



**ANNUAL BUDGET REPORT FOR**

**ABAQULUSI MUNICIPALITY**

**2022/23 TO 2024/25**

**MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

*Copies of this document can be viewed:*

*Website: [www.Abaqulusi.gov.za](http://www.Abaqulusi.gov.za)*

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## **ABBREVIATIONS AND ACRONYMS**

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**Adjustments Budgets** – Prescribed in Section 28 of the Municipal Finance Management Act, this is the formal means by which a municipality may revise its budget during a financial year.

**Allocations** – Money received from Provincial and National Treasury.

**Budget** – The financial plan of a municipality.

**Budget related policy** – Policy of a municipality affecting, or affected by, the budget. Examples include tariff policy, rates policy and credit control and debt policy.

**Budget Steering committee** – Committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the MFMA.

**Capital Expenditure** – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

**Cash Flow Statement** – A statement showing when actual cash will be received and spent by the municipality, and the month end balances of cash and short-term investments.

**CPI** – Headline Consumer Price Index

**DORA** – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.

**DORB** – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

**Management Team** – A team comprising the Municipal Manager and the Directors. It reports to the Municipal Manager.

**Equitable Share** – A general grant paid to municipalities. It is predominantly targeted at assisting municipalities with the costs of free basic services.

**GDFI** - Gross Domestic Fixed Investment

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

**IDP** – Integrated Development Plan. The main strategic planning document of a municipality.

**KPI** – Key Performance Indicators. Measures of service output and/or outcome.

**MFMA** - Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

**MSCOA** – Municipal Standard Chart of Accounts

**MTREF** – *Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years.*

**MYPD** – *Multi Year Price Determination*

**NT** – *National Treasury*

**Operating Expenditure** – *The day-to-day expenses of a municipality such as general expenses, salaries & wages and operational costs.*

**Portfolio Committee** – *In line with Section 79 of the Structures Act, the Municipality’s Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. Portfolio Committees are also responsible for assessing and monitoring services delivery, ensuring that annual budgets are spent wisely, and that there is no wastage or corruption.*

**Rates** – *Local Government tax based on assessed valuation of a property.*

**TMA** – *Total Municipal Account*

**SCM** - *Supply Chain Management*

**SDBIP** – *Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.*

**SFA** – *Strategic Focus Areas. The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these Strategic Focus Areas.*

**Vote (Function)** – *One of the main segments into which a budget is divided, usually at directorate level.*

## **Part 1 – Annual Budget**

### **Mayor's Report**

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

*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:*

- *Funding allocated for Mark and President street of R6 million*
- *Salary costs remain at less than 30% of the total expenditure*
- *Contract payments are increased due to more demands from departments*

*I would like to propose the following recommendations:*

### **Council Resolutions**

*On 31 May 2022 the Council of Abaqulusi Local Municipality met in the Council Chambers of Abaqulusi Municipality to consider the original annual budget of the municipality for the financial year 2022/23. The Council adopts the following resolutions:*

- 1. The Council of Abaqulusi Local Municipality, acting in terms of Section 24 of the Municipal Finance Management Act, (Act 56 of 2003) adopts the annual IDP and Budget for the financial year 2022/23 and the two outer years 2023/24 and 2024/25*
- 2. The Council of Abaqulusi Local Municipality, acting in terms of Section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2022 the proposed tariffs of Abaqulusi Municipality as attached*
- 3. That Council takes note of the MFMA Budget Circulars 112 and 115 attached*
- 4. That Council takes note of the Government and Provincial allocations as attached*
- 5. That Council takes note of the quality certificate signed by the Municipal Manager*

6. *The Council of Abaqulusi Local Municipality approves and adopts with effect from 1 July 2022 the following budget related policies:*
  - 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*
  - s) *Mayors burial assistance*
  - t) *Mayors first year student registration*
7. *That the service standards attached be adopted*
8. *That the Top Layer SDBIP be noted*
9. *That the 2022/23 MTREF Procurement Plan be adopted*
10. *That Council note the comments from the public participation*
11. *That Council adopt the Financial Funding Plan*

### 1.3 Executive Summary

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

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 original 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 original 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 original 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 original 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 original 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:

**Table 1 Consolidated Overview of the Draft 2022/25 MTREF**

Description	2020/21	2022/23 Medium Term Revenue & Expenditure Framework					
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Financial</b>							
<b>Performance</b>							
Property rates	100 717	83 493	101 776	101 776	99 099	103 223	107 868
Service charges	286 869	312 486	320 256	320 256	327 138	326 773	341 047
Investment revenue	897	1 680	1 680	1 680	1 620	1 620	1 620
Transfers recognised - operational	213 994	179 728	183 728	183 728	200 369	211 490	227 037
Other own revenue	46 143	36 547	82 591	82 591	87 318	88 721	91 115
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>648 620</b>	<b>613 934</b>	<b>690 032</b>	<b>690 032</b>	<b>715 544</b>	<b>731 827</b>	<b>768 688</b>
Employee costs	161 440	168 228	182 062	182 062	192 166	200 621	209 649
Remuneration of councillors	18 340	19 123	18 863	18 863	19 806	20 678	21 608
Depreciation & asset impairment	88 595	42 666	42 666	42 666	32 695	41 229	63 834
Finance charges	7 986	-	-	-	-	-	-
Inventory consumed and bulk purchases	205 283	265 828	264 015	264 015	292 666	331 942	343 695
Transfers and grants	7 008	-	8 000	8 000	-	-	-
Other expenditure	192 971	117 708	167 642	167 642	163 211	158 639	148 644
<b>Total Expenditure</b>	<b>681 623</b>	<b>613 553</b>	<b>683 249</b>	<b>683 249</b>	<b>700 544</b>	<b>753 109</b>	<b>787 431</b>
<b>Surplus/(Deficit)</b>	<b>(33 004)</b>	<b>381</b>	<b>6 783</b>	<b>6 783</b>	<b>15 000</b>	<b>(21 281)</b>	<b>(18 742)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	35 368	40 548	40 548	40 548	40 904	51 666	53 910
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>40 928</b>	<b>47 330</b>	<b>47 330</b>	<b>55 904</b>	<b>30 385</b>	<b>35 167</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>40 928</b>	<b>47 330</b>	<b>47 330</b>	<b>55 904</b>	<b>30 385</b>	<b>35 167</b>
<b>Capital expenditure &amp; funds sources</b>							
<b>Capital expenditure</b>	<b>50 503</b>	<b>44 908</b>	<b>47 330</b>	<b>47 330</b>	<b>55 904</b>	<b>60 166</b>	<b>63 697</b>
Transfers recognised - capital	36 447	38 928	39 252	39 252	40 904	51 666	53 910
Borrowing	-	-	-	-	-	-	-
Internally generated funds	7 352	5 980	8 079	8 079	15 000	8 500	9 787
<b>Total sources of capital funds</b>	<b>43 799</b>	<b>44 908</b>	<b>47 330</b>	<b>47 330</b>	<b>55 904</b>	<b>60 166</b>	<b>63 697</b>
<b>Financial position</b>							
Total current assets	258 929	263 500	259 042	259 042	329 015	(457 973)	289 519
Total non current assets	1 334 399	1 466 764	1 469 186	5 440 450	1 357 608	1 353 336	1 334 262
Current liabilities	299 422	263 216	257 893	(5 777)	157 225	(595 075)	128 560
Total non current liabilities	50 338	1 147	1 147	(1 147)	50 338	50 338	50 338
Community wealth/Equity	1 255 406	1 465 901	1 469 188	1 469 188	1 479 060	1 440 100	1 444 883
<b>Cash flows</b>							
Net cash from (used) operating	558 094	54 278	19 326	19 326	54 943	119 433	74 722
Net cash from (used) investing	(47 850)	(36 928)	(39 350)	(39 350)	(72 464)	(120 331)	(63 697)
Net cash from (used) financing	550	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>527 348</b>	<b>61 572</b>	<b>24 198</b>	<b>24 198</b>	<b>19 644</b>	<b>18 746</b>	<b>29 772</b>

<b>Cash backing/surplus</b>							
<b>reconciliation</b> Cash and investments	23 725	62 872	65 220	65 220	19 644	22 827	34 750
available Application of cash and	(107 455)	(139 912)	(128 225)	(391 895)	(202 625)	305 949	(233 936)
investments	131 180	202 783	193 444	457 115	222 269	(283 122)	268 686
<b>Balance - surplus (shortfall)</b>							
<b>Asset management</b>							
Asset register summary (WDV)	1 274 439	1 427 836	1 429 934	1 429 934	1 356 683	1 327 736	1 308 630
Depreciation	84 771	42 666	42 666	42 666	32 695	41 229	63 834
Renewal and Upgrading of Existing Assets	17 643	14 673	17 406	17 406	14 750	11 923	32 797
Repairs and Maintenance	24 904	37 396	51 023	51 023	31 662	32 213	29 759
<b>Free services</b>							
Cost of Free Basic Services provided	-	-	-	-	-	-	-
Revenue cost of free services provided	-	(12 023)	0	0	(11 500)	(12 006)	(12 546)
<b>Households below minimum service level</b>							
Water:	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-

