

**UTHUKELA**

**UMKHANDLU WESIFUNDA  
DISTRIKSMUNISIPALITEIT  
DISTRICT MUNICIPALITY**

**2019/2020 – 2021/2022  
FINAL ANNUAL BUDGET & MEDIUM-TERM REVENUE  
AND EXPENDITURE FRAMEWORK**

## **TABLE OF CONTENTS**

### **PART 1 – DRAFT ANNUAL BUDGET**

MAYOR'S REPORT

COUNCIL RESOLUTIONS

EXECUTIVE SUMMARY

OPERATING REVENUE FRAMEWORK

OPERATING EXPENDITURE FRAMEWORK

CAPITAL EXPENDITURE

ANNUAL BUDGET TABLES

### **PART 2 – SUPPORTING DOCUMENTATION**

OVER VIEW OF THE BUDGETPROCESS

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

COUNCILLOR AND EMPLOYEE BENEFITS

OVER VIEW OF BUDGET ASSUMPTIONS

OVER VIEW OF BUDGET FUNDING

LEGISLATION COMPLIANCE STATUS

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

### **ANNEXURE**

Service level Standards

## **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<br>Budget<br>2018/2019 | Budget<br>Year<br>2019/2020 | Budget Year<br>2020/2021 | Budget Year<br>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                  |
| <b>Total Budget</b>         | <b>1 062 538</b>                  | <b>964 643</b>              | <b>1 139 102</b>         | <b>1 438 635</b>         |

### **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 sourceA4**

| 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 |
| <b>Revenue By Source</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| 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   |                 | -               | -               |                      |                 |                    |                   |   |                        |                        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>508.879</b>  | <b>560.981</b>  | <b>598.154</b>  | <b>758.374</b>       | <b>781.320</b>  | <b>759.286</b>     | <b>759.286</b>    | <b>789.650</b>                                      | <b>835.177</b>         | <b>893.210</b>         |

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

| Description  | 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 |
| <b>Revenue By Source</b>   |   |     |                     |     |                        |     |                        |                        |
| 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%                     |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>781.320</b>                                      |     | <b>789.650</b>      |     | <b>835.177</b>         |     | <b>893.210</b>         |                        |

The two tables above shows that the municipality's main source of Revenue is grant funding as it covers above half of the income. 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



## UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

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**

|    | <b>Description</b>   | <b>Tariff</b>        |
|----|--|----------------------|
| 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          |
|    | <b>Integrated Step Tariff (Domestic Use)</b>                                       |                      |
| 5. | Water tariff for water usage up to 6kl   | Free/ Indigent       |
|    | Water tariff for water usage 1 to 30kl   | R11.62kl             |
|    | Water tariff for water usage 31kl to 100kl   | R13.46kl             |
|    | Water tariff for water usage 101kl and above                                       | R15.48kl             |
|    | <b>Integrated step tariffs(Business use)</b>                                       |                      |
|    | 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             |
|    | <b>Integrated Step Tariff (Industrial/Factory Use)</b>                             |                      |
| 6. | Water tariff for water usage 1 to 1000kl   | R11.62kl             |
|    | Water tariff for water usage 1001kl to 3000kl                                      | R13.46kl             |
|    | Water tariff for water usage 3001kl and above                                      | R15.48kl             |
|    | <b>Integrated Step Tariff(Co-operatives)</b>                                       |                      |
|    | 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              |
|    | <b>Integrated Step Tariff(Churches)</b>  |                      |
|    | Water tariff for water usage 1 to 30kl   | R5.15kl              |

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

|  |   |          |
|--|---|----------|
|  | Water tariff for water usage 31 to 70kl       | R6.23kl  |
|  | Water tariff for water usage 71kl and above   | R7.50kl  |
|  | <b>Integrated Step Tariff(Trust)</b>          |          |
|  | 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 |
|  | <b>Integrated step tariff(Government use)</b> |          |
|  | 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)=<br>R82.20c+([COD/1000] x<br>R1.73c)<br>(COD-Chemical Oxygen<br>Demand) |

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

|     |   |  |
|-----|---|--|
| 15. | Account Deposits (Subject to credit worthiness)   | <b>Residential dep. max</b><br>R2768.49<br><b>Bus./Govt./Trust dep. max</b><br>R9223.76<br><b>Industrial dep. max.</b><br>R15912.72<br><b>Churc/Coops dep. Max</b><br>R2 546.58<br><b>New consumers:-</b><br>Residential dep.R1 600.27<br><b>New Bus./Govt./Industr.</b><br>R3 818.80<br><b>New Co-operatives</b><br>R752.02<br><b>New Churches</b><br>R1 794.56<br><b>New Trust businesses</b><br>R3 589.10<br><b>New Trusts</b><br>R1 504.02<br>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<br>Reconnection fee - Working hours<br>-After hours,<br>Saturdays/Sundays/Public Holidays | R 132.07<br>R 134.08<br>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.

| <b>Water and Waste Water Analysis</b> |                        |                        |
|---------------------------------------|------------------------|------------------------|
| <b>Determinant</b>                    | <b>Units</b>           | <b>Cost per sample</b> |
| Alkalinity                            | mg/l CaCO <sub>3</sub> | R63.72                 |
| Appearance                            | Descriptive            |                        |
| Aluminium - soluble                   | mg/l Al                | R55.15                 |

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

|                        |                       |        |
|------------------------|-----------------------|--------|
| Ammonia                | mg/l N                | R53.12 |
| Chloride               | mg/l Cl               | R42.52 |
| Chlorine – Free        | mg/l Cl <sub>2</sub>  | 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 <sub>4</sub>  | R46.63 |
| Sulphide               | mg/l H <sub>2</sub> 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 <sub>2</sub>   | R63.72 |
| Chemical Oxygen Demand | mg/l O <sub>2</sub>   | 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.

| <b>Microbiological Analysis</b> |                    |        |
|---------------------------------|--------------------|--------|
| 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 |
| 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  |



UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

|   |     |           |        |
|---|-----|-----------|--------|
| 7 | 100 | 11 464.49 | 597.76 |
| 8 | 150 | 11 903.27 | 597.76 |

