



***DRAFT***

***ANNUAL BUDGET REPORT FOR***

***ABAQULUSI MUNICIPALITY***

***2022/23 TO 2024/25***

***MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS***

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## PART 1 – ANNUAL BUDGET

## SECTION 1 - MAYOR'S BUDGET SPEECH

The Mayor's budget speech for the 2022/23 Medium Term Budget and Expenditure Framework (MTREF) will be submitted separately when the draft annual budget (tabled budget) is considered by Council for approval.

## SECTION 2 - COUNCIL RESOLUTIONS

*It is recommended:*

1. That Council notes the annual budget of the Municipality for the financial year 2022/23 and the two outer years 2023/24 and 2024/25 as per **Annexure A** (Budget schedules A1 to A10 and SA1 to SA38), **Annexure B** (Capital budget per department), **Annexure C** (capital budget per ward) and **Annexure D** (Summaries of the capital budget)
2. That Council notes and adopts with effect from 1 July 2022 the proposed tariffs of AbaQulusi Municipality as contained in **Annexure E** for the 2022/23 budget year
3. That Council takes note of the MFMA Budget Circulars 112 and 115 attached as **Annexure F**
4. That Council takes note of the KZN Provincial Treasury Circular PT/MF 10 of 2021/22 attached as **Annexure G**
5. That Council takes note of the quality certificate signed by the Municipal Manager as per **Annexure H**
6. That Council notes the following budget related policies attached in **Annexure I**:
  - a) The tariffs policy in terms of section 74 of the Municipal Systems Act
  - b) The rates policy in terms of section 3 of the Municipal Property Rates Act
  - c) The credit control and debt collection policy in terms of section 96 of the Municipal Systems Act
  - d) The cash management and investment policy in terms of section 13(2) of the Act
  - e) A borrowing policy complying with Chapter 6 of the Act
  - f) A funding and reserves policy
  - g) A policy related to the long-term financial plan
  - h) The supply chain management policy in terms of section 111 of the Act
  - i) Any policies dealing with the management and disposal of assets
  - j) Any policies dealing with infrastructure investment and capital projects, including the policy governing the planning and approval of capital projects and on developer contributions for property developments
  - k) The indigent policy of the Municipality
  - l) Any policy relating to the provision of free basic services
  - m) Any policy related to budget implementation and monitoring including the shifting of funds within votes, the introduction of adjustment budgets, unforeseen and unavoidable expenditure and management and oversight

- n) *Any policy relating to managing electricity and water including the management of losses and promoting conservation and efficiency*
  - o) *Any policies relating to personnel including policies on overtime, vacancies and temporary staff*
  - p) *Any policies dealing with entities*
  - q) *Any other budget related or financial management policies of the Municipality*
  - r) *Performance Management Policy Framework*
7. *That the service standards attached as **Annexure J** be noted*
8. *That Council take note of the sector departments projects of the KZN Provincial Government in AbaQulusi Municipality for the 3-year 2022/23 MTREF, attached as **Annexure K***
9. *That the Top Layer SDBIP, attached as **Annexure L** be noted*
10. *That the 2022/23 MTREF Procurement Plan as **Annexure M** be noted*
11. *That Council takes note that version 6.6.1 of the MSCOA classification framework was used to prepare the budget*

### SECTION 3 - EXECUTIVE SUMMARY

The draft budget is tabled following 2 years of Covid-19 lockdown and violent unrest in some areas during July 2021. Slow implementation of structural reforms continues to weigh on business confidence and private investment. The projection for growth by National Treasury is 4,8%.

Similar to the rest of government, municipalities face a difficult fiscal environment. The weak economic growth has put pressure on consumers' ability to pay for services as well as transfers from national government that have not grown. Some municipalities have managed to deal with the challenges whilst others have fallen into financial distress and face liquidity problems. This results in municipalities being unable to pay obligations to Eskom, Water Boards and other creditors. The municipality needs to focus on collecting revenue owed to the municipality and eliminating wasteful and non-core spending.

The municipality must ensure that basic services are rendered, maintain their assets and clean environment. There must be continuous communication with the community and other stakeholders to improve the municipality's reputation. This will assist in attracting investment in the local economy which may result in reduced unemployment.

The municipality is required to address service delivery failures by ensuring adequate maintenance, upgrading and renewal of existing assets to enable reliable service delivery. Further the municipality must reduce non-priority spending and improve revenue management processes to enable collection. It must be noted that consumers will pay easier if services are reliable and the environment is well maintained.

Municipalities are encouraged to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The guideline for tariff increases is 4,8% for all services except for electricity as NERSA have allowed Eskom to increase their tariff to the municipality by 9,61%

The municipality is required to set cost-reflective tariffs which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering basic services. This forms the basis of compiling a credible budget. A credible budget is one that ensures the funding of all approved items is anchored in sound, timely and reliable information on expenditure.

The municipality must enforce a culture of payment for services through normal credit control processes.

These economic challenges will continue to exert pressure on municipal revenue generation and collection levels; hence a conservative approach has been made for revenue projections.

*The Abaqulusi Municipality undertakes to conduct its daily duties incorporating the following core values:*

- *Integrity*
- *Transparency*
- *Fairness*
- *Empowering people*
- *Honesty*
- *Making communities safer*
- *Accountability*
- *Providing clean water*
- *Providing electricity*

The goals set by the Abaqulusi Municipality include but are not limited to:

- Reducing levels of infrastructure backlogs by providing basic services, facilities and maintaining existing infrastructure
- Empowering and capacitating institutional structures and promotion of transparent cooperative governance
- Ensure sound financial management and accountability
- Ensure transparency, accountability and community involvement in municipal affairs
- To promote socio-economic growth and job opportunities
- To redress the spatial imbalances and promote sustainable environmental planning

Abaqulusi Municipality is committed as the sphere of government closest to the people to ensure it delivers effective service delivery to improve the quality of life.

Although the municipality has some financial challenges and to ensure a better and safe life for all and in keeping with the cost containment measures regulated by the National Treasury, the municipality will be adopting a bold and radical approach in its revenue enhancement and expenditure programs. As a matter of urgency, the municipality will be considering the following:

- ✓ Clean up and compile a credible consumer database
- ✓ Disconnect fraudulent consumers, in all respects
- ✓ Provide and replace water meters in areas where there are no meters
- ✓ Ration water to indigent consumers
- ✓ Clean up the indigent register
- ✓ Source funding from National Departments
- ✓ Rehabilitate our environment
- ✓ Improve tourist attractions
- ✓ Make a foot print on local economic development
- ✓ Deal with employment costs specifically positions that are not budgeted for
- ✓ Review all by-laws, policies and standard operating procedures to ensure alignment with mSCOA
- ✓ Use funds for purposes they are meant for and have time-lined implementation plans
- ✓ S&T usage to be managed within the cost containment regulations
- ✓ Ward IDP

## Highlights

The highlights of the 2021/2022 financial year are:

- The total operating revenue received for the 1<sup>st</sup> 6 months is more than the budgeted target
- Operating expenditure is below budget

The highlights of the Draft Budget for the 2022/2023 financial year are:

- Additional funding allocated to Repairs and Maintenance, the amount increases from R24 million on the Adjustment Budget to R40 million
- Salary costs remain at less than 30% of the total expenditure
- Contract payments are increased due to more demands from departments

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.

The Municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate funds will be transferred from low- to high priority programmes so as to maintain sound financial stewardship. A critical review will also be undertaken of expenditure on non-essential and 'nice-to-have' items. 2022/23 MTREF was drafted in context of an economy that is not projected to grow.



The draft budget for the 2022/23 MTREF period is based on the realisation that revenues and cash flows are expected to remain under pressure in 2022/23 and the municipality must adopt a conservative approach when projecting expected revenues and cash receipts. The municipality must further in terms of MFMA Circular 112 and MFMA Circular 115 carefully consider the affordability of tariff increases especially in relation to domestic consumers which makes up the bulk of the municipality's revenue base whilst considering the level and quality of services versus the associated cost.

The draft budget was compiled by ensuring that the financial management processes are transparent, aligned to the accountability cycle and facilitate good governance that is accountable to the local community. Public perception shows high levels of unhappiness with service delivery and perceived corruption at municipalities and sound leadership is required as well as measures put in place to address mismanagement by implementing effective systems to measure, monitor and evaluate performance.

The draft budget supports the provision of basic services to the communities, facilitating social and economic development, promoting a safe and healthy environment in a sustainable manner.

The main challenges experienced during the compilation of the 2022/23 MTREF can be summarised as follows:

- Ensuring the timely delivery of capital programmes (eliminate under-spending of capital budgets) and to review all by-laws and development approval processes with a view of removing any bottlenecks to investment and job creation.
- Under spending on repairs and maintenance – often seen as a way to reduce short term spending which shortens the life of assets, increases long term maintenance and refurbishment costs and causes a deterioration in the reliability of our infrastructure
- Spending on non-priorities – including unnecessary travel, luxury furnishings, excessive catering and the use of consultants to perform routine tasks.
- Not just employing more people without any reference to the level of staffing required delivering effective services. The municipality must through fully participate in the Expanded Public Works Program focus on maximizing its contribution to job creation by ensuring that service delivery and capital projects use labour intensive methods wherever appropriate and implement intern's programmes to provide young people with on-the-job training.
- Collecting outstanding debts – this requires political commitment, sufficient administration capacity and pricing policies that ensure that bills are accurate and affordable.
- Pricing services correctly – the full cost of services must be reflected in the tariffs charged to consumers who can afford to pay. Overly generous subsidies and rebates that result in services running at a loss cannot be entertained.

The following budget principles and guidelines directly informed the compilation of the draft 2022/23 MTREF:

- The 2021/22 Adjustment Budget priorities and targets, as well as the base line allocations contained in the Adjustment Budget.
- Service level standards were used to inform the measurable objectives, targets and backlog eradication goals.
- Tariff and property rate increases should be affordable and try not to exceed inflation as measured by the CPI, except where the price increases in the services that are beyond the control of the municipality, i.e. ESKOM.
- Cost Containment Regulations have been implemented to curtail spending in terms of the regulations.
- No budget has been allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the Division of Revenue Act gazette.

National Treasury has issued a Circular (MFMA Circular No 64) giving guidance to municipalities of what should be done to maximise the revenue generating potential of existing sources of revenue such as property rates and trading services. Further Circulars will be issued by National Treasury to guide municipalities in developing credible revenue frameworks by reaffirming the fundamental principles of costing, revenue management and revenue enhancement.

Revenue management is described as a fundamental and routine financial management function of the municipality's revenue generating business that includes billing and collection activities in respect of trading services and property rates.

Revenue enhancement is about improving by making more, in the case of municipal revenue it is associated with increasing the value of revenue generated. Revenue enhancement can be broken into two components. The first being national policy developments that give rise to additional sources of revenue from government (grant funding) and the second component is the ability of the municipality to grow its own revenue base.

MFMA Circular No 58 advises that the municipality must ensure that the billing systems are accurate; accounts are sent out to residents on a monthly basis and follow-up to collect revenue owed to the municipality.

In terms of MFMA Circular No 64 the main responsibility of the municipality is to deliver services. In terms of Section 75A of the Municipal Systems Act the municipality is allowed to levy and recover fees, charges or tariffs in respect of municipal service delivery functions and recover collection charges and interest on outstanding amounts. The municipality must adopt by-laws to give effect to the implementation and enforcement of the tariff policies.

Revenue generation is everyone's responsibility, not just that of the revenue Section. The municipality must effectively manage all functions that impact protecting and growing the revenue base. The implementation of internal controls along the revenue value chain will aid effective data handovers; utilising system data validation mechanisms and ensuring that service level standards are fundamental to ensuring the integrity of the billing data but are advised to stay away from costly data cleansing exercises.

The following are fundamental to maximising the existing revenue:

- Billing system that correctly reflects all billing and customer information required to issue accurate accounts to consumers.
- All property within the municipal jurisdiction must be correctly valued and the billing system must be updated with any change in property ownership. This is necessary to protect and grow the property rates base.
- Effective business processes to ensure new property development as well as improvements to existing properties are valued as required.
- Correct categorisation of properties.
- Water and electricity meter numbers must be recorded correctly and linked to corresponding property.
- Continual maintenance of water and electricity meters to minimise losses due to leakages or incorrectly metered consumption.
- Accurate meter reading and minimising the amount of meter reading estimates.
- Refuse and sanitation service charges must be included in all billing records and the municipality must ensure these services are not run at a loss.
- Billing queries to be resolved within reasonable timeframes.
- Municipal functions must be adequately staffed with competently skilled individuals who understand the job requirements and how to deliver on it.

The Circular further advises municipalities to table "surplus" budgets. To achieve this the municipality must ensure cost reflective tariffs; operation efficiencies; maximising revenue regenerating potential of own revenue sources and a productive workforce and sound decision making to ensure that the limited financial resources are spent wisely so that value for money is achieved.

National Treasury's MFMA Circular No. 112 and MFMA Circular No 115 was used to guide the compilation of the Draft 2022/23 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2022/23 Medium-term Revenue and Expenditure Framework:

It is within this context that the municipal budget was prepared for the 2022/23 MTREF period.

The objective for the Municipality during the budget planning process was to keep the other rates and tariffs as low as possible to provide some relief in this uncertain economic environment.