Total operating revenue has increased by R25,8 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 R84 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 R700,5 million. When compared to the 2021/22 Adjustment Budget, operational expenditure has increased by 2,5% 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 9,6% as announced by NERSA and the employment budget has increased by 5% (CPI 4,8%) as per the MFMA Circulars 112 & 115, as well as the collective agreement 07/2021.

The capital budget of R 55,9 million for 2022/23 is more when compared to the 2021/22 Adjustment Budget. The increase is due to urgent capital funding from own revenue being allocated for 2022/23. 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. The internally funded projects will commence only in the 2<sup>nd</sup> half of the financial year but are a necessity. 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 R925,500 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 not shown in the income and expenditure budget as the project does not become a capital item of the municipality but is handed back to Eskom on completion.

## **Operating Revenue Framework**

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure an 84% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the Original 2022/23 MTREF (classified by main revenue source):



Table 2 Summary of revenue classified by Main Revenue Source A4

## KZN263 Abaqulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref 1	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	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	2	70 969	94 550	100 717	83 493	101 776	101 776	68 234	99 099	103 223	107 868
Service charges - electricity revenue	2	170 332	182 861	193 292	219 846	213 127	213 127	137 899	205 946	214 524	224 111
Service charges - water revenue	2	32 936	34 542	44 344	41 679	48 679	48 679	30 144	59 124	61 722	64 302
Service charges - sanitation revenue	2	27 041	29 097	31 367	27 787	33 287	33 287	21 506	34 920	24 271	25 284
Service charges - refuse revenue	2	18 855	16 193	17 866	23 174	25 163	25 163	15 252	27 149	26 255	27 350
Rental of facilities and equipment		1 636	1 141	1 070	1 050	554	554	405	8 634	8 634	8 634
Interest earned - external investments		365	1 867	897	1 680	1 680	1 680	612	1 620	1 620	1 620
Interest earned - outstanding debtors		15 288	11 478	7 979	-	52 336	52 336	8 542	64 834	67 237	69 632
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		21 579	11 195	13 602	24 773	17 270	17 270	5 678	5 253	5 253	5 253
Licences and permits		4 493	3 646	2 837	5 148	7 294	7 294	4 860	7 110	7 110	7 110
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		137 787	179 986	213 994	179 728	183 728	183 728	134 974	200 369	211 490	227 037
Other revenue	2	1 253	968	4 726	5 576	5 137	5 137	393	1 487	487	487
Gains		(315)	-	15 928	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>502 219</b>	<b>567 524</b>	<b>648 620</b>	<b>613 934</b>	<b>690 032</b>	<b>690 032</b>	<b>428 499</b>	<b>715 544</b>	<b>731 827</b>	<b>768 688</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant % of the revenue basket for the Municipality.

Service charge revenues comprise more than 43,24% of the total revenue mix. In the 2022/23 financial year, revenue from services charges is expected to total R 327,1 million. This increases to R 326,7 million and R341 million in the respective financial years of the MTREF. This includes the revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the second largest revenue source totalling 13,8% or R 99 million rand and increases to R 107,8 million by 2024/25.

The third largest sources are “other revenue” which consists of various items such as income received from permits and licenses, building plan fees, connection fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related. The anticipated revenue from all other revenue is R 8,8 million.

Operating grants and transfers totals R 200,3 million in the 2022/23 financial year and increases to R227 million by 2024/25.