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     |
| <b>Full Colour</b>  | 23.57      | 47.16 | 178.95     | 159.16 | 212.21 |
| <b>Grey Scale</b>   | 23.57      | 47.16 | 178.95     | 144.59 | 212.21 |
| <b>Topo Maps</b>    | 17.69      | 33.37 | 83.42      | 178.95 | 159.16 |
| <b>Line / Hatch</b> | 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!!**

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

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.

|    | <b>Description</b>   | <b>2016/17</b>        | <b>2017/18</b>        | <b>2018/19</b>     | <b>2019/2020</b> |
|----|--|-----------------------|-----------------------|--------------------|------------------|
| 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            |
|    | <b>Integrated Step Tariff (Domestic Use)</b>                                       |                       |                       |                    |                  |
| 5. | Water tariff for water usage up to 6kl   | Free/ Indigent        | Free/ Indigent        | Free /indigent     | Free /indigent   |
|    | Water tariff for water usage 1 to 30kl   | 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

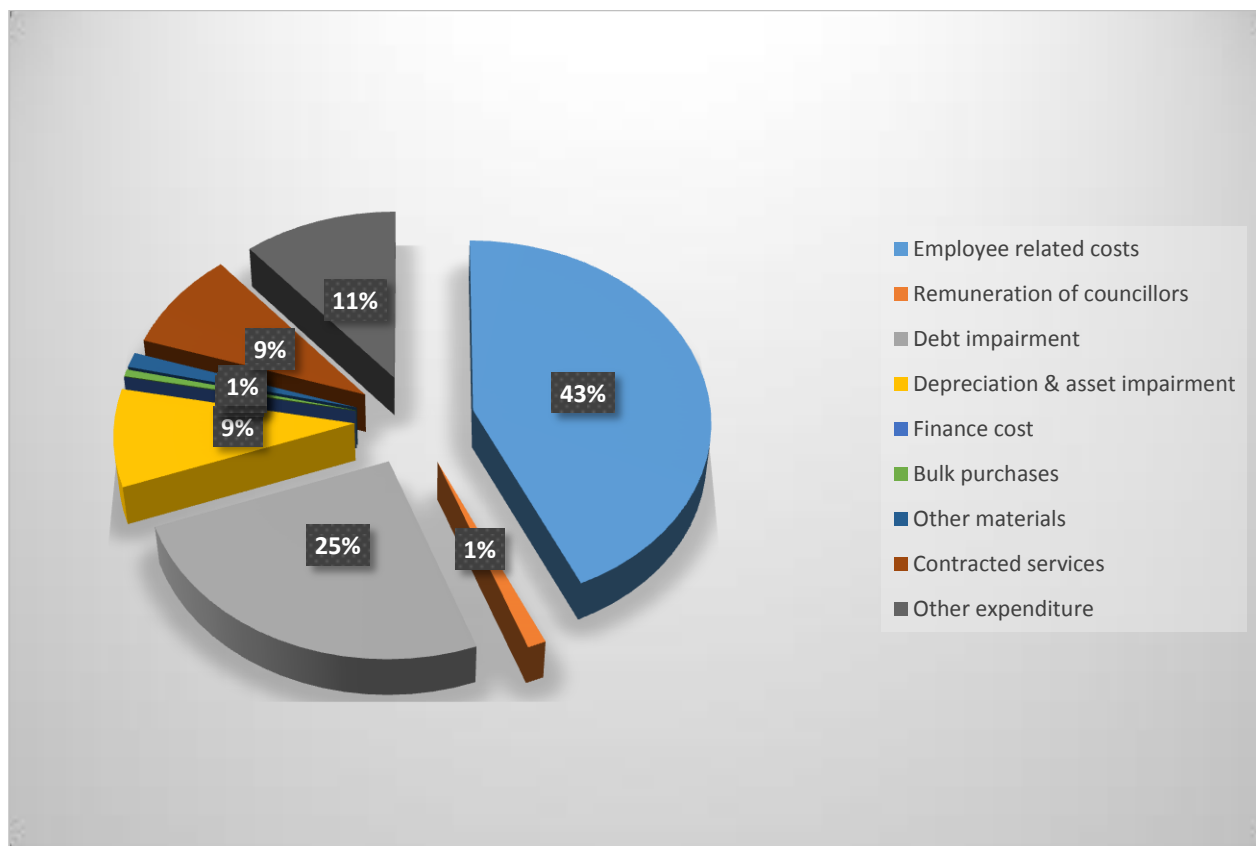
**Table 7 Summary of operating expenditure by standard classification item A4**

| 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 |
| <b>Expenditure By Type</b>      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| 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           |                      |                 |                    |                   |   |                        |                        |
| <b>Total Expenditure</b>        | <b>696.307</b>  | <b>781.303</b>  | <b>692.928</b>  | <b>720.109</b>       | <b>717.544</b>  | <b>737.608</b>     | <b>737.271</b>    | <b>675.342</b>                                      | <b>704.354</b>         | <b>742.412</b>         |

**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 |
| <b>Expenditure By Type</b>      |   |     |                     |     |                        |     |                        |
| Employee related costs          | 271.837   | 38% | 291.843             | 43% | 307.603                | 44% | 324.214                |
| Remuneration of councillors     | 8.156   | 1%  | 7.956               | 1%  | 8.385                  | 1%  | 8.838                  |
| Debt impairment                 | 136.628   | 19% | 168.789             | 25% | 177.904                | 25% | 187.510                |
| Depreciation & asset impairment | 64.000  | 9%  | 58.644              | 9%  | 61.811                 | 9%  | 65.149                 |
| Finance charges                 | 949   | 0%  |                     | 0%  |                        | 0%  |                        |
| Bulk purchases                  | 4.000   | 1%  | 4.208               | 1%  | 4.435                  | 1%  | 4.675                  |
| Other materials                 | 14.384  | 2%  | 8.950               | 1%  | 9.434                  | 1%  | 9.943                  |
| Contracted services             | 139.420   | 19% | 59.926              | 9%  | 55.705                 | 8%  | 58.736                 |
| Transfers and subsidies         | 450   | 0%  | -                   | 0%  | -                      | 0%  | -                      |
| Other expenditure               | 77.720  | 11% | 75.026              | 11% | 79.077                 | 11% | 83.347                 |
| Loss on disposal of PPE         |   |     |                     |     |                        |     |                        |
| <b>Total Expenditure</b>        | <b>717.544</b>                                      |     | <b>675.342</b>      |     | <b>704.354</b>         |     | <b>742.412</b>         |

**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

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 20192020**

**Description**

**CORPORATE**

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

**FINANCE**

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

**SOCIAL**

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

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

**WATER,SANITATION AND TECHNICAL**

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

**COUNCIL**

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

**MUNICIPAL HELATH**

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

**MUNICIPAL MANAGER**

|   |           |
|---|-----------|
| Deprciation -Furniture and Office Equipment | 91.808.84 |
| Depreciation -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.



UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

**Table 10 Contracted Services**

| <b>DESCRIPTION</b>                      | <b>2019/2020</b> | <b>2020/2021</b> | <b>2021/2022</b> |
|---|------------------|------------------|------------------|
| 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        |
|                              | <b>75.025.877.62</b> | <b>79.077.135.01</b> | <b>83.347.308.30</b> |

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

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

**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 |
| <b>Repairs and maintenance expenditure by Asset Class/Sub-class</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Infrastructure</b>   | <b>26.880</b>   | <b>28.024</b>   | <b>25.063</b>   | <b>28.579</b>        | <b>30.213</b>   | <b>30.213</b>      | <b>16.361</b>                                       | <b>17.245</b>          | <b>18.176</b>          |
| 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  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Other assets</b>   | <b>1.468</b>    | <b>1.105</b>    | <b>994</b>      | <b>316</b>           | <b>316</b>      | <b>316</b>         | <b>105</b>  | <b>111</b>             | <b>117</b>             |
| 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                    |
| <b>Computer Equipment</b>   | <b>19</b>       | <b>19</b>       | <b>17</b>       | <b>250</b>           | <b>250</b>      | <b>250</b>         | <b>158</b>  | <b>166</b>             | <b>175</b>             |
| Computer Equipment  | 19              | 19              | 17              | 250                  | 250             | 250                | 158   | 166                    | 175                    |
| <b>Furniture and Office Equipment</b>                               | <b>-</b>        | <b>114</b>      | <b>103</b>      | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| Furniture and Office Equipment                                      |                 | 114             | 103             |                      |                 |                    |   |                        |                        |
| <b>Machinery and Equipment</b>                                      | <b>243</b>      | <b>601</b>      | <b>541</b>      | <b>627</b>           | <b>627</b>      | <b>627</b>         | <b>250</b>  | <b>264</b>             | <b>278</b>             |
| Machinery and Equipment   | 243             | 601             | 541             | 627                  | 627             | 627                | 250   | 264                    | 278                    |
| <b>Transport Assets</b>   | <b>212</b>      | <b>5.772</b>    | <b>5.195</b>    | <b>11.685</b>        | <b>19.685</b>   | <b>16.685</b>      | <b>5.360</b>  | <b>5.650</b>           | <b>5.954</b>           |
| Transport Assets  | 212             | 5.772           | 5.195           | 11.685               | 19.685          | 16.685             | 5.360   | 5.650                  | 5.954                  |
| <b>Land</b>   | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| Land  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Zoo's, Marine and Non-biological Animals</b>                     | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| Zoo's, Marine and Non-biological Animals                            |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total Repairs and Maintenance Expenditure</b>                    | <b>28.822</b>   | <b>35.636</b>   | <b>31.913</b>   | <b>41.457</b>        | <b>51.091</b>   | <b>48.091</b>      | <b>22.234</b>                                       | <b>23.435</b>          | <b>24.700</b>          |

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<br>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 |
| <b>Single-year expenditure to be appropriated</b> |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| 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 SERV  | 178.402         | 238.478         | 249.447         | 407.804              | 344.995         | 344.995            | 344.995           | 296.937   | 442.806                | 704.719                |
| <b>Total Capital Expenditure - Vote</b>           | <b>179.429</b>  | <b>240.960</b>  | <b>260.463</b>  | <b>407.831</b>       | <b>345.155</b>  | <b>345.155</b>     | <b>345.155</b>    | <b>296.937</b>                                      | <b>442.806</b>         | <b>704.719</b>         |

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**

|   | 2019/2020 | 2020/21 | 2021/22 |
|---|-----------|---------|---------|
| <b>CONDITIONAL GRANT</b>                  | 183937    | 194737  | 210274  |
| MUNICIPAL INFRASTRUCTURE GRANT (MIG)      | 10000     | 139399  | 400000  |
| REGIONAL BULK INFRASTRUCTURE GRANT (RBIG) | 108000    | 113940  | 100000  |
| WATER SERVICE INFRASTRUCTURE GRANT (WSIG) | 2636      | 2787    | 2941    |

## UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2019/2020

| 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          |
| <b>TOTAL</b>  |      |                    |                    | <b>178.960.000</b> | <b>189.467.000</b> | <b>204.719.420</b> |
|   |      |                    |                    |                    |                    |                    |
| 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        |
| <b>TOTAL</b>  |      |                    |                    | <b>10.000.000</b>  | <b>139.399.000</b> | <b>400.000.000</b> |
|   |      |                    |                    |                    |                    |                    |
| 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         |
| <b>TOTAL</b>  |      |                    | <b>108.474.000</b> | <b>108.000.000</b> | <b>113.940.000</b> | <b>100.000.000</b> |
|   |      |                    |                    |                    |                    |                    |
| 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             |                    |                    |                    |
|   |      |                    |                    |                    |                    |                    |
|   |      | <b>390.614.000</b> | <b>439.641.359</b> | <b>296.960.000</b> | <b>442.806.000</b> | <b>704.719.420</b> |