A high-level summary of the 2022/23 MTREF budget is provided in the table below:

TABLE 1 - CONSOLIDATED OVERVIEW OF THE DRAFT 2022/25 MTREF

Description	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousands</b>								
Financial Performance								
Property rates	( 100 717)	( 83 493)	( 101 776)	( 101 776)	( 76 588)	( 110 301)	( 109 932)	( 114 613)
Service charges	( 286 869)	( 312 486)	( 320 256)	( 320 256)	( 229 787)	( 375 174)	( 377 560)	( 394 299)
Investment revenue	( 897)	( 1 680)	( 1 680)	( 1 680)	( 612)	( 1 620)	( 1 620)	( 1 620)
Transfers recognised - operational	( 213 994)	( 179 728)	( 183 728)	( 183 728)	( 178 273)	( 200 369)	( 211 490)	( 227 037)
Other own revenue	( 30 215)	( 36 547)	( 82 591)	( 82 591)	( 22 671)	( 87 318)	( 80 721)	( 83 115)
Total Revenue(excluding capital transfers and contributions)	( 632 692)	( 613 934)	( 690 032)	( 690 032)	( 507 932)	( 774 783)	( 781 323)	( 820 685)
Employee costs	161 440	168 228	182 062	182 062	133 797	193 480	201 993	211 083
Remuneration of councillors	18 340	19 123	18 863	18 863	13 394	19 806	20 678	21 608
Other expenditure	192 971	117 708	167 642	167 642	108 900	187 131	195 416	197 973
Depreciation & asset impairment	88 595	42 666	42 666	42 666	2 073	32 695	41 229	63 834
Finance charges	7 986	-	-	-	215	-	-	-
Inventory consumed and bulk purchases	205 283	265 828	264 015	264 015	167 278	311 231	312 836	309 612
Transfers and grants	7 008	-	8 000	8 000	5 837	-	-	-
Expenditure	681 623	613 553	683 249	683 249	431 494	744 343	772 152	804 110
<b>Total Surplus/(Deficit)</b>	48 932	( 381)	( 6 783)	( 6 783)	( 76 437)	( 30 440)	( 9 171)	( 16 574)
Provincial and District	( 35 368)	( 40 548)	( 40 548)	( 40 548)	( 17 556)	( 40 904)	( 51 666)	( 53 910)
Transfers and subsidies - capital (monet)	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	13 563	( 40 928)	( 47 330)	( 47 330)	( 93 993)	( 71 343)	( 60 837)	( 70 484)
Capital Expenditure								
Total Capital Expenditure	17 039	14 673	17 406	17 406	10 809	17 850	11 923	30 297
Financial position								
Current assets	270 767	263 500	259 042	259 042	365 414	300 330	325 457	385 535
Non-Current Assets	1 330 544	1 462 910	1 465 331	1 465 331	1 352 508	1 369 193	1 349 481	1 327 908
Current Liabilities	( 349 760)	( 284 363)	( 259 040)	( 259 040)	( 374 723)	( 192 319)	( 208 240)	( 237 098)
Community Wealth Equity	( 1 267 423)	( 1 465 901)	( 1 469 188)	( 1 469 188)	( 1 347 046)	( 1 481 059)	( 1 470 552)	( 1 480 200)
Total Financial position	( 15 872)	( 3 855)	( 3 855)	( 3 855)	( 3 847)	( 3 855)	( 3 855)	( 3 855)
Cash Flow s								
Net cash from (used) operating	( 377 058)	( 606 382)	( 642 761)	( 642 761)	( 396 337)	( 954 451)	( 984 094)	( 987 270)
Net cash from (used) investing	44 531	36 928	39 350	39 350	23 956	69 418	60 165	46 174
Net cash from (used) financing	( 883)	-	-	-	( 531)	-	-	-
Cash/cash equivalents at the year begin:	16 555	44 222	44 222	44 222	23 725	23 725	23 725	23 725
Total Cash Flow s	( 316 855)	( 525 231)	( 559 189)	( 559 189)	( 349 188)	( 861 308)	( 900 204)	( 917 371)
Asset Management								
Asset register summary (WDV)	( 14 068)	-	-	-	4 179	-	-	-
Depreciation	84 771	-	-	-	2 073	-	-	-
Repairs and Maintenance	24 904	37 396	51 023	51 023	36 964	50 287	48 939	38 011
Total Asset Management	95 607	1 599 211	1 617 035	1 617 035	43 215	1 558 218	1 493 699	1 507 374

Total operating revenue has increased by R84,7 million for the 2022/23 financial year when compared to the 2021/22 Adjustment Budget. For the two outer years, operational revenue will increase, equating to a total revenue growth of R130,6 million over the MTREF when compared to the 2021/22 financial year.

Total operating expenditure for the 2022/23 financial year has been appropriated at R744,3 million. When compared to the 2021/22 Adjustment Budget, operational expenditure has increased by 9,6% in the 2022/23 budget and 4,2% and 4,5% increases for each of the respective outer years of the MTREF. The budget for bulk purchases to Eskom has increased to 9,61% as announced by NERSA and the employment budget has increased by 5% as per the MFMA Circulars 112 & 115 as the salary agreement has come to an end and a new agreement is under consultation.

The capital budget of R 71,3 million for 2022/23 is R24 million more when compared to the 2021/22 Adjustment Budget. The increase is due to additional grant funding for MIG, INEP and own funding. The capital program increases to R68,1 million in the 2023/24 financial year due and then decreases to R50,9 million in 2024/25. Currently a limited amount of funding for the capital budget will be funded from internally generated funds in each of the financial years of the MTREF. Capital from government grants and transfers amounts to R 40,9 million which is R1,6 million more than the 2021/22 financial year. Of the R18,4 million allocated to the Municipality from INEP an amount of R925,000 million has been allocated as capital projects for the Municipality, the remainder of the funds is for electrification in Eskom areas and the funds for that portion are shown under general expenses as the project does not become a capital item of the Municipality but is handed back to Eskom on completion.

## 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.

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## PROPERTY RATES

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the Municipality's budgeting process. The tariff increase on property rates for the 2022/23 financial year is 4,8%. The rates revenue is expected to increase the current value from R101,7 million to R105,3 million. All households receive a rebate on the first R 15,000 and indigent residents a further R 115,000. All businesses receive a rebate dependant on the value of their business.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly. The Municipality has ensured that in line with MFMA Circular No 107 relating to the new rateable property categorisation framework has been utilised.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 % rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 % (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - be living on the property;
  - not own any other property;
  - have an aggregate household income reflected in the table below, in which instance the corresponding rebate as reflected therewith will be granted;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100% grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.
- All business properties will receive a rebate

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2022/23 financial year based on a 4,8% increase from 1 July 2022 is contained below:

TABLE 2 COMPARISON OF PROPOSED RATES TO BE LEVIED FOR THE 2022/23 FINANCIAL YEAR

Category	Current Tariff (1 July 2021)	Proposed tariff (from 1 July 2022)
Residential properties	0.0093945	0.009845436
State owned properties	0.0234863	0.024613642
Business & Commercial	0.0234863	0.024613642
Agricultural	0.0023488	0.002461542
Vacant land	0.0234863	0.024613642
Municipal rateable – Residential	0.0093945	0.009845436
Industrial	0.0234863	0.024613642
Non-permitted use/Illegal usage	0.0234863	0.024613642
Public benefit organisation properties	0.0023488	0.002461542
Special consent	0.0234863	0.024613642

### Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Reference is made to the 2011, Chapter 8 of Local Government Budget and Expenditure Review which emphasizes the importance of water management.

It has been observed in various platforms that there is no uniformity in reporting water and electricity losses. These are material items and need to be disclosed in planning, budgeting reporting and in the annual report and Annual Financial Statements in uniform ways in order to track performance. In order to ensure consistency.

To mitigate the need for water tariff increases, municipalities are encouraged to put in place appropriate strategies to limit water losses to acceptable levels. Water losses have increased from 60% in 2018/19 to 74% in 2019/20 and decreased to 69% in 2020/21.

Zululand District Municipality as well as AbaQulusi Municipality has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that the current infrastructure is unlikely to sustain its long-term ability to supply water and the District Municipality will have no other choice but to provide funding for infrastructure upgrades.

A tariff increase of 4,8% from 1 July 2022 for water is proposed. In addition, 6 kl water per 30-day period will again be granted free of charge to all indigent community members.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

TABLE 3 PROPOSED WATER TARIFFS

CATEGORY	CURRENT TARIFFS 2021/22	PROPOSED TARIFFS 2022/23
	Rand per kl	Rand per kl
<b>RESIDENTIAL</b>		
(i) 0 to 6 kl per 30-day period	12.04	12.62
(ii) 6.01 to 15 kl per 30-day period	12.04	12.62
(iii) 15.01 to 30 kl per 30-day period	12.16	12.74
(iv) 30.01 to 99 kl per 30-day period	13.34	13.98
(v) More than 99.01 per 30-day period	15.56	16.31
<b>BUSINESS</b>		
(i) 0 to 6 kl per 30-day period	12.04	12.62
(ii) 6.01 to 30 kl per 30-day period	12.04	12.62
(iii) 30.01 to 99 kl per 30-day period	12.16	12.74
(iv) 30.01 to 99 kl per 30-day period	13.34	13.98
(v) More than 99.01 per 30-day period	15.56	16.31

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

**Table 4 Comparison between current water charges and increases (Domestic)**

Monthly Consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
6	72.24	75.71	3.47	4.80%
10	120.40	126.18	5.78	4.80%
20	243.20	254.87	11.67	4.80%
30	364.80	382.31	17.51	4.80%
50	667.00	699.02	32.02	4.80%
80	1 067.20	1 118.43	51.23	4.80%
100	1 556.00	1 630.69	74.69	4.80%



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## *SALE OF ELECTRICITY AND IMPACT OF TARIFF INCREASES*

NERSA is responsible for price determination of the bulk costs for electricity. Bulk electricity costs are consistently much higher than inflation. Eskom's need for increased funding means that over the period ahead they are applying for much higher tariff increases. Eskom requested 20,5% for 2022/23. This request was rejected by NERSA and following deliberations an amount of 9,6% tariff increase for Eskom was approved.

The pricing guideline from NERSA to municipalities is still being compiled, therefore the % increase the municipality may implement has not yet been provided. The municipality has for the period under review increased the tariff in line with what NERSA have allowed Eskom to implement being 9,6%, however the tariff will be reviewed once the pricing guideline has been received and the tariff application submitted to NERSA for approval.

The Electricity Pricing Policy document seeks to obtain a balance between several competing objectives, which include affordable electricity for the low-income consumers and cost-reflective tariffs for all the other consumers. As a result, electricity prices should reflect efficient market signals, accurate cost of supply and associated price levels that will ensure financial viability of the electricity sector in its entirety.

Tariffs need to be set at a level that will not only ensure that the Municipality generates sufficient revenue to cover the full cost but also allow the Municipality to obtain reasonably priced funding. Due to the gap between the licensee's sustainability (cost reflectivity) and customer affordability NERSA has moved towards a cost-based approach when setting tariffs for municipalities. The cost of supply exercise for the municipality has been completed and submitted to NERSA who have advised that the outcome of this exercise may only be implemented in the 2023/24 financial year as it must be processed by NERSA prior to implementation.

This will result in the municipality again billing less than the amount that Eskom will charge the municipality. The theft of electricity due to tampering and bypassing of electricity remains a challenge as well as theft of cables on a daily basis and substations being vandalised.

During the 2022/23 and 2023/24 financial years the municipality has to undertake the process of auditing, re-calibrating and re-configuring of prepayment meters due to the token identifiers (TID) used to identify each credit token that will run out of available numbers in November 2024 and all prepaid meters will stop accepting credit tokens. The remedy is to visit each meter and enter a special set of key change tokens in order to reset the meter memory. National Treasury will be facilitating a transversal contract for these services and the municipality will then commence with the process to ensure all meters are compliant by November 2024. During this process all meters will be checked which will assist in addressing tampered and faulty meters and assist in increasing revenue on the sale of electricity.

The Municipality will submit the request to NERSA for approval and the outcome will be tabled with the final document in May 2022.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

TABLE 5 COMPARISON BETWEEN CURRENT ELECTRICITY CHARGES AND INCREASES `

<i>Conventional</i>				
<i>Tariff blocks</i>	<i>c/kWh Current</i>	<i>c/kWh 2022/23</i>	<i>Difference</i>	<i>% Increase</i>
<i>Block 1 (0-50) kWh</i>	112.94	123.78	10.84	9.6
<i>Block 2 (51-350) kWh</i>	159.93	175.28	15.35	9.6
<i>Block 3 (351-600) kWh</i>	227.23	249.04	21.81	9.6
<i>Block 4 (&gt;600) kWh</i>	268.14	293.88	25.74	9.6

<i>Prepaid</i>				
<i>Tariff blocks</i>	<i>c/kWh Current</i>	<i>c/kWh 2022/23</i>	<i>Difference</i>	<i>% Increase</i>
<i>Block 1 (0-50) kWh</i>	128.71	141.07	12.36	9.6
<i>Block 2 (51-350) kWh</i>	175.61	192.47	16.86	9.6
<i>Block 3 (351-600) kWh</i>	239.49	262.48	22.99	9.6
<i>Block 4 (&gt;600) kWh</i>	300.87	329.75	28.88	9.6

The step tariff advised by NERSA and implemented over the previous year's results that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25-year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines. Electricity losses have decreased from 19% in 2018/19 to 17% in 2019/20 and for 2020/21 decreased to 16%.