The municipality will investigate sourcing additional funding which will be applied to address:

- Compensation for rising costs of providing free basic water and electricity to poor households.
- Accelerate provision of access to clean water through bulk and reticulation projects.
- Accelerate provision of access to electricity and improving the sustainability of access through the refurbishment of key infrastructure.
- Expand the collection and use of date on the condition of municipal roads.
- Increase the number of interns with infrastructure-related skills. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts – SA18 – Transfer &amp; Grant Receipts

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		147 963	153 327	203 075	178 361	178 361	178 361	211 752	214 285	229 965
Local Government Equitable Share		130 262	148 281	191 340	167 845	167 845	167 845	187 494	201 285	216 516
Expanded Public Works Programme		954	1 995	1 831	2 515	2 515	2 515	2 773	-	-
Financial Management Grant		1 770	2 235	2 600	2 650	2 650	2 650	3 000	3 000	3 000
Integrated National Electrification Programme		14 977	816	7 304	3 396	3 396	3 396	18 485	10 000	10 449
MIG					1 955	1 955	1 955			
<b>Provincial Government:</b>		4 525	4 319	5 372	4 763	4 763	4 763	19 709	16 771	17 667
Library		4 333	4 319	5 372	4 538	4 538	4 538	4 763	4 763	4 974
Museum		192			225	225	225	235	249	260
Economic Development - Information Trader Stores								2 000		
Human Settlements								1 326	1 326	
Human Settlements - upgrade informal settlements								5 685	7 433	7 433
COGTA Rehabilitation								5 700	3 000	5 000
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	152 488	157 646	208 447	183 124	183 124	183 124	231 461	231 056	247 632
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		30 047	42 260	37 713	37 152	37 152	37 152	42 083	43 859	45 748
MIG		30 047	42 260	37 713	37 152	37 152	37 152	42 083	43 859	45 748
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										

District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	30 047	42 260	37 713	37 152	37 152	37 152	42 083	43 859	45 748
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		182 535	199 905	246 160	220 276	220 276	220 276	273 544	274 915	293 380

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.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. The municipality must however take into account the labour and other input costs of services, the need to ensure financial sustainability, local economic conditions, the affordability of services, the indigent policy. An appropriate balance between the interests of poor households, other consumers and financial sustainability needs to be maintained as excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of ESKOM bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. Based on NERSA's approval of a 9,6% increase to Eskom as per NERSA announcement. The municipality has allowed for increases of 7,47%.

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

### **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. In the 2020/2021 financial year there was no percentage increase for property rates due to the implementation of the new property rates register, however this year there will be a 4,8% increase. The rates revenue is expected to decrease the current value from R101,7 million to R99 million. All households receive a rebate on the first R 15,000 and indigent residents a further R 115,000. All businesses and public services receive a rebate of 18%.

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;
- In order to qualify for such rebates, a pensioner, a retiree, a physically and mentally disabled person, an indigent and/or person temporarily without income, or a child headed household must:
  - 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.

<b>Income Bracket</b>	<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%

- 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 and state-owned 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 4 Comparison of proposed rates to be levied for the 2022/23 financial year**

<b>Category</b>	<b>Current Tariff (1 July 2021)</b>	<b>Proposed tariff (from 1 July 2022)</b>
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

**KZN263 Abaqulusi - Supporting Table SA13a Service Tariffs by category**

Description	Ref	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>Property rates (rate in the Rand)</b>	1						
Residential properties		0.0084341	0.0090245	0.009395	0.009845	0.01025849	0.010720122
Residential properties - vacant land		0.0210853	0.0225613	0.0234863	0.024614	0.025647788	0.026801938
Formal/informal settlements							
Small holdings		0.0021087	0.002563	0.002349	0.002462	0.002565404	0.002680847
Farm properties - used		0.0021087	0.002563	0.002349	0.002462	0.002565404	0.002680847
Farm properties - not used		0.0021087	0.002563	0.002349	0.002462	0.002565404	0.002680847
Industrial properties		0.0210853	0.0225613	0.0234863	0.024614	0.025647788	0.026801938
Business and commercial properties		0.0021087	0.002563	0.002349	0.002462	0.002565404	0.002680847
Communal land - residential		0.0021087	0.002563	0.002349	0.002462	0.002565404	0.002680847
Communal land - small holdings		0.0021087	0.002563	0.002349	0.002462	0.002565404	0.002680847
Communal land - farm property		0.0021087	0.002563	0.002349	0.002462	0.002565404	0.002680847
Communal land - business and commercial		0.0021087	0.002563	0.002349	0.002462	0.002565404	0.002680847
Communal land - other		0.0021087	0.002563	0.002349	0.002462	0.002565404	0.002680847
State-owned properties		0.0210853	0.0225613	0.0234863	0.024614	0.025647788	0.026801938
Municipal properties		0.0021087	0.002563	0.002349	0.002462	0.002565404	0.002680847
Public service infrastructure		0.0210853	0.0225613	0.0234863	0.024614	0.025647788	0.026801938
Privately owned towns serviced by the owner		0.0210853	0.0225613	0.0234863	0.024614	0.025647788	0.026801938
State trust land							
Restitution and redistribution properties							
Protected areas							
National monuments properties							
<b>Exemptions, reductions and rebates (Rands)</b>							
<b>Residential properties</b>							
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate							
Indigent rebate or exemption		115000	115000	115000	115000	115000	115000
Pensioners/social grants rebate or exemption							
Temporary relief rebate or exemption							
Bona fide farmers rebate or exemption							
<b>Other rebates or exemptions</b>	2						