## **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 |
| <b>R thousands</b>   |                  |                  |                  |                      |                 |                    |                   |   |                        |                        |
| <b>Financial Performance</b>   |                  |                  |                  |                      |                 |                    |                   |   |                        |                        |
| 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                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>508.879</b>   | <b>560.981</b>   | <b>598.154</b>   | <b>758.374</b>       | <b>781.320</b>  | <b>759.286</b>     | <b>759.286</b>    | <b>789.650</b>                                      | <b>835.177</b>         | <b>893.210</b>         |
| 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                | 8.156           | 8.156              | 8.156             | 7.956   | 8.385                  | 8.838                  |
| 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               | -   | -                      | -                      |
| 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  | 334.132          | 437.540          | 314.089          | 329.312              | 353.768         | 373.833            | 373.496           | 303.741   | 312.686                | 329.594                |
| <b>Total Expenditure</b>   | <b>696.307</b>   | <b>781.303</b>   | <b>692.928</b>   | <b>720.109</b>       | <b>717.544</b>  | <b>737.608</b>     | <b>737.271</b>    | <b>675.342</b>                                      | <b>704.354</b>         | <b>742.412</b>         |
| <b>Surplus/(Deficit)</b>   | <b>(187.429)</b> | <b>(220.323)</b> | <b>(94.774)</b>  | <b>38.265</b>        | <b>63.776</b>   | <b>21.678</b>      | <b>22.015</b>     | <b>114.308</b>                                      | <b>130.824</b>         | <b>150.798</b>         |
| Transfers and subsidies - capital (monetary allocation)              | 245.342          | 274.085          | 300.959          | 407.804              | 344.995         | 305.862            | 305.862           | 296.937   | 442.806                | 704.719                |
| Contributions recognised - capital & contributed asset               | -                | -                | -                | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>57.913</b>    | <b>53.762</b>    | <b>206.185</b>   | <b>446.069</b>       | <b>408.771</b>  | <b>327.540</b>     | <b>327.877</b>    | <b>411.245</b>                                      | <b>573.630</b>         | <b>855.517</b>         |
| Share of surplus/ (deficit) of associate                             | -                | -                | -                | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>                                | <b>57.913</b>    | <b>53.762</b>    | <b>206.185</b>   | <b>446.069</b>       | <b>408.771</b>  | <b>327.540</b>     | <b>327.877</b>    | <b>411.245</b>                                      | <b>573.630</b>         | <b>855.517</b>         |
| <b>Capital expenditure &amp; funds sources</b>                       |                  |                  |                  |                      |                 |                    |                   |   |                        |                        |
| <b>Capital expenditure</b>   | <b>178.804</b>   | <b>240.867</b>   | <b>260.463</b>   | <b>407.831</b>       | <b>345.128</b>  | <b>345.128</b>     | <b>345.128</b>    | <b>304.573</b>                                      | <b>450.863</b>         | <b>713.215</b>         |
| Transfers recognised - capital                                       | 177.951          | 238.478          | 241.831          | 407.804              | 344.995         | 344.995            | 344.995           | 304.573   | 450.863                | 713.215                |
| Borrowing  | -                | -                | -                | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Internally generated funds   | 853              | 2.389            | 18.632           | 27                   | 133             | 133                | 133               | -   | -                      | -                      |
| <b>Total sources of capital funds</b>                                | <b>178.804</b>   | <b>240.867</b>   | <b>260.463</b>   | <b>407.831</b>       | <b>345.128</b>  | <b>345.128</b>     | <b>345.128</b>    | <b>304.573</b>                                      | <b>450.863</b>         | <b>713.215</b>         |
| <b>Financial position</b>  |                  |                  |                  |                      |                 |                    |                   |   |                        |                        |
| Total current assets   | 197.486          | 176.556          | 203.411          | 1.026.674            | 984.047         | 300.526            | 300.526           | 509.519   | 662.784                | 837.257                |
| 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              | 640.162                |
| Total current liabilities  | 169.239          | 286.553          | 328.395          | 124.472              | 89.459          | 59.962             | 59.962            | 208.923   | 219.858                | 231.383                |
| 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  | 2.146.511        | 2.194.290        | 2.365.179        | 3.668.130            | 3.660.516       | 3.692.941          | 2.904.551         | 3.303.762   | 3.825.068              | 1.207.796              |
| <b>Cash flows</b>  |                  |                  |                  |                      |                 |                    |                   |   |                        |                        |
| Net cash from (used) operating                                       | 132.854          | 227.040          | 279.053          | 458.459              | 361.907         | 322.956            | 322.956           | 419.594   | 574.973                | 856.957                |
| Net cash from (used) investing                                       | (250.985)        | (259.209)        | (295.237)        | (407.831)            | (314.681)       | (306.022)          | (306.022)         | (296.937)   | (442.806)              | (704.719)              |
| Net cash from (used) financing                                       | 9.790            | 1.451            | 16.197           | 1.765                | 1.765           | 1.765              | 1.765             | 1.541   | 1.624                  | 1.712                  |
| <b>Cash/cash equivalents at the year end</b>                         | <b>36.746</b>    | <b>5.997</b>     | <b>6.011</b>     | <b>1.249</b>         | <b>55.002</b>   | <b>24.709</b>      | <b>24.709</b>     | <b>148.907</b>                                      | <b>282.699</b>         | <b>436.648</b>         |
| <b>Cash backing/surplus reconciliation</b>                           |                  |                  |                  |                      |                 |                    |                   |   |                        |                        |
| Cash and investments available                                       | 36.715           | 5.998            | 6.011            | 51.249               | 8.621           | 24.709             | 24.709            | 148.907   | 282.699                | 436.648                |
| Application of cash and investments                                  | 25.784           | 219.718          | 218.846          | (254.284)            | (288.980)       | (11.739)           | (11.739)          | 142.175   | 148.872                | 155.930                |
| <b>Balance - surplus (shortfall)</b>                                 | <b>10.931</b>    | <b>(213.720)</b> | <b>(212.835)</b> | <b>305.533</b>       | <b>297.601</b>  | <b>36.448</b>      | <b>36.448</b>     | <b>6.732</b>  | <b>133.827</b>         | <b>280.718</b>         |
| <b>Asset management</b>  |                  |                  |                  |                      |                 |                    |                   |   |                        |                        |
| Asset register summary (WDV)   | 2.143.044        | 2.326.172        | 2.513.302        | 2.801.753            | 2.801.753       | 2.801.753          | 2.801.753         | 3.038.998   | 3.418.897              | 639.007                |
| Depreciation   | 49.197           | 68.207           | 79.030           | 86.634               | 64.000          | 64.000             | 64.000            | 64.000  | 58.644                 | 61.811                 |
| Renewal and Upgrading of Existing Assets                             | -                | -                | -                | 40.000               | 42.000          | 42.000             | 42.000            | 84.900  | 127.055                | 155.406                |
| Repairs and Maintenance  | 28.822           | 35.636           | 31.913           | 41.457               | 51.091          | 48.091             | 48.091            | 22.234  | 23.435                 | 24.700                 |
| <b>Free services</b>   |                  |                  |                  |                      |                 |                    |                   |   |                        |                        |
| Cost of Free Basic Services provided                                 | -                | -                | -                | -                    | -               | 2.930              | 3.105             | 3.105   | 3.273                  | 3.449                  |
| Revenue cost of free services provided                               | -                | -                | -                | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Households below minimum service level</b>                        |                  |                  |                  |                      |                 |                    |                   |   |                        |                        |
| Water:   | 33               | 28               | 23               | 23                   | 23              | 23                 | 25                | 25  | 26                     | 27                     |
| Sanitation/sew erage:  | -                | -                | 28               | 28                   | 28              | 28                 | 30                | 30  | 32                     | 33                     |