One of the major challenges facing the Municipality is the negative impact on electrical infrastructure through vandalism. It not only affects service delivery as services become unavailable immediately after it has been vandalised, but it is also expensive to repair and replace.

To illustrate the impact of vandalism done to electrical equipment the following table is provided

The approved budget for the Energy Section can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

In addition, the Section must raise awareness and promote behaviour change through communication and education to ensure the 10% reduction in energy consumption is achieved. A renewable and cleaner energy plan has to be developed, monitored, evaluated and updated annually. To upgrade street lights to LED fittings and other energy efficiency projects is a costly exercise for which funding must be sourced.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

## SANITATION AND IMPACT OF TARIFF INCREASES

A tariff increase of 4,8% for sanitation from 1 July 2022 is proposed. This Section is currently operating at a deficit and it is generally accepted that all service departments should at least break even. This is based on the input cost assumptions related to water. It should be noted that electricity costs for the pump stations contribute approximately 15% (R6 million) of waste water treatment input costs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100% of 6 kl water) will be applicable to registered indigents

TABLE 6 COMPARISON BETWEEN CURRENT SANITATION CHARGES AND INCREASES

Description	2019/20	2020/21	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework		
				Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Waste water tariffs</b>						
<b>Domestic</b>						
Basic charge/fixed fee (Rands/month)	87.25	151.57	157.63	165.20	172.13	179.88
Service point - vacant land (Rands/month)	87.25	151.57	157.63	165.20	172.13	179.88
Waste water - flat rate tariff (c/kl)	87.25	151.57	157.63	165.20	172.13	179.88
Volumetric charge - Block 1 (c/kl)	11.03	11.58	12.04	12.62	13.15	13.74
Volumetric charge - Block 2 (c/kl)	11.03	11.58	12.04	12.62	13.15	13.74
Volumetric charge - Block 3 (c/kl)	12.04	12.64	13.15	13.78	14.36	15.01
Volumetric charge - Block 4 (c/kl)						
<b>Other</b>				-	-	-

## WASTE REMOVAL AND IMPACT OF TARIFF INCREASES

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The service of refuse collection is outsourced which is the main contributor of expenditure as well as the cost of remuneration. This Section is budgeted to have a deficit. It is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models.

A 4,8% increase in the waste removal tariff is proposed from 1 July 2022. Higher increases will not be viable in 2022/23 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher can be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2022:

**TABLE 7 COMPARISON BETWEEN CURRENT WASTE REMOVAL FEES AND INCREASES**

Description	2019/20	2020/21	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework		
				Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Waste management tariffs</b>						
<i>Domestic</i>						
Street cleaning charge						
Basic charge/fixed fee	103.76	108.95	140.00	146.72	152.88	159.76
80l bin - once a week	325.34	348.11	362.03	379.41	395.34	413.13
250l bin - once a week	3 806.29	4 072.73	4 235.65	4 438.96	4 625.40	4 833.54
				-	-	-

## EXPLANATION OF TARIFF INCREASES ON HOUSEHOLDS

MFMA Circular 115, attached as **Annexure F**, requires that all increases more than the inflation target of 4,8% for 2022/23 must be explained and justified

### Property rates

Property rates are used by the Municipality to provide basic services and to perform its functions as set out in schedules 4B and 5B of the Constitution of the Republic of South Africa, 1996. This includes installing and maintaining of streets, roads, sidewalks, storm drainage, building regulations, provision of local sport facilities, parks, recreational facilities and cemeteries to name a few.

Included in the above increase is a rebate for all businesses

## Summary of rates per ward:

	VACANT LAND	AGRICULTURE	BUSINESS	RESIDENTIAL	OTHER	TOTAL
WARD 1	208 990.53	529 297.33	256 798.98	1 188 952.82	1 437 610.85	3 621 650.52
WARD 2	-	1 144 495.94	-	-	811 493.25	1 955 989.19
WARD 3	-	436 290.42	-	-	472 149.78	908 440.21
WARD 4	-	1 148 998.14	100 984.11	203 027.93	2 364.41	1 455 374.60
WARD 5	-	747 070.12	-	-	774 179.18	1 521 249.30
WARD 6	128 505.89	444 717.87	316 595.00	1 188 952.82	794 513.73	2 873 285.31
WARD 7	87 956.19	68 731.90	108 786.68	417 055.14	1 128 200.31	1 810 730.21
WARD 8	1 147 426.35	339 902.14	23 663 153.09	10 335 149.72	7 025 172.35	42 510 803.65
WARD 9	309 430.83	269 567.04	2 553 826.95	13 476 056.51	434 224.42	17 043 105.74
WARD 10	514 425.50	13 234.68	86 253.81	2 500 231.23	351 628.70	3 465 773.92
WARD 11	21 185.15	-	46 177.00	1 433 736.39	-	1 501 098.54
WARD 12	29 058.65	128 109.43	6 525.78	147 558.66	5 774 796.88	6 086 049.40
WARD 13	312 859.23	536 691.44	38 516.30	2 076 952.94	912 210.51	3 877 230.42
WARD 14	45 278.52	-	-	-	604 296.87	649 575.39
WARD 15	193 503.62	-	-	-	755 028.25	948 531.87
WARD 16	92 247.60	-	14 588.43	131 282.00	104 578.02	342 696.06
WARD 17	-	-	-	-	427 509.65	427 509.65
WARD 18	-	-	343 880.34	823 054.25	949 903.23	2 116 837.82
WARD 19	-	-	-	-	279 946.59	279 946.59
WARD 20	-	32 714.27	74 786.41	1 266 155.83	51 567.86	1 425 224.38
WARD 21	-	288 453.12	-	-	461 462.63	749 915.75
WARD 22	435 335.86	404 678.05	3 802 190.12	5 566 892.13	4 470 905.49	14 680 001.66
	3 526 203.93	6 532 951.89	27 913 063.00	39 255 058.38	28 023 742.97	110 251 020.16

The increase in rates is due to properties identified that were previously not billed

The explanation for the **Electricity** increase was provided in the explanation of the tariff above

## Summary for electricity per ward:

	BASIC	CONVENTIONAL	PREPAID	OTHER	TOTAL
WARD 5	1 830.00	750.00	11 671.00		14 251.00
WARD 6	154 022.00	451 085.00	100 118.00		705 225.00
WARD 7	214 090.00	194 947.00	-		409 037.00
WARD 8	7 535 000.00	61 376 391.00	116 306 033.00		185 217 424.00
WARD 9	1 921 425.00	23 678 663.00	-		25 600 088.00
WARD 10	176 500.00	592 339.00	-		768 839.00
WARD 11	76 883.00	164 673.00	-		241 556.00
WARD 12	73 230.00	469 631.00	-		542 861.00
WARD 13	265 160.00	2 633 239.00	-		2 898 399.00
WARD 16	41 866.00	222 202.00	-		264 068.00
WARD 18	256 230.00	6 325 922.00	-		6 582 152.00
WARD 20	264 660.00	1 150 890.00	500 617.00		1 916 167.00
WARD 22	2 759 715.00	28 562 218.00	-		31 321 933.00
	13 740 611.00	125 822 950.00	116 918 439.00	1 500 000.00	257 982 000.00

**Water** increases by 4,8%

Summary of water per ward:

	BASIC	CONSUMPTION	TOTAL
WARD 1	39 084.00	1 007 692.00	1 046 776.00
WARD 5	655.00	15 953.00	16 608.00
WARD 6	593 979.00	1 118 284.00	1 712 263.00
WARD 7	197 733.00	591 896.00	789 629.00
WARD 8	164 597.00	7 047 352.00	7 211 949.00
WARD 9	1 024 777.00	4 211 828.00	5 236 605.00
WARD 10	626 903.00	2 281 147.00	2 908 050.00
WARD 11	349 839.00	1 373 556.00	1 723 395.00
WARD 12 INCL WATER TANKERS	129 601.00	31 278 560.00	31 408 161.00
WARD 13	613 839.00	1 877 456.00	2 491 295.00
WARD 16	84 206.00	-	84 206.00
WARD 18	584 123.00	455.00	584 578.00
WARD 20	872 835.00	-	872 835.00
WARD 22	1 362 718.00	4 708 932.00	6 071 650.00
	6 644 889.00	55 513 111.00	62 158 000.00

**Refuse** increases by 4,8%

Summary of refuse per ward:

WARD 1	546 617.00
WARD 6	2 095 700.00
WARD 7	481 574.00
WARD 8	7 922 587.00
WARD 9	3 437 869.00
WARD 10	1 987 339.00
WARD 11	1 087 935.00
WARD 12	387 596.00
WARD 13	2 062 560.00
WARD 16	290 105.00
WARD 18	1 887 641.00
WARD 20	2 810 485.00
WARD 22	4 650 843.00
	29 648 851.00

The reason for the increase in refuse is there are areas that have previously not been paying for refuse

**Sewerage** increases by 4,8%

Summary of sewerage per ward:

WARD 1	15 163.00
WARD 6	2 019 947.00
WARD 7	1 065 823.00
WARD 8	7 945 674.00
WARD 9	7 325 377.00
WARD 10	2 193 757.00
WARD 11	1 220 186.00
WARD 12	402 578.00
WARD 13	2 204 583.00
WARD 16	294 963.00
WARD 18	1 906 102.00
WARD 20	2 803 097.00
WARD 22	7 487 602.00
	36 884 852.00

The increase in sanitation revenue is due to additional water meters installed and sewerage is billed based on water consumption

**Total of all services in wards:**

	RATES	WATER	SANITATION	ELECTRICITY	REFUSE	TOTAL
WARD 1	3 621 650.52	1 046 776.00	15 163.00	-	546 617.00	5 230 206.52
WARD 2	1 955 989.19	-	-	-	-	1 955 989.19
WARD 3	908 440.21	-	-	-	-	908 440.21
WARD 4	1 455 374.60	-	-	-	-	1 455 374.60
WARD 5	1 521 249.30	16 608.00	-	14 251.00	-	1 552 108.30
WARD 6	2 873 285.31	1 712 263.00	2 019 947.00	705 225.00	2 095 700.00	9 406 420.31
WARD 7	1 810 730.21	789 629.00	1 065 823.00	409 037.00	481 574.00	4 556 793.21
WARD 8	42 510 803.65	7 211 949.00	7 945 674.00	185 217 424.00	7 922 587.00	250 808 437.65
WARD 9	17 043 105.74	5 236 605.00	7 325 377.00	25 600 088.00	3 437 869.00	58 643 044.74
WARD 10	3 465 773.92	2 908 050.00	2 193 757.00	768 839.00	1 987 339.00	11 323 758.92
WARD 11	1 501 098.54	1 723 395.00	1 220 186.00	241 556.00	1 087 935.00	5 774 170.54
WARD 12	6 086 049.40	31 408 161.00	402 578.00	542 861.00	387 596.00	38 827 245.40
WARD 13	3 877 230.42	2 491 295.00	2 204 583.00	2 898 399.00	2 062 560.00	13 534 067.42
WARD 14	649 575.39	-	-	-	-	649 575.39
WARD 15	948 531.87	-	-	-	-	948 531.87
WARD 16	342 696.06	84 206.00	294 963.00	264 068.00	290 105.00	1 276 038.06
WARD 17	427 509.65	-	-	-	-	427 509.65
WARD 18	2 116 837.82	584 578.00	1 906 102.00	6 582 152.00	1 887 641.00	13 077 310.82
WARD 19	279 946.59	-	-	-	-	279 946.59
WARD 20	1 425 224.38	872 835.00	2 803 097.00	1 916 167.00	2 810 485.00	9 827 808.38
WARD 21	749 915.75	-	-	-	-	749 915.75
WARD 22	14 680 001.66	6 071 650.00	7 487 602.00	31 321 933.00	4 650 843.00	64 212 029.66
	110 251 020.16	62 158 000.00	36 884 852.00	257 982 000.00	29 648 851.00	496 924 723.16

**Sundry tariffs** increase by 4,8%

### **Financial support provided to indigent households**

AbaQulusi Municipality provides free basic services to poor households as a means of poverty alleviation. This support is to households who are unable to pay, or struggle to pay for their basic services.

Households with an income base below a determined threshold of less than R3,800 will receive on application a 100% subsidy. These consumers should apply to be registered as an indigent household as defined in the indigent policy of Council and will be included in the indigent register to obtain the benefit.

Indigent households will in 2022/23 receive free 50 electricity units per month, water (6 kilolitres per month), free refuse removal and free sanitation based on a developed erf size of 250 square meters.

In respect of property rates, the first R130,000 value of the residential properties of indigents are exempted.

