet repairs grant					8.000	5.000			
Growth and Development Summit						300			
Drought relief	-	10.000	-						
IGR Grant	98								
District Disaster Centre	1.393								
KZN backlog study	14								
KZN Environment management	62								
KZN Projects - Additional	1.679								
Other grant providers:	306	-	-	-	-	-	-	-	-
Masibumbaneni Co-op	306								
Total operating expenditure of Transfers and Grants	319.850	390.590	368.241	405.533	417.533	414.744	442.023	468.770	507.013
Capital expenditure of Transfers and Grants									
National Government:	245.308	274.085	300.959	407.804	305.521	296.862	296.937	442.806	704.719
Municipal Infrastructure Grant (MIG)	181.269	178.506	187.304	180.033	180.033	165.304	178.937	189.467	204.719
Regional Bulk Infrastructure	5.927	12.605	28.672	142.283	40.000	28.065	10.000	139.399	400.000
Water Services Infrastructure Grant	50.000	81.807	82.500	83.000	83.000	103.493	108.000	113.940	100.000
Rural Road Asset Management	2.295	1.167	2.483	2.488	2.488				
Rural Households Infrastructure	5.817	-	-						
0									
Provincial Government:	-	-	-	-	9.000	9.000	-	-	-
Massification Grant					9.000	9.000			
Total capital expenditure of Transfers and Grants	245.308	274.085	300.959	407.804	314.521	305.862	296.937	442.806	704.719
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	565.158	664.675	669.200	813.337	732.054	720.606	738.960	911.576	1.211.732

2.6 COUNCILLOR AND EMPLOYEE BENEFITS

TABLE 22: DC23 UThukela - Table SA22 - Summary of councillor and staff benefit

Summary of Employee and Councillor remuneration R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	4.391	5.483	6.547	5.960	5.260	5.260	5.849	6.265	6.734
Pension and UIF Contributions				23	23	23			
Medical Aid Contributions									
Motor Vehicle Allowance	1.529			1.643	1.643	1.643	1.597	1.710	1.838
Cellphone Allowance	458			530	530	530	510	546	587
Housing Allowances									
Other benefits and allowances	3								
Sub Total - Councillors	6.381	5.483	6.547	8.156	7.456	7.456	7.956	8.520	9.159
% increase		(14.1%)	19.4%	24.6%	(8.6%)	-	6.7%	7.1%	7.5%
Senior Managers of the Municipality									
Basic Salaries and Wages	7.598	5.199	4.395	7.702	7.702	7.702	6.712	7.175	7.577
Pension and UIF Contributions	11	9	9	11	11	11	9	9	9
Medical Aid Contributions		-	-						
Overtime		-	-						
Performance Bonus		476	-						
Motor Vehicle Allowance		1.058	922				877	1.108	1.168
Cellphone Allowance		-	-						
Housing Allowances		283	637				425	716	755
Other benefits and allowances		360	951						
Payments in lieu of leave		232	715						
Long service awards		-	-						
Post-retirement benefit obligations		-	-						
Sub Total - Senior Managers of Municipality	7.609	7.616	7.630	7.712	7.712	7.712	8.023	9.008	9.509
% increase		0.1%	0.2%	1.1%	-	-	4.0%	12.3%	5.6%
Other Municipal Staff									
Basic Salaries and Wages	125.302	142.154	158.431	171.496	171.496	171.496	180.393	191.937	202.287
Pension and UIF Contributions	17.914	17.071	20.773	32.270	32.270	32.270	31.472	33.566	35.379
Medical Aid Contributions	4.326	5.160	5.777	7.927	7.927	7.927	9.356	9.978	10.517
Overtime	22.831	17.101	25.829	25.600	25.600	25.600	19.986	21.315	22.466
Performance Bonus							-	-	-
Motor Vehicle Allowance	8.480	8.157	8.171	8.724	8.724	8.724	10.522	11.222	11.828
Cellphone Allowance	855								
Housing Allowances	7.046	1.104	1.718	1.487	1.487	1.487	2.057	2.194	2.312
Other benefits and allowances	4.784	26.499	28.016	15.519	15.519	15.519	28.238	30.116	31.743
Payments in lieu of leave		1.421	4.488	1.100	1.100	1.100			
Long service awards									
Post-retirement benefit obligations									
Sub Total - Other Municipal Staff	191.538	218.668	253.203	264.125	264.125	264.125	282.025	300.328	316.531
Total Parent Municipality	205.528	231.767	267.380	279.993	279.293	279.293	298.003	317.856	335.199
TOTAL SALARY, ALLOWANCES & BENEFITS		12.8%	15.4%	4.7%	(0.2%)	-	6.7%	6.7%	5.5%
	205.528	231.767	267.380	279.993	279.293	279.293	298.003	317.856	335.199
% increase		12.8%	15.4%	4.7%	(0.2%)	-	6.7%	6.7%	5.5%
TOTAL MANAGERS AND STAFF	199.147	226.284	260.833	271.837	271.837	271.837	290.048	309.336	326.040

2.6. 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 Service Delivery and Implementation Plan

The detailed SDBIP document will be finalised after approval of the 2019/2020 MTREF and will be directly aligned and informed by the 2021/2022 MTREF.

6 Annual Report

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

7 Policies

Budget related policies are reviewed on an annual basis.

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Standard	Description	Service Level
Solid Waste Removal		
	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	N/A
	(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
Water Service		
	Water Quality rating (Blue/Green/Brown/N0 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
	cases of service interruption (complete the sub questions)	
	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
Electricity Service		
	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

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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
Sewerage Service	
back in to the system after purification?	Yes
To what extend do you subsidize your indigent consumers?	Yes
average	
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
Road Infrastructure Services	
(Hours)	N/A
(Hours)	N/A
crossing? (Hours)	N/A
Time taken to repair walkways? (Hours)	N/A
Property valuations	
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
Financial Management	
wasteful expenditure over time? (Decrease/Increase)	Decrease
Are the financial statement outsources? (Yes/No)	No
flow and managemet of documentation feeding to Trial Balaince?	Yes
date it has been received?	within 30 Days
departmental plans quaterly and annualy including for the next two to three years procurement plans?	Yes
Administration	
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? customer? (Yes
unit sit to review and resolve SCM process delays other than normal monthly management meetings?	Less than 20 minutes
	Once Every Week
Community safety and licensing services	
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
Economic development	
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
Other Service delivery and communication	
(Yes/No)	Yes
inform the community? (Yes/No)	Yes
manner? (Yes/No)	Yes