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<br>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 |
| <b>Revenue - Functional</b>                         |                 |                 |                 |                      |                  |                    |   |                        |                        |
| <b>Governance and administration</b>                | 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                                      | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Community and public safety</b>                  | -               | -               | -               | 50                   | 50               | 50                 | 53  | 56                     | 60                     |
| Health  | -               | -               | -               | 50                   | 50               | 50                 | 53  | 56                     | 60                     |
| <b>Economic and environmental services</b>          | 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                            | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Trading services</b>                             | 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                                    | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Other</b>  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total Revenue - Functional</b>                   | <b>754.221</b>  | <b>835.066</b>  | <b>899.113</b>  | <b>1.166.178</b>     | <b>1.126.315</b> | <b>1.065.148</b>   | <b>1.086.587</b>                                    | <b>1.277.983</b>       | <b>1.597.929</b>       |
| <b>Expenditure - Functional</b>                     |                 |                 |                 |                      |                  |                    |   |                        |                        |
| <b>Governance and administration</b>                | 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                                      | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Community and public safety</b>                  | 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                 |
| <b>Economic and environmental services</b>          | 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                            | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Trading services</b>                             | 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                | -                | -                  | -   | -                      | -                      |
| <b>Other</b>  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total Expenditure - Functional</b>               | <b>696.307</b>  | <b>781.303</b>  | <b>692.928</b>  | <b>720.109</b>       | <b>717.544</b>   | <b>737.608</b>     | <b>675.342</b>                                      | <b>704.354</b>         | <b>742.412</b>         |
| <b>Surplus/(Deficit) for the year</b>               | <b>57.913</b>   | <b>53.762</b>   | <b>206.185</b>  | <b>446.069</b>       | <b>408.771</b>   | <b>327.540</b>     | <b>411.245</b>                                      | <b>573.630</b>         | <b>855.517</b>         |

**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.

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2019/2020

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

| 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 | Budget Year 2019/20                                 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| <b>R thousand</b>                             |                 |                 |                 |                      |                  |                    |   |                        |                        |
| <b>Revenue by Vote</b>                        |                 |                 |                 |                      |                  |                    |   |                        |                        |
| 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            | 755.564   | 804.674                | 859.016                |
| 405 - SOCIAL SERVICES(PLANNING&ECONOM         | 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 TECHN       | 426.660         | 492.091         | 538.079         | 759.360              | 351.201          | 351.201            | 311.627   | 450.863                | 713.215                |
| <b>Total Revenue by Vote</b>                  | <b>754.221</b>  | <b>835.066</b>  | <b>899.113</b>  | <b>1.166.178</b>     | <b>1.126.315</b> | <b>1.126.315</b>   | <b>1.135.080</b>                                    | <b>1.329.095</b>       | <b>1.651.801</b>       |
| <b>Expenditure by Vote to be appropriated</b> |                 |                 |                 |                      |                  |                    |   |                        |                        |
| 105 - MUNICIPAL MANAGER                       | 67.845          | 53.055          | 56.769          | 63.551               | 60.855           | 60.855             | 56.848  | 60.497                 | 63.936                 |
| 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            | 254.702   | 268.679                | 283.354                |
| 405 - SOCIAL SERVICES(PLANNING&ECONOM         | 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 TECHN       | 333.329         | 442.391         | 330.292         | 283.360              | 302.663          | 302.663            | 238.816   | 245.919                | 259.202                |
| <b>Total Expenditure by Vote</b>              | <b>696.307</b>  | <b>781.303</b>  | <b>692.928</b>  | <b>720.109</b>       | <b>717.545</b>   | <b>717.545</b>     | <b>641.031</b>                                      | <b>671.517</b>         | <b>708.141</b>         |
| <b>Surplus/(Deficit) for the year</b>         | <b>57.913</b>   | <b>53.762</b>   | <b>206.185</b>  | <b>446.069</b>       | <b>408.771</b>   | <b>408.771</b>     | <b>494.049</b>                                      | <b>657.578</b>         | <b>943.660</b>         |