Child headed households are furthermore subsidised in the same manner as a 100% qualifying indigent household

Financial support to pensioners, physically disabled persons and mentally disabled persons

A special rebate on property rates is provided to the abovementioned based on their monthly income levels, which is indicated in the table below:

	<b>Percentage Rebate</b>
R0 - R4,500 per month	25%
R4,501 - R5,000 per month	20%
R5,001 - R5,500 per month	15%
R5,501 - R6,500 per month	10%



## OPERATING BUDGET

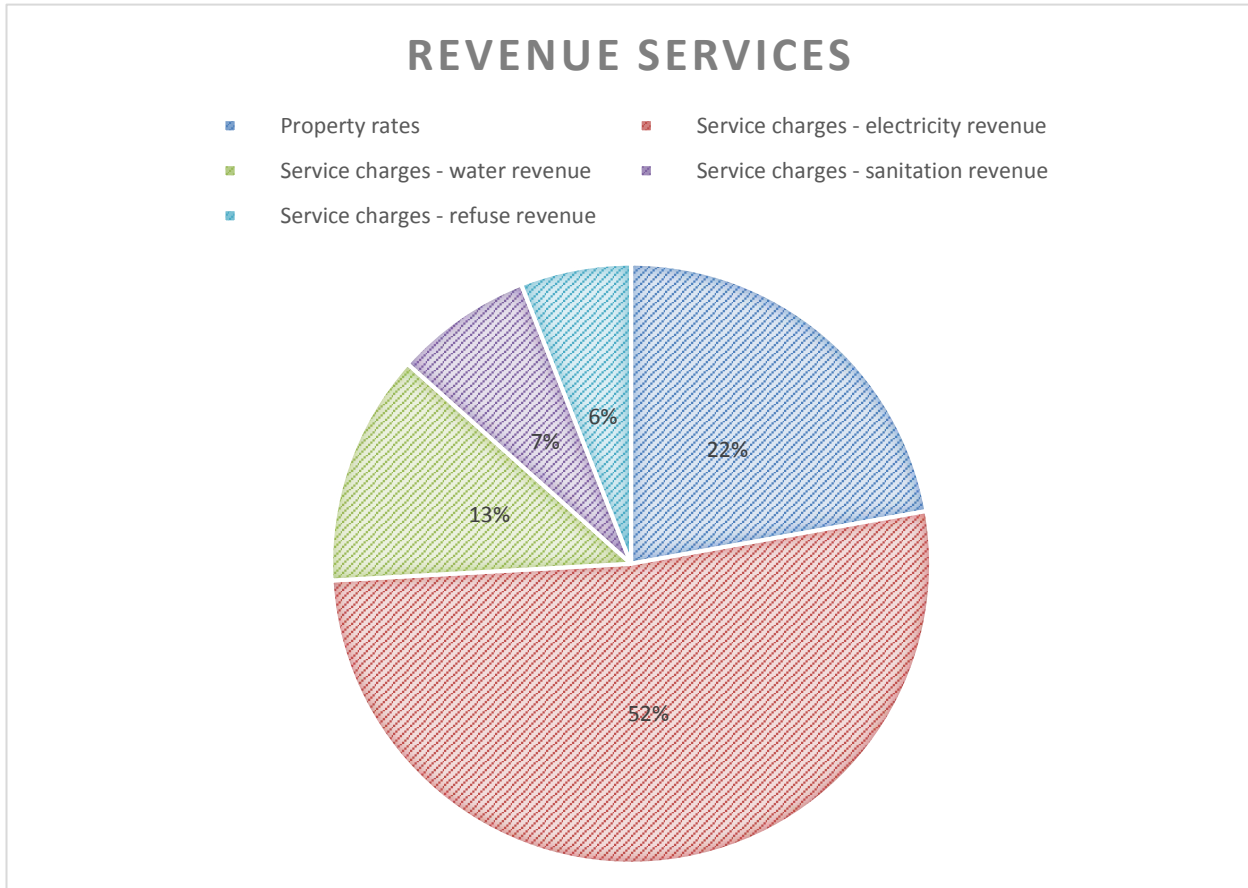
A summary of the operating budget is provided in the table below

KZN263 Munsof - AbaQulusi Live - Table A4 Budgeted Financial Performance (revenue and expenditure) Fourth Quarter

Description	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Revenue By Source</b>								
Property rates	( 100 717)	( 83 493)	( 101 776)	( 101 776)	( 76 588)	( 110 301)	( 109 932)	( 114 613)
Service charges - electricity revenue	( 193 292)	( 219 846)	( 213 127)	( 213 127)	( 155 806)	( 253 982)	( 265 311)	( 277 363)
Service charges - w ater revenue	( 44 344)	( 41 679)	( 48 679)	( 48 679)	( 32 908)	( 59 124)	( 61 722)	( 64 302)
Service charges - sanitation revenue	( 31 367)	( 27 787)	( 33 287)	( 33 287)	( 24 110)	( 34 920)	( 24 271)	( 25 284)
Service charges - refuse revenue	( 17 866)	( 23 174)	( 25 163)	( 25 163)	( 16 963)	( 27 149)	( 26 255)	( 27 350)
Rental of facilities and equipment	( 1 070)	( 1 050)	( 554)	( 554)	( 431)	( 8 634)	( 634)	( 634)
Interest earned - external investments	( 897)	( 1 680)	( 1 680)	( 1 680)	( 612)	( 1 620)	( 1 620)	( 1 620)
Interest earned - outstanding debtors	( 7 979)	-	( 52 336)	( 52 336)	( 9 573)	( 64 834)	( 67 237)	( 69 632)
Dividends received	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	( 13 602)	( 24 773)	( 17 270)	( 17 270)	( 7 088)	( 5 253)	( 5 253)	( 5 253)
Licences and permits	( 2 837)	( 5 148)	( 7 294)	( 7 294)	( 5 130)	( 7 110)	( 7 110)	( 7 110)
Agency services	-	-	-	-	-	-	-	-
Transfers and subsidies	( 213 994)	( 179 728)	( 183 728)	( 183 728)	( 178 273)	( 200 369)	( 211 490)	( 227 037)
Other revenue	( 4 726)	( 5 576)	( 5 137)	( 5 137)	( 449)	( 1 487)	( 487)	( 487)
Gains on disposal of PPE	( 15 928)	-	-	-	-	-	-	-
<b>Total Revenue By Source</b>	<b>( 648 620)</b>	<b>( 613 934)</b>	<b>( 690 032)</b>	<b>( 690 032)</b>	<b>( 507 932)</b>	<b>( 774 783)</b>	<b>( 781 323)</b>	<b>( 820 685)</b>
<b>Expenditure By type</b>								
Employee related costs	161 440	168 228	182 062	182 062	133 797	193 480	201 993	211 083
Remuneration of councillors	18 340	19 123	18 863	18 863	13 394	19 806	20 678	21 608
Debt impairment	64 771	6 730	6 730	6 730	-	7 053	7 363	7 694
Depreciation & asset impairment	88 595	42 666	42 666	42 666	2 073	32 695	41 229	63 834
Finance charges	7 986	-	-	-	215	-	-	-
Bulk purchases - electricity	191 594	240 000	240 000	240 000	148 582	263 040	274 614	286 971
Inventory consumed	13 690	25 828	24 015	24 015	18 697	48 191	38 222	22 640
Contracted services	91 544	85 660	130 949	130 949	85 809	132 462	132 647	132 416
Transfers and subsidies	7 008	-	8 000	8 000	5 837	-	-	-
Other expenditure	36 597	25 318	29 963	29 963	23 091	47 616	55 405	57 863
Losses	58	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	( 35 368)	( 40 548)	( 40 548)	( 40 548)	( 17 556)	( 40 904)	( 51 666)	( 53 910)
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit)	-	-	-	-	-	-	-	-
<b>Total Expenditure By type</b>	<b>646 255</b>	<b>573 006</b>	<b>642 701</b>	<b>642 701</b>	<b>413 938</b>	<b>703 439</b>	<b>720 486</b>	<b>750 201</b>
<b>Total</b>	<b>( 2 365)</b>	<b>( 40 928)</b>	<b>( 47 330)</b>	<b>( 47 330)</b>	<b>( 93 993)</b>	<b>( 71 343)</b>	<b>( 60 837)</b>	<b>( 70 484)</b>
Taxation	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-

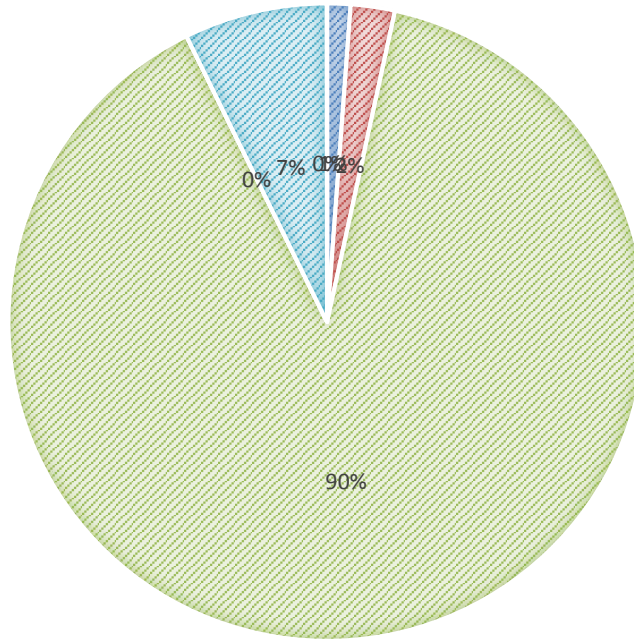
The main contributors to the operating revenue and expenditure of the 2022/23 financial year are indicated in the three graphs below

### Operating Revenue Budget

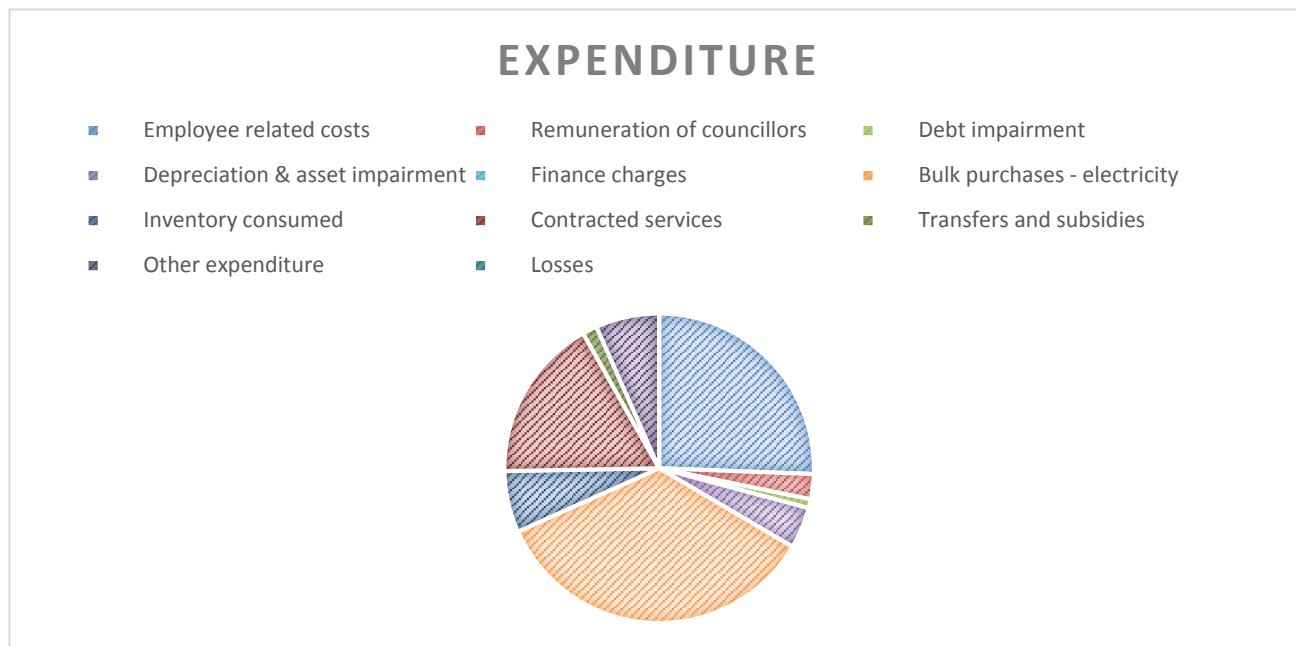


### REVENUE OTHER

- Rental of facilities and equipment
- Interest earned - external investments
- Interest earned - outstanding debtors
- Fines, penalties and forfeits
- Licences and permits
- Agency services



**Operating Expenditure Budget**



**Budgeted operating surplus/deficit**

The budgeted operating deficit or surplus for the 3-year 2022/23 MTREF period is R71,3 million (surplus), R68,1 million (surplus) and R50,9 million (surplus) respectively. The surplus is the funding that is being utilised for capital projects funded from grant funding which is included in the revenue as well as own funding.

**Capital budget – Infrastructure projects**

National Treasury has urged municipalities to prioritize spending on infrastructure. The summary per category of infrastructure projects over the MTREF is listed in the table below.

Infrastructure projects comprise 71% of the total capital budget in 2022/23, 70% in 2023/24 and 95% in 2024/25

Infrastructure projects as 7,14% of total expenditure budget

**Repairs and maintenance expenditure**

The budget for repairs and maintenance for 2022/23, 2023/24 and 2024/25 is R48,1 million, R38,2 million and R22,6 million respectively.