**1.3.2 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.

In addition, National Treasury has urged all municipalities to ensure that water tariffs charged are able to cover for the cost of bulk purchases, ongoing operations as well as provision for future infrastructure. This has not been possible due to the severe drought in the Abaqulusi area.

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 5 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 6 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%

**KZN263 Abaqulusi - Supporting Table SA13a Service Tariffs by category**

Description	Provide description of Ref tariff structure where appropriate	2018/19	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>Water tariffs</b>								
<b>Domestic</b>								
Basic charge/ fixed fee (Rands/month)		55.04	47.72	50.11	52.11	54.62	56.91	59.48
Service point - vacant land (Rands/month)			60.06	63.06	65.59	68.74	71.63	74.85
Water usage - flat rate tariff (c/kl)								
Water usage - life line tariff	(describe structure)							
Water usage - Block 1 (c/kl)	0-6		11.03	11.58	12.04	12.62	13.15	13.74
Water usage - Block 2 (c/kl)	6.1 - 15		11.03	11.58	12.04	12.62	13.15	13.74
Water usage - Block 3 (c/kl)	15.1 - 30		11.03	11.58	12.04	12.62	13.15	13.74
Water usage - Block 4 (c/kl)	30.01 - 99		12.04	12.64	13.15	13.79	14.37	15.02
Water usage - Block 4 (c/kl)	>99		13.98	14.67	15.26	16.00	16.67	17.42
Other	2							

## ***Sale of Electricity and Impact of Tariff Increases***

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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 during the compilation of the draft budget had for the period under review increased the tariff in-line with what NERSA have allowed Eskom to implement being 9,6%, however NERSA submitted a draft guideline to municipalities where an increase of only 7,47% is allowed. The municipality submitted an application using the draft tariffs and the response from NERSA is that the final guidelines will only be available at the end of May 2022 and then only can the municipality submit the final application. Due to the deadline of tabling of the original budget the electricity tariffs have been amended to 7,47%.

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 municipality has undertaken the cost of supply exercise which has been submitted to NERSA, however NERSA have informed the municipality that the outcome may only be implemented in the 2023/24 financial year.

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.

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 water charges for domestic customers:

**Table 7 Comparison between current electricity charges and increases (Domestic)**

**CONVENTIONAL**

	<b>c/kwh Current</b>	<b>c/kwh 7.47%</b>	<b>Diff</b>	<b>% Increase</b>
0 - 50 (Block 1)	112.94	121.98	9.04	8.00
51 - 350 (Block 2)	159.93	172.72	12.79	8.00
351 - 600 (Block 3)	227.23	243.55	16.32	7.18
>600 (Block 4)	268.14	287.45	19.31	7.20

**PREPAID**









	<b>c/kwh Current</b>	<b>c/kwh 7.47%</b>	<b>Diff</b>	<b>% Increase</b>
0 - 50 (Block 1)	128.71	138.23	9.52	7.47
51 - 350 (Block 2)	175.61	188.61	13.00	7.47
351 - 600 (Block 3)	239.49	257.21	17.72	7.47
>600 (Block 4)	300.87	323.13	22.26	7.47

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 network was designed or strengthened in the early 1980's with an expected life of 20-25 years. 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 service 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:

<b>Vandalism to electrical equipment</b>					
Type of vandalism	Image	Impact on service delivery	How is it vandalised	Estimated cost of repair and time to repair	Why?
Streetlights - the lamp itself		The specific area where the vandalism took place is now dark	Stone throwing and other forceful methods	R3,000 per light fitting and will take 3 hours to repair	Meaningless act of vandalism and sometimes purposely done to commit other offences
Streetlights - internal wiring inside the pole		The specific area where the vandalism took place is now dark	Internal wiring is ripped out	R2,000 per pole and will take 5 hours to repair	To sell as scrap copper
Streetlights - tampering with day/night switch		The specific area where the vandalism took place is now dark	Breaking or tampering with switch	R5,000 to replace switch	Meaningless act of vandalism and sometimes purposely done to commit other offences
Streetlights - illegal connection		Loss of revenue	Electrical equipment connected to streetlights	R3,000 per light fitting and will take 3 hours to repair	To steal electricity
Overhead power lines are cut and even the pole itself is cut and dropped to the ground		It can cause an entire town to be without electricity	Wooden poles are cut with a saw	The cost of a full structure is approximately R200,000	To steal copper conductor
Mini-substations, Switchgear and LV Networks		It can cause an entire block of properties to be without electricity	Mini-substations are held and secured in a metal box. The box is opened by force using appropriate tools	The value of scrap copper is small in comparison to the damage. The cost of repair of less than 2kg of copper theft is approximately R50,000	To steal copper conductor and copper bus-bars inside the mini-substation
Electricity Meters		Loss of revenue	Electricity meters are bypassed by consumers	R5,000 to replace meter + tamper fee fine of R30,000	To steal electricity
Replacement of broken/removed meter seals		Loss of revenue	Electricity seals are broken by consumers	R5,000 to replace seal + tamper fee fine of R30,000	To steal electricity

## Electricity tariffs

Description	Provide description of Ref tariff structure where appropriate	2018/19	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>Electricity tariffs</b>								
<b>Domestic</b>								
Basic charge/ fixed fee (Rands/month)			113.25	121.17	138.85	149.22	155.49	162.49
Service point - vacant land (Rands/month)								
FBE	0 - 50							
Life-line tariff - meter	(describe structure)							
Life-line tariff - prepaid	(describe structure)							
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid (c/kwh)								
Meter - IBT Block 1 (c/kwh)	0 - 50		0.94	0.98	1.1294	1.2198	1.2710	1.3282
Meter - IBT Block 2 (c/kwh)	50.01 - 350		1.33	1.4	1.5993	1.7272	1.7997	1.8807
Meter - IBT Block 3 (c/kwh)	350.01 - 600		1.87	1.98	2.2723	2.2723	2.3677	2.4743
Meter - IBT Block 4 (c/kwh)	>601		2.2	2.34	2.6814	2.8745	2.9952	3.1300
Meter - IBT Block 5 (c/kwh)								
Prepaid - IBT Block 1 (c/kwh)	0 - 50		1.08	1.12	1.2871	1.3823	1.4404	1.5052
Prepaid - IBT Block 2 (c/kwh)	50.01 - 350		1.46	1.53	1.7567	1.8861	1.9653	2.0538
Prepaid - IBT Block 3 (c/kwh)	350.01 - 600		1.97	2.09	2.3949	2.5721	2.6801	2.8007
Prepaid - IBT Block 4 (c/kwh)	>601		2.45	2.81	3.0087	3.2313	3.3670	3.5185
Prepaid - IBT Block 5 (c/kwh)								

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 8 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/fixe 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 9 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>						
<b>Domestic</b>						
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
				-	-	-

### **Overall impact of tariff increases on households**

#### 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	217 559.99	550 996.57	219 212.78	1 237 699.30	1 227 178.12	3 452 646.75
WARD 2	-	1 191 416.06	-	-	693 737.89	1 885 153.95
WARD 3	-	454 176.73	-	-	403 038.06	857 214.78
WARD 4	-	1 196 102.84	86 208.63	211 351.97	2 018.32	1 495 681.76
WARD 5	-	777 697.24	-	-	660 858.08	1 438 555.33
WARD 6	133 775.15	462 949.66	270 272.43	1 237 699.30	678 215.62	2 782 912.16
WARD 7	91 562.75	71 549.65	92 869.56	434 154.19	963 060.94	1 653 197.10
WARD 8	1 194 475.45	353 836.87	17 212 983.11	10 758 885.71	6 006 125.30	35 526 306.44
WARD 9	322 118.74	280 618.30	2 180 163.98	12 467 068.85	370 664.22	15 620 634.09
WARD 10	535 519.02	13 777.25	73 633.59	2 602 739.46	300 569.17	3 526 238.49
WARD 11	22 053.82	-	39 420.62	1 492 518.87	-	1 553 993.31
WARD 12	30 250.17	133 361.44	5 570.96	153 608.49	4 929 501.17	5 252 292.24
WARD 13	325 687.72	558 693.82	32 880.79	2 162 106.97	778 687.53	3 858 056.83
WARD 14	47 135.13	-	-	-	515 841.89	562 977.01
WARD 15	201 438.05	-	-	-	644 509.70	845 947.75
WARD 16	96 030.13	-	12 453.93	136 664.50	89 270.24	334 418.79
WARD 17	-	-	-	-	364 932.20	364 932.20
WARD 18	-	-	293 565.52	856 799.07	810 859.53	1 961 224.11
WARD 19	-	-	-	-	238 968.93	238 968.93
WARD 20	-	34 055.44	63 844.04	1 318 067.59	44 019.53	1 459 986.60
WARD 21	-	300 278.63	-	-	393 915.26	694 193.89
WARD 22	453 186.38	421 268.37	3 245 873.01	5 795 131.93	3 817 875.05	13 733 334.74
	3 670 792.48	6 800 778.88	23 828 952.95	40 864 496.20	23 933 846.76	99 098 867.27