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

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

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

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2019/2020

**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 |
| <b>R thousand</b>   |                  |                  |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Revenue By Source</b>  |                  |                  |                 |                      |                 |                    |                   |   |                        |                        |
| 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  |                  | -                | -               |                      |                 |                    |                   |   |                        |                        |
| <b>Total Revenue (excluding capital transfers and contributions)</b>                          | <b>508.879</b>   | <b>560.981</b>   | <b>598.154</b>  | <b>758.374</b>       | <b>781.320</b>  | <b>759.286</b>     | <b>759.286</b>    | <b>789.650</b>                                      | <b>835.177</b>         | <b>893.210</b>         |
| <b>Expenditure By Type</b>  |                  |                  |                 |                      |                 |                    |                   |   |                        |                        |
| 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           |                      |                 |                    |                   |   |                        |                        |
| <b>Total Expenditure</b>  | <b>696.307</b>   | <b>781.303</b>   | <b>692.928</b>  | <b>720.109</b>       | <b>717.544</b>  | <b>737.608</b>     | <b>737.271</b>    | <b>675.342</b>                                      | <b>704.354</b>         | <b>742.412</b>         |
| <b>Surplus/(Deficit)</b>  | <b>(187.429)</b> | <b>(220.323)</b> | <b>(94.774)</b> | <b>38.265</b>        | <b>63.776</b>   | <b>21.678</b>      | <b>22.015</b>     | <b>114.308</b>                                      | <b>130.824</b>         | <b>150.798</b>         |
| 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                |
| <b>Surplus/(Deficit) after capital transfers &amp; cor</b>                                    | <b>57.913</b>    | <b>53.762</b>    | <b>206.185</b>  | <b>446.069</b>       | <b>408.771</b>  | <b>327.540</b>     | <b>327.877</b>    | <b>411.245</b>                                      | <b>573.630</b>         | <b>855.517</b>         |
| Taxation  |                  |                  |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Surplus/(Deficit) after taxation</b>   | <b>57.913</b>    | <b>53.762</b>    | <b>206.185</b>  | <b>446.069</b>       | <b>408.771</b>  | <b>327.540</b>     | <b>327.877</b>    | <b>411.245</b>                                      | <b>573.630</b>         | <b>855.517</b>         |
| Attributable to minorities  |                  |                  |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Surplus/(Deficit) attributable to municipality</b>   | <b>57.913</b>    | <b>53.762</b>    | <b>206.185</b>  | <b>446.069</b>       | <b>408.771</b>  | <b>327.540</b>     | <b>327.877</b>    | <b>411.245</b>                                      | <b>573.630</b>         | <b>855.517</b>         |
| Share of surplus/ (deficit) of associate  |                  |                  |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Surplus/(Deficit) for the year</b>   | <b>57.913</b>    | <b>53.762</b>    | <b>206.185</b>  | <b>446.069</b>       | <b>408.771</b>  | <b>327.540</b>     | <b>327.877</b>    | <b>411.245</b>                                      | <b>573.630</b>         | <b>855.517</b>         |

**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%

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2019/2020

**Table 19 MBRR Table A7 - Budgeted Cash Flow Statement**

| 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 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| <b>Receipts</b>                                  |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Property rates                                   |                  |                  |                  |                      |                  |                    |                   | -   | -                      | -                      |
| Service charges                                  | 168.423          | 81.362           | 104.940          | 131.249              | 128.403          | 128.403            | 128.403           | 103.280   | 108.857                | 114.735                |
| Other revenue                                    |                  | 1.727            | 3.751            | 4.148                | 11.199           | 11.199             | 11.199            | 3.708   | 3.909                  | 4.120                  |
| Government - operating                           | 322.989          | 374.313          | 365.369          | 405.533              | 418.073          | 437.290            | 437.290           | 449.659   | 476.827                | 515.509                |
| Government - capital                             | 245.342          | 300.862          | 297.715          | 407.804              | 314.521          | 322.797            | 322.797           | 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  |                  |                  |                  |                      |                  |                    |                   | -   | -                      | -                      |
| <b>Payments</b>                                  |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Suppliers and employees                          | (614.767)        | (535.859)        | (494.125)        | (495.286)            | (514.817)        | (581.261)          | (581.261)         | (440.273)   | (464.048)              | (489.106)              |
| Finance charges                                  | (1.125)          | (2.555)          | (2.789)          | (561)                | (949)            | (949)              | (949)             | -   | -                      | -                      |
| Transfers and Grants                             |                  |                  |                  | (1.000)              | (450)            | (450)              | (450)             | -   | -                      | -                      |
| <b>NET CASH FROM/(USED) OPERATING</b>            | <b>132.854</b>   | <b>227.040</b>   | <b>279.053</b>   | <b>458.459</b>       | <b>361.907</b>   | <b>322.956</b>     | <b>322.956</b>    | <b>419.594</b>                                      | <b>574.973</b>         | <b>856.957</b>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| <b>Receipts</b>                                  |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Proceeds on disposal of PPE                      | 44               |                  |                  |                      |                  |                    |                   | -   | -                      | -                      |
| <b>Payments</b>                                  |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Capital assets                                   | (251.029)        | (259.209)        | (295.237)        | (407.831)            | (314.681)        | (306.022)          | (306.022)         | (296.937)   | (442.806)              | (704.719)              |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> | <b>(250.985)</b> | <b>(259.209)</b> | <b>(295.237)</b> | <b>(407.831)</b>     | <b>(314.681)</b> | <b>(306.022)</b>   | <b>(306.022)</b>  | <b>(296.937)</b>                                    | <b>(442.806)</b>       | <b>(704.719)</b>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| <b>Receipts</b>                                  |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| 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                  |
| <b>Payments</b>                                  |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Repayment of borrowing                           | (225)            | (245)            | (25)             |                      |                  |                    |                   | -   | -                      | -                      |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b> | <b>9.790</b>     | <b>1.451</b>     | <b>16.197</b>    | <b>1.765</b>         | <b>1.765</b>     | <b>1.765</b>       | <b>1.765</b>      | <b>1.541</b>  | <b>1.624</b>           | <b>1.712</b>           |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>     | <b>(108.342)</b> | <b>(30.718)</b>  | <b>13</b>        | <b>52.393</b>        | <b>48.991</b>    | <b>18.698</b>      | <b>18.698</b>     | <b>124.198</b>                                      | <b>133.791</b>         | <b>153.949</b>         |
| Cash/cash equivalents at the year begin:         | 145.088          | 36.715           | 5.998            | (51.144)             | 6.011            | 6.011              | 6.011             | 24.709  | 148.907                | 282.699                |
| Cash/cash equivalents at the year end:           | 36.746           | 5.997            | 6.011            | 1.249                | 55.002           | 24.709             | 24.709            | 148.907   | 282.699                | 436.648                |