The amounts reflected as repairs and maintenance only represents materials and contracted services. No labour and vehicle costs incurred by the Municipality is currently allocated to repairs and maintenance due to the absence of a full costing system. The real repairs and maintenance are therefore higher than the amount reflected in the budget documents.

	<b>2021/22 Adjustment Budget</b>	<b>2022/23 Budget</b>	<b>2023/24 Budget</b>	<b>2024/25 Budget</b>
Repairs and maintenance	24 015 000.00	48 191 200.00	38 222 152.00	22 640 371.00
Movement from the previous year	8.25%	49.80%	-20.60%	-40.77%
As a % of operating expenditure	3.51%	6.47%	4.95%	2.81%

#### Cost containment measures

The Municipality has implemented a cost containment policy in July 2019. Since Covid-19 the Municipality had to reduce its operating budget even more through a cost reduction of certain line items of operating expenditure.

#### Conclusion

Currently there are many economic uncertainties. Many households and businesses are in distress. We don't know the answers, but we put our trust in the Lord and in His word

## PART 2 – SUPPORTING DOCUMENTATION

#### Overview of annual budget process

The overview of the 2022/23 Budget and IDP process is provided in the table below

Budget and IDP timetable approved by Council	26 August 2021
IDP public participation process	4 – 17 October 2021
Strategic Planning Session, IDP/Budget steering committee meetings	1 – 3 March 2022
Departments requested to budget in accordance with IDP needs	1 – 3 March 2022
IDP/Budget Steering committee meeting	24 March 2022
Table Budget and IDP to Council	31 March 2022
Advertise Budget in the local newspaper	1 April 2022
Public Participation meetings	April 2022
Closing of comments and representations on the IDP and tabled budget	6 May 2022
Workshop with Council on budget related policies and public inputs	May 2022
Engagement with Provincial Treasury	May 2022
Consideration of final budget approval by Council	26 May 2022

## 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 cycle is 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 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. The following table highlights the IDP's five strategic objectives for the 2022/23 MTREF and further planning refinements that have directly informed the compilation of the budget:

## IDP STRATEGIC OBJECTIVES

<b>Key Performance Area: Basic Service Delivery and Infrastructure Development</b>			
<b>Goal: To reduce levels of infrastructure backlogs by providing Basic Services, Facilities and maintaining existing infrastructure.</b>			
<b>Key Focus Area</b>	<b>IDP Ref. No.</b>	<b>Development Objectives</b>	<b>Development Strategies</b>
1. Roads	1	Expand accessibility in various wards by 2027	<ul style="list-style-type: none"> <li>Constructing New Gravel Roads</li> <li>Constructing new tarred and paved roads</li> <li>Constructing new cause ways</li> <li>Spatially capture roads infrastructure</li> <li>Construction of Taxi Ranks</li> <li>Construction of Municipal Testing Stations</li> </ul>
	2	Maintain existing Roads in rural & urban areas by 2027	<ul style="list-style-type: none"> <li>Upgrading of gravel roads to tar</li> <li>Re-gravelling of roads</li> <li>Resealing of Roads</li> <li>Rehabilitation of existing tar roads</li> <li>Blading of roads</li> <li>Spatially capture road infrastructure</li> </ul>
2. Storm Water	3	Building and maintaining Storm Water Infrastructure by 2027	<ul style="list-style-type: none"> <li>Construction of new storm water drains</li> <li>Cleaning of storm water drains</li> <li>Spatially capture storm water infrastructure</li> </ul>
3. Sanitation	4	Expand Sanitation accessibility in various wards by 2027	<ul style="list-style-type: none"> <li>Establishment of new sewer lines</li> <li>Provision of VIP in rural areas</li> <li>Constructing Public Ablutions</li> <li>Spatially capture sanitation infrastructure</li> </ul>
	5	Maintain and replace existing Sanitation Infrastructure by 2027	<ul style="list-style-type: none"> <li>Replace old sanitation pipes</li> <li>Upgrading of sewer main lines</li> <li>Upgrade of the WWTW</li> </ul>
4. Water	6	Expand water accessibility in various wards by 2027	<ul style="list-style-type: none"> <li>Installation of new water connections</li> <li>Upgrade of water main lines</li> <li>Spatially capture water infrastructure</li> </ul>
	7	Maintain and replace existing Water Infrastructure by 2027	<ul style="list-style-type: none"> <li>Replace old water Pipes</li> <li>Repairs to water lines</li> <li>Repairs to existing water pumps</li> <li>Maintain purification treatment plants</li> </ul>
5. Electricity	8	Expand electrical accessibility in various wards by 2027	<ul style="list-style-type: none"> <li>Installation of New electrical connections</li> </ul>
	9	Expand and Maintain existing network electricity in urban and rural areas by 2027. Provide alternative energy	<ul style="list-style-type: none"> <li>Installation of Electrical Meters</li> <li>Installation and repairs of High Mast Lights</li> <li>General Infrastructure- maintenance on mini and major substations</li> <li>Upgrade existing transformers</li> </ul>

			<ul style="list-style-type: none"> <li>• Repairs to Robots</li> <li>• Provision of solar geysers and street lights</li> <li>• Provision of solar panels in urban and rural areas</li> <li>• Spatially capture electricity infrastructure</li> <li>• Master sector plans to be in place</li> </ul>
6. Sport fields & Parks	10	Expand accessibility and maintenance of Sports fields and Parks in various wards by 2027	<ul style="list-style-type: none"> <li>• Construction and maintenance of new Sports fields and Parks in various wards</li> <li>• Upgrade and revamp existing Sports fields and Parks</li> </ul>
7. Community Halls	11	Expand accessibility and maintenance of Community Halls in various wards by 2027	<ul style="list-style-type: none"> <li>• Construction and maintenance of New Community Halls</li> <li>• Upgrade and revamp existing Community Halls</li> </ul>
8. Cemeteries	12	Expand accessibility and maintenance of Community Cemeteries in various wards by 2027	<ul style="list-style-type: none"> <li>• Construction and maintenance of Cemeteries</li> <li>• Upgrade and revamp existing Cemeteries</li> <li>• Fencing of all unused cemeteries</li> <li>• Identify and establish new cemeteries</li> </ul>
9. Creches	13	Enhance Early Childhood Development by 2027	<ul style="list-style-type: none"> <li>• Number of new crèches built</li> </ul>
10. Libraries	14	Expand accessibility and maintenance of Libraries in various wards by 2027	<ul style="list-style-type: none"> <li>• Construction of new Libraries</li> <li>• Upgrade and Maintain existing Libraries</li> </ul>
11. Refuse Removal	15	Expand accessibility of Refuse Services in various wards by 2027	<ul style="list-style-type: none"> <li>• Identify new areas and settlements to offer Refuse Services</li> <li>• Integrated waste management plan</li> </ul>
12. Human Settlements	16	To provide sustainable human settlements to the people of AbaQulusi by 2027	<ul style="list-style-type: none"> <li>• Identify and Secure land prior to project approval</li> <li>• Ensure appointment of experienced and qualified implementing agents</li> <li>• Land disposal policy for public use</li> <li>• Strengthen Intergovernmental Relations</li> <li>• Land identification and release facilitation of bulk service provision</li> <li>• Facilitate Land Release</li> <li>• Approval and implementation of the Housing Sector Plan</li> <li>• Set up housing consumer education programme</li> <li>• Linking of the HSP to SDF, IDP and Comprehensive CIF</li> <li>• Middle income housing development</li> </ul>



**Key Performance Area: Municipal Transformation and Institutional Development**

**Goal: Empower and capacitate institutional structures and promotion of transparent cooperative governance.**

Key Focus Area	IDP Ref. No.	Development Objective	Development Strategies
1. Human Resources Management	17	To ensure that the municipality practice sound Human Resources management by 2027	<ul style="list-style-type: none"> <li>• Conduct Workshops on labour relations</li> <li>• Ensure functionality of Local Labour Forum</li> <li>• Formulate, review and adopt new and existing HR Policies.</li> <li>• Review and adopt Employment Equity plan</li> <li>• Review and adopt recruitment Plan and strategy</li> <li>• Review and adopt Retention strategy</li> <li>• Review and adopt organizational structure</li> <li>• Review Job descriptions</li> <li>• Fast track filling of critical vacant posts</li> <li>• Expanding or securing leaderships, internship and apprenticeship to community members in consultation with SETAs</li> </ul>
2. Human Resource Development	18	To ensure that the new and existing staff are capacitated to fulfil their functions and promote career development and comply with safety measures by 2027	<ul style="list-style-type: none"> <li>• Develop/Review Workplace Skills Plan.</li> <li>• Develop/Review Induction Plan.</li> <li>• Ensure functionality of OHS Committee and other HRD related committees.</li> <li>• Develop/Review training policy</li> <li>• Develop/Review Wellness Programme.</li> <li>• Facilitate skills audit for municipal employees.</li> <li>• Facilitate skills audit for councillors</li> <li>• Facilitate Female councillors empowerment</li> <li>• Continued professional development (CPD) for all professionals serving in the municipality</li> <li>• MFMP training for Staff and Councillors</li> </ul>
3. Council Support	19	To ensure that Council and its committee fulfil their executive and legislative functions and play an effective oversight role over administration by 2027	<ul style="list-style-type: none"> <li>• Develop and adopt Council Annual Programme</li> <li>• Monitoring and implementation of the Council Annual Programme</li> <li>• Monitoring the execution of Council resolutions</li> <li>• Provision of Administrative Support to Council and its Committees</li> </ul>
4. Records Management	20	To ensure effective management of all internal and external records by 2027	<ul style="list-style-type: none"> <li>• Implementation of Records Management Policy</li> </ul>

5. Fleet Management	21	To ensure effective management of fleet by 2027	<ul style="list-style-type: none"> <li>• Implementation of Fleet Management Policy</li> </ul>
6. Information Technology	22	To provide a secure ICT infrastructure which delivers appropriate levels of Confidentiality, integrity, availability, stability and growth by 2027	<ul style="list-style-type: none"> <li>• Development and monitoring of ICT infrastructure and relevant security mechanisms with provision of reports.</li> <li>• Workshop of ICT Policies and Procedures to staff.</li> <li>• Development of Intranet to provide basic information on Email and Internet security standards for users.</li> <li>• Ensure ICT secure procedures are followed.</li> <li>• Ensure security mechanisms are in place to ensure confidentiality and integrity of data.</li> <li>• Upgrade, and maintain relevant equipment and infrastructure to ensure stability of ICT infrastructure</li> <li>• Providing ICT Tools of trade.</li> <li>• Upgrading to new technologies.</li> <li>• Updating/Upgrading to new software as part of the new technology drive forward.</li> <li>• Renewal and expansion of DR and Data Backup Systems</li> <li>• Develop compliance/Intranet calendar for staff on the Intranet as reference model to assist in providing staff with deadline dates for ALL reports.</li> <li>• Develop backup and replicate information for future reference</li> <li>• Procure CAD software for engineering drawings</li> </ul>
7. General Administration	23	To improve customer care and strengthen its relations with the municipality	<ul style="list-style-type: none"> <li>• Establish a municipal call center</li> <li>• Develop and review the Customer Care Call Centre annually</li> </ul>

### Key Performance Area: Financial Viability & Management

#### Goal: *Ensure sound financial management and accountability*

Key Focus Area	IDP Ref. No.	Development Objective	Development Strategies
1. Revenue	24	Ensure the Municipal Revenue Streams are optimized	<ul style="list-style-type: none"> <li>• Conducting Daily control check and balances of cashiers and banking of cash</li> <li>• Conducting Monthly updating of valuation roll and financial system to secure correct billing of rates</li> <li>• Monitor Billing vs Payment system</li> <li>• Update Indigent Register</li> </ul>

			<ul style="list-style-type: none"> <li>• Visiting satellite offices regularly to verify and secure financial procedures and income</li> <li>• Implement Revenue enhancement committee resolutions</li> <li>• Amendment to the credit control policy</li> <li>• Timeous and accurate reading of meters</li> <li>• Handing over of long outstanding/selling of debtors</li> <li>• Ensure reconciliations are performed daily, weekly and monthly respectively</li> </ul>
2. Expenditure	25	To ensure effective expenditure control	<ul style="list-style-type: none"> <li>• Ensure payment of service providers within 30 days</li> <li>• Ensure reconciliations are performed daily, weekly and monthly respectively</li> <li>• Verification of all orders and invoices correctness before payment is done using check list and financial system and procedures</li> <li>• Timeous payment of salaries and third parties</li> <li>• Timeous submission of VAT and PAYE to SARS</li> <li>• Verification of correct allocation of orders</li> </ul>
3. SCM	26	To strengthen the Supply Chain Unit and Processes	<ul style="list-style-type: none"> <li>• Develop Municipal Procurement Plan</li> <li>• Implement supplier's database in line with National Treasury's Central Suppliers Database</li> <li>• Review SCM Policy</li> <li>• Submission of Irregular expenditure report to COGTA on a monthly basis</li> <li>• Provide training and skills development to officials involved in procurement processes</li> <li>• Verification of Service Providers</li> </ul>
4. Assets	27	To Maintain Fixed Assets of the Municipality	<ul style="list-style-type: none"> <li>• Maintain fixed assets register on a monthly basis</li> <li>• Updating of all purchases and spot check visits to offices</li> <li>• Maintaining the Fixed Assets Register in terms of the Fixed Assets Policy and GRAP 17 monthly</li> <li>• Quarterly verification of inventory</li> <li>• Ensure reconciliations are performed daily, weekly and monthly respectively</li> </ul>
5. Financial Reporting	28	Ensure that financial reporting conforms to all legal and institutional requirements	<ul style="list-style-type: none"> <li>• Develop Draft Budget annually</li> <li>• Develop and Adopt Final Budget annually</li> <li>• Develop and adopt Final Budget Process Plan annually</li> <li>• Submission of Monthly Section 71, Quarterly Section 52 &amp; Half Year Section 72 Report</li> <li>• Develop Adjustment budget in line with section 72 reports</li> </ul>