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 R24 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:**

| <b>Activity No.</b>                | <b>Action/ Task for IDP and Budget</b>   | <b>Timeframe for Task Completion</b>   |
|------------------------------------|--|--|
| <b>July 2018 &amp; August 2018</b> | <ul style="list-style-type: none"> <li>▪ Drafting of the IDP Framework and process plan</li> <li>▪ Alignment of IDP and budget process plans</li> <li>▪ Submission of the draft Framework and Process Plan to COGTA for comments</li> <li>▪ Advertisement of the IDP Framework and process plan</li> <li>▪ 1<sup>st</sup> IDP Supporting Structure Committee Meeting</li> <li>▪ Adoption of IDP Framework and Process Plan by full council</li> <li>▪ Planning Indaba</li> </ul> | <p>12 July 2018</p> <p>19 July 2018</p> <p>26 July 2018</p> <p>24 July 2018</p> <p>2 August 2018</p> <p>31 August 2018</p> <p>31 August 2018</p> |
| <b>Sept 2018</b>                   | <ul style="list-style-type: none"> <li>▪ Submission of the adopted IDP Framework and Process plan to COGTA</li> <li>▪ Identify outstanding Sector Plans</li> <li>▪ Integrate sector plans.</li> <li>▪ IDP input into provincial adjustment budgets</li> <li>▪ Provincial planners Forum</li> </ul>   | <p>September 2018</p> <p>27 September 2018</p> <p>September 2018</p> <p>September 2018</p> <p>September 2018</p>                                 |
| <b>Oct 2018</b>                    | <ul style="list-style-type: none"> <li>▪ Review of the Spatial Development Framework Projects identifications and prioritization</li> <li>▪ Develop KPI's targets, timeframes etc. where impacted upon by reprioritization</li> <li>▪ Align with draft budget estimates</li> </ul>   | <p>04 October 2018</p> <p>11 October 2018</p> <p>18 October 2018</p> <p>25 October 2018</p>  |
| <b>Nov 2018</b>                    | <ul style="list-style-type: none"> <li>▪ World Planning Day</li> <li>▪ Municipal alignment session</li> <li>▪ Alignment meeting between DM &amp; Province to revised 3 year MTEF</li> <li>▪ Alignment meeting with family of municipalities</li> <li>▪ SDF Alignment between the bordering district municipalities</li> </ul>  | <p>01 November 2018</p> <p>08 November 2018</p> <p>15 November 2018</p> <p>21 November 2018</p> <p>22 November 2018</p>                          |
| <b>Dec 2018</b>                    | <ul style="list-style-type: none"> <li>▪ IDP best practice conference</li> </ul>   | <p>03 December 2018</p>  |
| <b>Jan 2019</b>                    | <ul style="list-style-type: none"> <li>▪ IDP Supporting Structure Committee Meeting</li> </ul>   | <p>January 2019</p>  |

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2019/2020

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

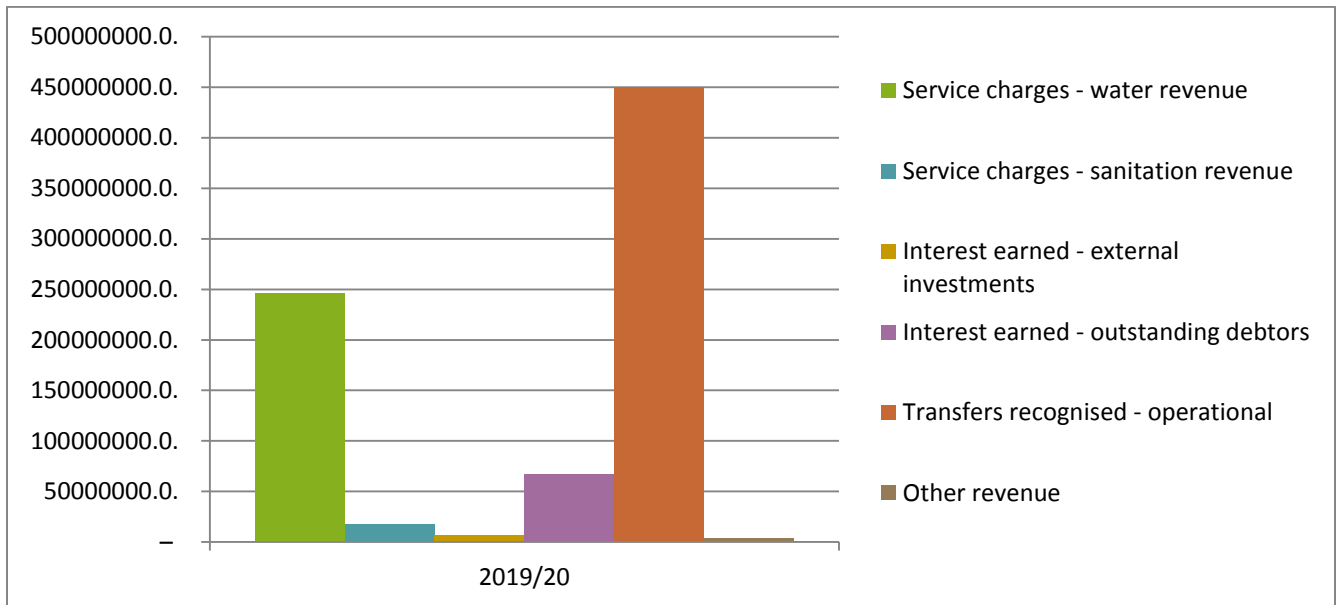
### 2.4.1 Medium-term outlook: operating revenue

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  | 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 |
| <b>Revenue By Source</b>   |   |     |                     |     |                        |     |                        |                        |
| 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%                     |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>781.320</b>                                      |     | <b>789.650</b>      |     | <b>835.177</b>         |     | <b>893.210</b>         |                        |

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**

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2019/2020

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 |
| <b>R thousand</b>             |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Parent municipality</b>    |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Listed Corporate Bonds        |                 |                 |                 | 50.000               | -               | -                  | 70.976  | 74.809                 | 78.849                 |
| Deposits - Bank               |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Municipality sub-total</b> | -               | -               | -               | <b>50.000</b>        | -               | -                  | <b>70.976</b>                                       | <b>74.809</b>          | <b>78.849</b>          |

**Table 23 MBRR SA15 – Detail Investment particulars by maturity**

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

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

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 |
| <b>R thousand</b>                                       |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>EXPENDITURE:</b>                                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating expenditure of Transfers and Grants</b>    |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                             | <b>318.864</b>  | <b>390.054</b>  | <b>367.087</b>  | <b>405.233</b>       | <b>405.233</b>  | <b>405.233</b>     | <b>441.473</b>                                      | <b>468.220</b>         | <b>506.413</b>         |
| 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              |   |                        |                        |
| <b>Provincial Government:</b>                           | <b>680</b>      | <b>536</b>      | <b>1.154</b>    | <b>300</b>           | <b>12.300</b>   | <b>9.511</b>       | <b>550</b>  | <b>550</b>             | <b>600</b>             |
| 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           |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Other grant providers:</b>                           | <b>306</b>      | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| Masibumbaneni Co-op                                     | 306             |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total operating expenditure of Transfers and Gr</b>  | <b>319.850</b>  | <b>390.590</b>  | <b>368.241</b>  | <b>405.533</b>       | <b>417.533</b>  | <b>414.744</b>     | <b>442.023</b>                                      | <b>468.770</b>         | <b>507.013</b>         |
| <b>Capital expenditure of Transfers and Grants</b>      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                             | <b>245.308</b>  | <b>274.085</b>  | <b>300.959</b>  | <b>407.804</b>       | <b>305.521</b>  | <b>296.862</b>     | <b>296.937</b>                                      | <b>442.806</b>         | <b>704.719</b>         |
| 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   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Provincial Government:</b>                           | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>9.000</b>    | <b>9.000</b>       | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| Massification Grant                                     |                 |                 |                 |                      | 9.000           | 9.000              |   |                        |                        |
| <b>Total capital expenditure of Transfers and Grant</b> | <b>245.308</b>  | <b>274.085</b>  | <b>300.959</b>  | <b>407.804</b>       | <b>314.521</b>  | <b>305.862</b>     | <b>296.937</b>                                      | <b>442.806</b>         | <b>704.719</b>         |
| <b>TOTAL EXPENDITURE OF TRANSFERS AND GR</b>            | <b>565.158</b>  | <b>664.675</b>  | <b>669.200</b>  | <b>813.337</b>       | <b>732.054</b>  | <b>720.606</b>     | <b>738.960</b>                                      | <b>911.576</b>         | <b>1.211.732</b>       |

## 2.6 COUNCILLOR AND EMPLOYEE BENEFITS

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

| Summary of Employee and Councillor remuneration<br>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 |
| <b>Councillors (Political Office Bearers plus Other)</b>      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| 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               |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Sub Total - Councillors</b>                                | <b>6.381</b>    | <b>5.483</b>    | <b>6.547</b>    | <b>8.156</b>         | <b>7.456</b>    | <b>7.456</b>       | <b>7.956</b>  | <b>8.520</b>           | <b>9.159</b>           |
| <b>% increase</b>   |                 | <b>(14.1%)</b>  | <b>19.4%</b>    | <b>24.6%</b>         | <b>(8.6%)</b>   | <b>-</b>           | <b>6.7%</b>   | <b>7.1%</b>            | <b>7.5%</b>            |
| <b>Senior Managers of the Municipality</b>                    |                 |                 |                 |                      |                 |                    |   |                        |                        |
| 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                           |                 | -               | -               |                      |                 |                    |   |                        |                        |
| <b>Sub Total - Senior Managers of Municipality</b>            | <b>7.609</b>    | <b>7.616</b>    | <b>7.630</b>    | <b>7.712</b>         | <b>7.712</b>    | <b>7.712</b>       | <b>8.023</b>  | <b>9.008</b>           | <b>9.509</b>           |
| <b>% increase</b>   |                 | <b>0.1%</b>     | <b>0.2%</b>     | <b>1.1%</b>          | <b>-</b>        | <b>-</b>           | <b>4.0%</b>   | <b>12.3%</b>           | <b>5.6%</b>            |
| <b>Other Municipal Staff</b>                                  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| 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                           |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Sub Total - Other Municipal Staff</b>                      | <b>191.538</b>  | <b>218.668</b>  | <b>253.203</b>  | <b>264.125</b>       | <b>264.125</b>  | <b>264.125</b>     | <b>282.025</b>                                      | <b>300.328</b>         | <b>316.531</b>         |
| <b>Total Parent Municipality</b>                              | <b>205.528</b>  | <b>231.767</b>  | <b>267.380</b>  | <b>279.993</b>       | <b>279.293</b>  | <b>279.293</b>     | <b>298.003</b>                                      | <b>317.856</b>         | <b>335.199</b>         |
| <b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>                |                 | <b>12.8%</b>    | <b>15.4%</b>    | <b>4.7%</b>          | <b>(0.2%)</b>   | <b>-</b>           | <b>6.7%</b>   | <b>6.7%</b>            | <b>5.5%</b>            |
|   | <b>205.528</b>  | <b>231.767</b>  | <b>267.380</b>  | <b>279.993</b>       | <b>279.293</b>  | <b>279.293</b>     | <b>298.003</b>                                      | <b>317.856</b>         | <b>335.199</b>         |
| <b>% increase</b>   |                 | <b>12.8%</b>    | <b>15.4%</b>    | <b>4.7%</b>          | <b>(0.2%)</b>   | <b>-</b>           | <b>6.7%</b>   | <b>6.7%</b>            | <b>5.5%</b>            |
| <b>TOTAL MANAGERS AND STAFF</b>                               | <b>199.147</b>  | <b>226.284</b>  | <b>260.833</b>  | <b>271.837</b>       | <b>271.837</b>  | <b>271.837</b>     | <b>290.048</b>                                      | <b>309.336</b>         | <b>326.040</b>         |

## 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.