			<ul style="list-style-type: none"> <li>• Annual adoption of policies and procedures</li> <li>• Ensure reconciliations are performed daily, weekly and monthly respectively</li> </ul>
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### Key Performance Area: Good Governance and Community Participation

**Goal: To be a Responsible, accountable, effective and efficient developmental Municipality**

Key Focus Area	IDP Ref. No.	Development Objective	Development Strategies
1. Communication and customer satisfaction	29	To revive and strengthen Communications by 2027	<ul style="list-style-type: none"> <li>• Develop/adopt communication strategy</li> <li>• Review the Communication Strategy</li> </ul>
	30	To engage and improve customer satisfaction by 2027	<ul style="list-style-type: none"> <li>• Develop a customer care centre</li> <li>• Appoint a customer care committee</li> <li>• Conduct customer service satisfaction surveys on regular basis</li> <li>• Establish "suggestion boxes" at all municipal offices</li> <li>• Utilisation of the municipal "hotline" system</li> <li>• Establish additional municipal satellite offices</li> </ul>
2. Internal Audit	31	To provide an assurance on the effectiveness of governance, risk management and internal control by 2027	<ul style="list-style-type: none"> <li>• Develop and implement the annual internal audit coverage plan</li> <li>• Develop and implement quality assurance programmes to assess the effectiveness of internal audit unit</li> <li>• Discuss and submit internal audit reports to Management, Audit Committee and MPAC</li> <li>• Appoint audit steering committee</li> <li>• Develop and implement the audit committee annual plan</li> <li>• Develop and implement the audit committee assessment tool</li> </ul>
3. Audit Committee	32	To ensure the effectiveness of the Audit Committee by 2027	<ul style="list-style-type: none"> <li>• Develop and implement the audit committee annual plan</li> <li>• Develop and implement the audit committee assessment tool</li> <li>• Submission of audit committee reports to Council on a quarterly basis</li> <li>• Evaluate and track the implementation of audit committee resolutions</li> </ul>
4. Risk Management	33	To improve the effectiveness of risk management within the organization by 2027	<ul style="list-style-type: none"> <li>• Conduct the risk assessment and develop the risk register</li> <li>• Appoint risk management committee and assess the functionality thereof</li> </ul>

			<ul style="list-style-type: none"> <li>• Incorporate risk action plans into departmental SDBIP</li> <li>• Monitor the implementation of risks mitigation plans by Department</li> <li>• Identify and assess new emerging risks throughout the period</li> </ul>
5. Integrated Development Planning	34	To ensure effective decision-making, budgeting and management of resources	<ul style="list-style-type: none"> <li>• Develop and implement the IDP/Budget process plan</li> <li>• Engage in Community Consultation Process (IDP Rep Forums, Road-shows, Izimbizos)</li> <li>• Develop, review and adopt IDP annually</li> </ul>
6. Performance Management	35	To promote a system of transparency and accountability within the municipality	<ul style="list-style-type: none"> <li>• Review and adopt the PMS Framework</li> <li>• Cascading of PMS to all levels</li> </ul>
8. Batho Pele	36	To enhance service delivery through the improvement of public consultation and communications by 2027	<ul style="list-style-type: none"> <li>• Develop and adopt Batho Pele Policy, procedural Manuel, Service Delivery Charter and Service Delivery Improvement Plan</li> <li>• Hosting of Batho Pele Campaigns</li> </ul>

### Key Performance Area: Local Economic Development and Social Development

**Goal: To promote socio-economic growth and job opportunities.**

Key Focus Area	IDP Ref No	Development Objective	Development Strategies
1. Agriculture	37	Unleashing agricultural potential in Abaqulusi by 2027	<ul style="list-style-type: none"> <li>• Coordinate the establishment of agri-business forums, farmers associations</li> <li>• Provide support to the agricultural production</li> <li>• Coordinate agricultural activities</li> <li>• Establish cooperatives in all areas</li> <li>• Assist in Developing Agri-processing Hub</li> <li>• Develop Agriculture Sector Plan</li> </ul>
2. SMME's and Job Creation	38	Continuous assistance of entrepreneurship and job creation by 2027	<ul style="list-style-type: none"> <li>• Train SMME's according to their needs to meet the standard</li> <li>• Coordinate intergovernmental programmes to create job opportunities</li> </ul>
3. Poverty alleviation	39	Reduce poverty in all wards by 2027	<ul style="list-style-type: none"> <li>• Train the vulnerable community on income generating project</li> <li>• Deliver poverty alleviation project in all wards to create business opportunities</li> </ul>
4. Tourism	40	Promote and identify tourism opportunities by 2027	<ul style="list-style-type: none"> <li>• Co-ordinate tourism events and awareness campaigns in the municipality</li> <li>• Organise workshops and Road shows</li> </ul>

			<ul style="list-style-type: none"> <li>Establish tourism industry and project focusing on tourism</li> <li>Develop Tourism Sector Plan and Promote heritage route</li> <li>Introduce historically disadvantaged people into tourism</li> <li>Assisting Accommodation Establishments with their Tourism Grading</li> </ul>
5. Economic growth	41	Promote economic development by 2027	<ul style="list-style-type: none"> <li>Develop commercial centres In the Municipality</li> <li>Review, adopt and implement the LED strategy</li> <li>Community empowerment on small business start-ups</li> <li>To assist with business retention for existing businesses and provide incentives for new businesses</li> </ul>
6. Real estate and Business Management	42	Proper Acquisition and disposal of real estate according to municipality by-laws by 2027	<ul style="list-style-type: none"> <li>Develop and Implement Land disposal Policy</li> <li>Develop real estate by-laws</li> <li>To enhance real estate capacity</li> <li>Effective management of outdoor advertising</li> <li>Business Licence Compliance</li> </ul>
7. Sport and Recreation	43	Promote Sports and Recreation in Abaqulusi by 2027	<ul style="list-style-type: none"> <li>Establish Sport and recreation Committee (Sport Council)</li> <li>Conduct sport talent promotion and competitions</li> <li>Provide DSR with a platform to support federations and players in different sport codes</li> </ul>
8. Youth programmes	44	Establish and promote youth development programmes by 2027	<ul style="list-style-type: none"> <li>Establish Youth Committee (Youth Council)</li> <li>Conduct youth empowerment sessions</li> <li>Provide government departments and private sector with a platform to support the youth in their different developmental needs.</li> </ul>
9. Arts and culture	45	Establish and promote cultural programmes by 2027	<ul style="list-style-type: none"> <li>Establish Art &amp; Culture Committee (art &amp; Culture Council)</li> <li>Conduct artist' talent promotion and competitions</li> <li>Provide department of arts and culture with a platform to support artists in their different art codes.</li> </ul>
10. Social welfare	46	Ensure availability of social services programmes to the community of Abaqulusi by 2027	<ul style="list-style-type: none"> <li>Establish Social services stakeholder Committee</li> <li>Support DSD in out rolling social development programmes.</li> </ul>
11. Health HIV/AIDS	47	Establish and promote healthy living and HIV/AIDS awareness programmes BY 2027	<ul style="list-style-type: none"> <li>Establish health and HIV/AIDS Committee (AIDS Council)</li> <li>Conduct awareness programmes</li> </ul>

			<ul style="list-style-type: none"> <li>Provide department of health with a platform to support the community in their different health needs.</li> </ul>
12. Special Programmes	48	Establish and promote community empowerment programmes for children, aged, disabled and vulnerable groups by 2027	<ul style="list-style-type: none"> <li>Establish Special programmes Committee (Children, Gender, elderly and Disability Councils)</li> <li>Conduct empowerment sessions and awareness campaigns</li> <li>Support NGO'S by sourcing assistance from potential sponsors and funders</li> </ul>
13. Safety and Security	49	Enhancing safety and security by 2027	<ul style="list-style-type: none"> <li>Participate in the CPF and Neighbourhood watch meetings</li> <li>Conduct crime-awareness programmes in communities</li> <li>Review of Safety and Security Plan</li> <li>Installation of CCTV Cameras</li> </ul>

### Key Performance Area: Cross Cutting (Spatial, Environment and Disaster Management)

**Goal: To redress the spatial imbalances and promote sustainable environmental planning.**

Key Focus Area	IDP Ref. No.	Development Objective	Development Strategies
1. Town Planning	50	To ensure effective management of current and desirable land uses by 2027	<ul style="list-style-type: none"> <li>Review and implementation of the Spatial Development Framework</li> <li>Implementation of SPLUMA and SPLUMA By-Law</li> <li>Implementation of Precinct Plans</li> <li>Preparation of the AbaQulusi wall-to-wall scheme and Land Audit in compliance with the Spatial Planning and land Use Management Act 2013</li> <li>Co-ordination of the Municipal Planning Tribunal</li> <li>Facilitation of Township Establishment</li> <li>Identification of developmental land</li> <li>Conduct Information Workshops</li> <li>Set up enforcement procedures</li> </ul>
2. GIS	51	To have an effective and efficient GIS System by 2027	<ul style="list-style-type: none"> <li>Ensure GIS system is updated regularly</li> <li>Integrate GIS System with other municipal departments</li> </ul>
3. Building Inspectorate	52	To ensure the sustainability of the built environment by 2027	<ul style="list-style-type: none"> <li>Timeous Assessment of building plans</li> <li>Workshop Built environment professionals</li> <li>Training to current staff and peace officers</li> <li>Deal effectively and efficiently with all contraventions</li> </ul>

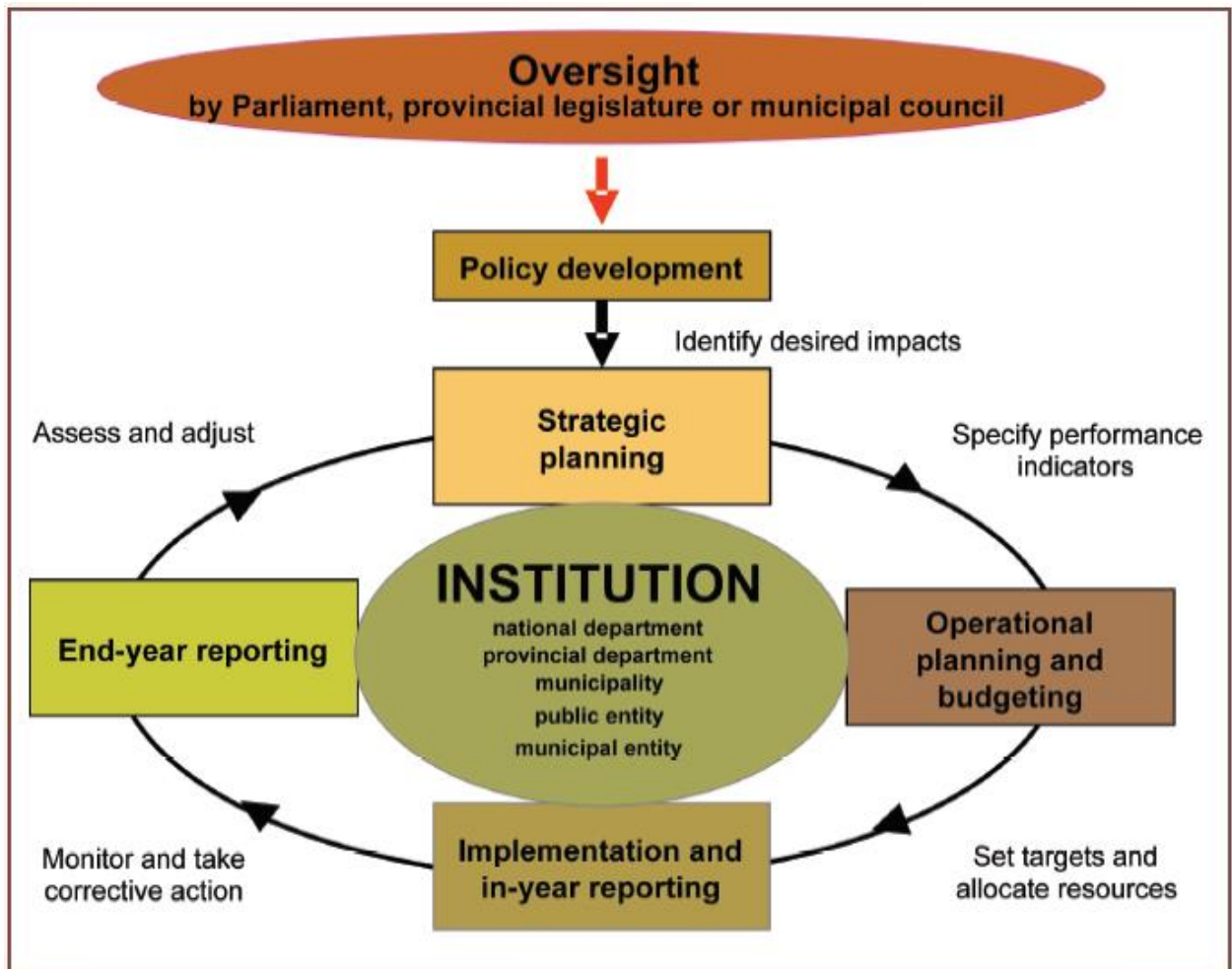
4. Fire & Disaster Management	53	Ensure Effective & Efficient response to community emergencies by 2027	<ul style="list-style-type: none"> <li>• Strengthen stakeholder relations</li> <li>• Decentralisation of services by establishing disaster satellite offices</li> <li>• Establishment of Disaster Management Unit</li> <li>• Acquiring relevant and sufficient Disaster Equipment regularly</li> </ul>
5. Environmental health	54	Establish and promote a healthy environment in Abaqulusi by 2027	<ul style="list-style-type: none"> <li>• Establish Environmental issues committee (Enviro Council)</li> <li>• Conduct awareness programmes</li> <li>• Provide department of environmental affairs with a platform to support the municipality and the community in their different art environmental needs</li> </ul>

### Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



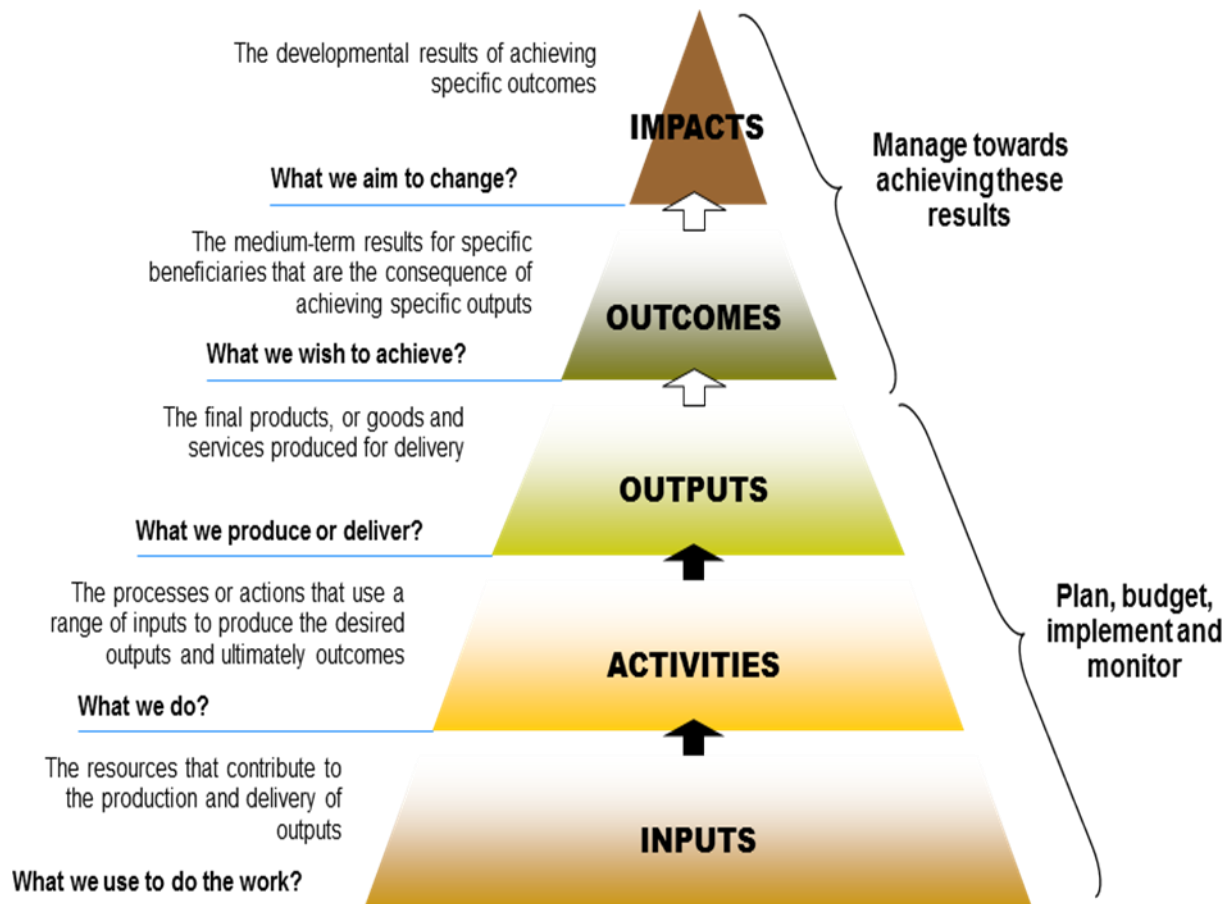


**Figure 1 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



**Figure 2 Definition of performance information concepts**

The following table provides the main measurable performance objectives the Municipality undertakes to achieve this financial year

### Overview of budget related-policies

The Municipality’s budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The proposed amendments to the budget related policies are attached as **Annexure J**

## Overview of budget assumptions

The following assumptions were used in the preparation of the budget:

### Operating Revenue assumptions

1. The average estimated CPIX that was used to determine the tariff increases was 4,8% for 2022/23, 4,2% for 2023/24 and 4,5% for 2024/25 as guided by MFMA Circular 115. Refer to the section on Tariffs above for more information about the tariff increases
2. Rates and tariffs are cost reflective in compiling a funded budget
3. Indigent free basic services are financed from the Equitable Share. Refer above for more information on indigent subsidies.
4. A debtor's payment rate of 85%
5. National grants have been budgeted in accordance with the Division of Revenue Bill and gazetted allocations.
6. Provincial grants have been budgeted in accordance with the Provincial Gazette.
7. The EPWP grant was based on the DORA allocation of R2,773,000 for 2022/23.
8. Electricity tariffs budgeted to increase by 9,6% for 2022/23, 4,2% for 2023/24 and 4,5% for 2024/25

### Operating Expenditure assumptions

1. The general CPIX rates that was used for the operating expenses for 2022/23 is 4,8%, for 2023/24 is 4,2% and for 2024/25 is 4,5%. All expenditure types however do not increase with the same percentage points.
2. A Salary and Wage Collective Agreement to be implemented from effective 1 July 2022 has been concluded. The increase that the Municipality has budgeted for in terms of the agreement of CPI (4,9%).
3. The Municipality has made provision for an additional 50 positions within the service delivery at an EPWP rate to assist the departments.
4. Departments were required to budget in terms of general cost containment measures.
5. An increase of 9,6% was provided for the bulk electricity purchases in respect of 2022/23, 4,2% for 2023/24 and 4,5% for 2024/25.

### Capital Budget assumptions

1. The cash-backed depreciation of R32,6 million for 2022/23, R41,2 million for 2023/24 and R63,8 million for 2024/25 is budgeted
2. Capital budget funding from MIG amounts to R39,9 million (the difference between the R42 million and the R39,9 million is the top slice for PMU)  
Capital budget funding from INEP amounts to R925,000 (the difference between the R18,4 million and the R925,000 is projects in Eskom areas that are not part of municipal assets)  
Capital budget funding from own funding amounts to R30,4 million, R26,4 million and R7,5 million. This capital is to refurbish a portion of President and Mark streets (R2,5 million for each) as well as the swimming pool for R2,5 million for 2 years and the replacement of vehicles (R6 million in the 1<sup>st</sup> two years and R5 million in year 3) and air-conditioners in the council chamber

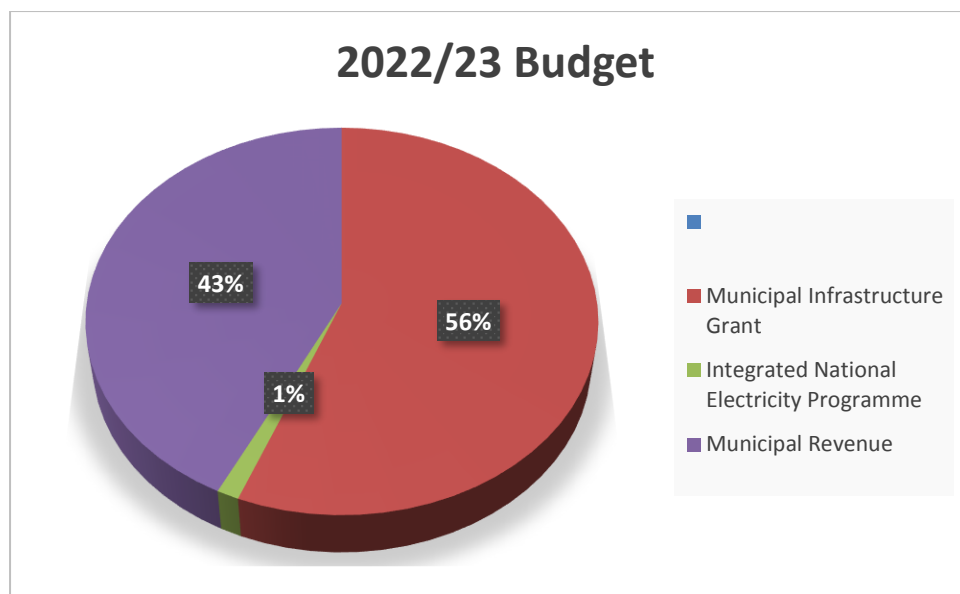
### Overview of budget funding

The budget must be funded from actual revenue to be collected during the financial year and must be cost reflective. The Operating budget is funded from Revenue as indicated in the relevant "A" schedules attached.

The 3-year MTREF capital budget is R192,7 million. The capital budget is funded from various sources of which the funding from MIG is the biggest contributor.

A summary of the capital budget funding sources is provided in the table and graph below

<b>Funding Source</b>	<b>2022/23 Budget</b>	<b>2023/24 Budget</b>	<b>2024/25 Budget</b>
Municipal Infrastructure Grant	39 978 850.00	41 666 050.00	43 910 600.00
Integrated National Electricity Programme	925 000.00	10 000 000.00	10 000 000.00
Municipal Revenue	30 439 500.00	8 500 000.00	7 287 000.00
<b>Total</b>	<b>71 343 350.00</b>	<b>60 166 050.00</b>	<b>61 197 600.00</b>



#### Expenditure on allocations and grant programmes

The total grants to be received for 2022/23 comprises R273,5 million and for the two outer years are R274,9 million and R293.3 million respectively. The split between the various grants are listed below

	Classification	2020/21 Adjustment Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
<b>National Allocations</b>					
Equitable Share	Operating	167 845 000.00	187 494 000.00	201 285 000.00	216 516 000.00
Finance Management	Operating	2 650 000.00	3 000 000.00	3 000 000.00	3 000 000.00
INEP	Capital	3 396 000.00	18 485 000.00	10 000 000.00	10 449 000.00
INEP	Operating				
EPWP	Operating	2 515 000.00	2 773 000.00		
MIG	Operating	1 955 350.00			
MIG	Capital	37 151 650.00	42 083 000.00	43 859 000.00	45 748 000.00
<b>Total National DORA grants</b>		<b>215 513 000.00</b>	<b>253 835 000.00</b>	<b>258 144 000.00</b>	<b>275 713 000.00</b>
<b>Provincial Grants</b>					
Economic Development - Informal trader stores	Operating		2 000 000.00		
Human Settlements - creation of sustainable and integrated human settlements	Operating		1 326 000.00	1 326 000.00	
Human Settlements - upgrade informal settlements	Operating		5 685 000.00	7 433 000.00	7 433 000.00
Arts & Culture - Museum	Operating	225 000.00	235 000.00	249 000.00	260 000.00
Arts & Culture - Libraries	Operating	3 372 000.00	3 540 000.00	3 540 000.00	3 697 000.00
Arts & Culture - Community Libraries - information support	Operating	1 166 000.00	1 223 000.00	1 223 000.00	1 277 000.00

COGTA - rehabilitation of small towns	Operating		5 700 000.00	3 000 000.00	5 000 000.00
<b>Total Provincial grants</b>		<b>4 763 000.00</b>	<b>19 709 000.00</b>	<b>16 771 000.00</b>	<b>17 667 000.00</b>
<b>Indirect grants</b> <i>(Grants given to ZDM and Eskom for projects within Abaqulusi Municipality)</i>					
MIG			54 264 000.00	56 856 000.00	59 613 000.00
WSIG			22 000 000.00	15 000 000.00	15 000 000.00
Equitable Share - Water	Operating		78 475 000.00	86 204 000.00	94 310 000.00
Equitable Share - Sanitation	Operating		54 092 000.00	57 836 000.00	62 008 000.00
			208 831 000.00	215 896 000.00	230 931 000.00
INEP	Capital	27 433 000.00	13 407 000.00	9 600 000.00	3 096 000.00
<b>Total Indirect grants</b>		<b>27 433 000.00</b>	<b>222 238 000.00</b>	<b>225 496 000.00</b>	<b>234 027 000.00</b>

### Transfers and grants made by the Municipality

An amount of R11,5 million will be spent on Free Basic Services for Indigent Consumers

### Councillor allowances and employee benefits

This is contained in supporting schedules table SA22 and SA23. A summary of the employee related cost, excluding councillors' salaries and allowances has been provided in the table below

Year	Salary cost	Total Operating Expenditure	% of Total Operating Expenditure
2016/17 Actual	137 912 531.00	560 997 581.00	24.58%
2017/18 Actual	157 190 884.00	518 407 525.00	30.32%
2018/19 Actual	138 597 591.00	593 944 930.00	23.34%
2019/20 Actual	176 161 455.00	647 906 032.00	27.19%
2020/21 Actual	197 646 124.00	690 984 382.00	28.60%
2021/22 Adjustment Budget	200 925 411.00	683 248 866.00	29.41%
2022/23 Budget	213 286 599.00	752 343 170.00	28.35%
2023/24 Budget	222 671 192.00	775 349 291.00	28.72%
2024/25 Budget	232 691 388.00	830 943 687.00	28.00%

**Bulk Purchases**

	<b>TOTAL</b>	<b>% INC</b>	<b>NEW</b>	<b>BUDGET 2022/23</b>
VRYHEID	164 396 378.30	9.61	15 798 491.95	180 194 870.25
EMONDLO	43 259 464.20	9.61	4 157 234.51	47 416 698.71
HLOBANE	11 081 228.88	9.61	1 064 906.10	12 146 134.98
CORONATION	6 472 782.91	9.61	622 034.44	7 094 817.35
TOTAL FOR SALE OF ELECTRICITY	225 209 854.29		21 642 667.00	246 852 521.29
TRADOR FARM PUMP STATION	6 229 316.82	9.61	598 637.35	6 827 954.17
EMONDLO SEWERAGE	840 566.32	9.61	80 778.42	921 344.74
LOUWSBURG PURIFICATION	577 420.67	9.61	55 490.13	632 910.80
OTHER	451 016.30	9.61	43 342.67	494 358.97
	8 098 320.11		778 248.56	8 876 568.67
FREE BASIC SERVICES				7 311 000.00
<b>BUDGET</b>				<b>263 040 089.96</b>

The purchase of electricity from Eskom amounts to R263 million. For the 2022/23 financial year the municipality will pay Eskom R246,8 million which is R4,1 million more than it will generate from the sale of electricity of R242,7 million. This shortfall will have to be funded from the equitable share.

The municipality will pay an amount of R7,7 million for the supply of electricity to water and sanitation pump stations in Emondlo, R632,910 for water pump stations in Louwsburg. These costs will impact on water and sanitation costs. The cost of high mast lighting in Eskom licensed areas amounts to R494,359.

The cost of supply exercise has been completed and submitted to NERSA. The municipality has been advised that these costs can only be implemented in the 2023/24 financial year.

**Contracted Services****Monthly targets for revenue and expenditure cash flows**

This is contained in supporting schedules SA25 and SA30

**Annual budgets and SDBIP**

The final service delivery and budget implementation plans (SDBIP) will be dealt with after the budget is finally approved to be submitted to the Mayor within 14 days after the approval of the budget and approved by the Mayor within 28 days after the approval of the budget. The draft Top Layer SDBIP is included as **Annexure L**

### **Contracts having future budgetary implications**

It is required to disclose in the budget documentation any contracts that will impose financial obligations on the Municipality beyond the three years covered by the 2022/23 MTREF. The detail of this is included in supporting tables SA32 and SA33

### **Capital expenditure details**

Detailed capital information is included in Annexure **A, B, C and D**. More detail on the Capital Budget is also contained in Supporting tables SA34a, SA34b, SA34c, SA35 and SA36.

The summary of the capital budgets per Main Vote, per Town and top 10 capital projects for 2022/23 is listed in the tables and figures below

### **Legislation compliance status**

All relevant legislations and regulations have been implemented. The applicable legislation and circulars considered were:

- Sections 15 – 33 of the MFMA
- MFMA Circulars 10, 12, 13, 14, 19, 28, 31, 45, 48, 51, 54, 58, 59, 64, 66, 67, 70, 72, 74, 75, 78, 79, 82, 85, 86, 89, 91, 93, 94, 98,99, 107,108, 112 & 115
- Municipal Budget and Reporting Regulations, 2009
- Municipal Regulations on Standard Chart of Accounts as per gazette notice no 37577, 22 April 2014

The most recent MFMA Budget Circulars 112 and 115 are included in the budget documentation as **Annexure G**

### **Other supporting documents**

#### **Service Level Standards**

In terms of MFMA Circulars 72, 75, 78 and 79 the Municipality must adopt service standards as it provides transparency in understanding performance indicators. Local government is mostly service delivery orientated and as such need to be clear on what the public can expect from the Municipality as a service delivery standard.

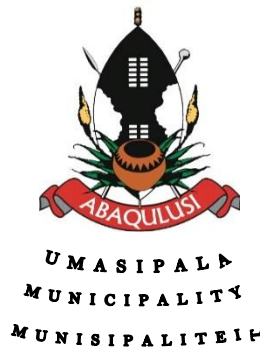
The service delivery standards are attached as **Annexure J** and must be approved by council.



Our Ref.:

Your Ref.

Enquiries:



57, VRYHEID 3100

c/o, Mark & High Street



(034) 982-2133



Fax: (034) 982-1939

E-mail: [finance@abaqulusi.gov.za](mailto:finance@abaqulusi.gov.za)

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### QUALITY CERTIFICATE

I, **JS LANDMAN**, Acting Municipal Manager of **ABAQULUSI MUNICIPALITY**, hereby certify that:  
(mark as appropriate)

- The monthly budget statement
- Quarterly report on the implementation of the budget and financial state of affairs to the Municipality
- Mid-year budget and performance assessment
- Draft Medium Term Budget

The Draft Medium Term Budget for 2022/23 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

**JS LANDMAN**

**ACTING MUNICIPAL MANAGER**

**ABAQULUSI MUNICIPALITY**

**KZN263**

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

**Annexure A**  
**Budget Schedules**  
**(Uploaded separately)**

**Annexure B**  
**Capital Budget per Department**

**(Uploaded separately)**

**Annexure C**  
**Capital Budget per Ward**  
**(Uploaded separately)**

**Annexure D**  
**Summary of Capital Budget**  
**(Uploaded separately)**

**Annexure E**  
**Tariffs**  
**(Uploaded separately)**

**Annexure F**  
**MFMA Budget Circulars No 112 & 115**  
**(Uploaded separately)**

**Annexure G**  
**Provincial Circulars**  
**(Uploaded Separately)**



**Annexure H**  
**Quality Certificate**

**Annexure I**  
**Budget Related Policies**  
**(Uploaded separately)**

**Annexure J**  
**Service Standards**

<b>Province: Municipality (KZN263) - Schedule of Service Delivery Standards Table</b>	
<b>Description Standard</b>	<b>Service Level</b>
<b>Solid Waste Removal</b>	
Premise based removal (Residential Frequency)	Weekly
Premise based removal (Business Frequency)	Daily
Bulk Removal (Frequency)	Weekly
Removal Bags provided (Yes/No)	No
Garden refuse removal Included (Yes/No)	No
Street Cleaning Frequency in CBD	Daily
Street Cleaning Frequency in areas excluding CBD	No
How soon are public areas cleaned after events (24hours/48hours/longer)	48 hours
Clearing of illegal dumping (24hours/48hours/longer)	Longer
Recycling or environmentally friendly practices (Yes/No)	No
Licensed landfill site (Yes/No)	Yes
<b>Water Service</b>	
Water Quality rating (Blue/Green/Brown/NO drop)	No drop
Is free water available to all? (All/only to the indigent consumers)	Only to indigent consumers and consumers in ZDM areas who are not metered
Frequency of meter reading? (per month, per year)	Monthly
Are estimated consumption calculated on actual consumption over (two month's/three months/longer period)	Read on a monthly basis
On average for how long does the Municipality use estimates before reverting back to actual readings? (months)	N/A
<b>Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)</b>	
One service connection affected (number of hours)	4 hours
Up to 5 service connection affected (number of hours)	4 hours
Up to 20 service connection affected (number of hours)	16 hours
Feeder pipe larger than 800mm (number of hours)	24 hours
What is the average minimum water flow in your Municipality?	240 mg lt/month
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	No
How long does it take to replace faulty water meters? (days)	1 hour
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	No
<b>Electricity Service</b>	
What is your electricity availability percentage on average per month?	100%
Do your Municipality have a ripple control in place that is operational? (Yes/No)	Yes
How much do you estimate is the cost saving in utilizing the ripple control system?	Via load control

<b>Province: Municipality (KZN263) - Schedule of Service Delivery Standards Table</b>	
<b>Description Standard</b>	<b>Service Level</b>
<i>What is the frequency of meters being read? (per month, per year)</i>	Monthly
<i>Are estimated consumption calculated at consumption over (two month's/three months/longer period)</i>	Read on a monthly basis
<i>On average for how long does the Municipality use estimates before reverting back to actual readings? (months)</i>	N/A
<i>Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)</i>	Immediately where possible
<i>Are accounts normally calculated on actual readings? (Yes/no)</i>	Yes
<i>Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)</i>	No
<i>How long does it take to replace faulty meters? (days)</i>	Within 30 days
<i>Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)</i>	Yes, tender has been drawn up
<i>How effective is the action plan in curbing line losses? (Good/Bad)</i>	Not in use at the moment
<i>How soon does the Municipality provide a quotation to a customer upon a written request? (days)</i>	Within 7 days
<i>How long does the Municipality takes to provide electricity service where existing infrastructure can be used? (working days)</i>	Within 10 days
<i>How long does the Municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)</i>	Within 10 days
<i>How long does the Municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)</i>	Within 30 days
<b>Sewerage Service</b>	
<i>Are your purification system effective enough to put water back in to the system after purification?</i>	Yes
<i>To what extend do you subsidize your indigent consumers?</i>	Indigent consumers get subsidized 100%
<b>How long does it take to restore sewerage breakages on average</b>	
<i>Severe overflow? (hours)</i>	24 hours
<i>Sewer blocked pipes: Large pipes? (Hours)</i>	4 hours
<i>Sewer blocked pipes: Small pipes? (Hours)</i>	1 hour
<i>Spillage clean-up? (hours)</i>	1 hour
<i>Replacement of manhole covers? (Hours)</i>	1 hour
<b>Road Infrastructure Services</b>	
<i>Time taken to repair a single pothole on a major road? (Hours)</i>	2 hours
<i>Time taken to repair a single pothole on a minor road? (Hours)</i>	1 hour
<i>Time taken to repair a road following an open trench service crossing? (Hours)</i>	8 hours
<i>Time taken to repair walkways? (Hours)</i>	4 hours
<b>Property valuations</b>	

<b>Province: Municipality (KZN263) - Schedule of Service Delivery Standards Table</b>	
<b>Description</b>	<b>Service Level</b>
<b>Standard</b>	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	One month
Do you have any special rating properties? (Yes/No)	No
<b>Financial Management</b>	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Yes, it is decreasing
Is the financial statement outsourced? (Yes/No)	AFS are compiled in conjunction with PWC
Are there Council adopted business process structuring the flow and management of documentation feeding to Trial Balance?	Yes
How long does it take for a Tax/Invoice to be paid from the date it has been received?	30 days
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	No
<b>Administration</b>	
Reaction time on enquiries and requests?	7 working days
Time to respond to a verbal customer enquiry or request? (working days)	7 working days
Time to respond to a written customer enquiry or request? (working days)	7 working days
Time to resolve a customer enquiry or request? (working days)	7 working days
What percentage of calls are not answered? (5%, 10% or more)	5%
How long does it take to respond to voice mails? (hours)	N/A
Does the Municipality have control over locked enquiries? (Yes/No)	No
Is there a reduction in the number of complaints or not? (Yes/No)	Yes
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)	1 day
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	Not often
<b>Community safety and licensing services</b>	
How long does it take to register a vehicle? (minutes)	60 minutes
How long does it take to renew a vehicle license? (minutes)	60 minutes
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	60 minutes
How long does it take to de-register a vehicle? (minutes)	60 minutes
How long does it take to renew a driver's license? (minutes)	60 minutes
What is the average reaction time of the fire service to an incident? (minutes)	60 minutes
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	N/A

<b>Province: Municipality (KZN263) - Schedule of Service Delivery Standards Table</b>	
<b>Description Standard</b>	<b>Service Level</b>
<i>What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)</i>	N/A
<b>Economic development</b>	
<i>How many economic development projects does the Municipality drive?</i>	3
<i>How many economic development programmes are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?</i>	5
<i>What percentage of the projects have created sustainable job security?</i>	5%
<i>Does the Municipality have any incentive plans in place to create a conducive environment for economic development? (Yes/No)</i>	No
<b>Other Service delivery and communication</b>	
<i>Is an information package handed to the new customer? (Yes/No)</i>	No
<i>Does the Municipality have training or information sessions to inform the community? (Yes/No)</i>	No
<i>Are customers treated in a professional and humanly manner? (Yes/No)</i>	Yes

**Annexure K**  
**Sector Department Projects**  
**(No information received)**



**Annexure L**  
**SDBIP**  
**(Uploaded separately)**

**Annexure M**  
**Procurement Plan**  
**(Uploaded separately)**