The decrease in rates is due to the rebate for businesses and state owned

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

## Summary for electricity per ward:

**SUMMARY PER WARD - ELECTRICITY**

	BASIC	CONVENTIONAL	PREPAID	OTHER	TOTAL
WARD 5	1 790.00	730.00	40 950.00		43 470.00
WARD 6	151 030.00	442 320.00	25 000.00		618 350.00
WARD 7	212 870.00	191 160.00	-		404 030.00
WARD 8	7 388 560.00	51 833 800.00	92 394 680.00		151 617 040.00
WARD 9	1 884 080.00	14 868 700.00	-		16 752 780.00
WARD 10	173 070.00	580 830.00	-		753 900.00
WARD 11	75 390.00	161 470.00	-		236 860.00
WARD 12	71 810.00	460 500.00	-		532 310.00
WARD 13	26 010.00	2 582 060.00	-		2 608 070.00
WARD 16	41 050.00	217 880.00	-		258 930.00
WARD 18	251 250.00	6 202 980.00	-		6 454 230.00
WARD 20	259 510.00	1 128 520.00	4 000 000.00		5 388 030.00
WARD 22	2 706 080.00	20 071 620.00	-		22 777 700.00
	13 242 500.00	98 742 570.00	96 460 630.00	1 500 000.00	209 945 700.00

Electricity revenue has been recalculated based on the NERSA guideline of 7.47% which has resulted in revenue decreasing from R257,9 million in the draft budget to R209,9 million.

**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	3 452 646.76	1 046 776.00	15 163.00	-	546 617.00	5 061 202.76
WARD 2	1 885 153.95	-	-	-	-	1 885 153.95
WARD 3	857 214.79	-	-	-	-	857 214.79
WARD 4	1 495 681.76	-	-	-	-	1 495 681.76
WARD 5	1 438 555.32	16 608.00	-	43 470.00	-	1 498 633.32
WARD 6	2 782 912.16	1 712 263.00	2 019 947.00	618 350.00	2 095 700.00	9 229 172.16
WARD 7	1 653 197.09	789 629.00	1 065 823.00	404 030.00	481 574.00	4 394 253.09
WARD 8	35 526 306.44	7 211 949.00	7 945 674.00	151 617 040.00	7 922 587.00	210 223 556.44
WARD 9	15 620 634.09	5 236 605.00	7 325 377.00	16 752 780.00	3 437 869.00	48 373 265.09
WARD 10	3 526 238.49	2 908 050.00	2 193 757.00	753 900.00	1 987 339.00	11 369 284.49
WARD 11	1 553 993.31	1 723 395.00	1 220 186.00	236 860.00	1 087 935.00	5 822 369.31
WARD 12	5 252 292.23	31 408 161.00	402 578.00	532 310.00	387 596.00	37 982 937.23
WARD 13	3 858 056.83	2 491 295.00	2 204 583.00	2 608 070.00	2 062 560.00	13 224 564.83
WARD 14	562 977.02	-	-	-	-	562 977.02
WARD 15	845 947.75	-	-	-	-	845 947.75
WARD 16	334 418.80	84 206.00	294 963.00	258 930.00	290 105.00	1 262 622.80
WARD 17	364 932.20	-	-	-	-	364 932.20
WARD 18	1 961 224.12	584 578.00	1 906 102.00	6 454 230.00	1 887 641.00	12 793 775.12
WARD 19	238 968.93	-	-	-	-	238 968.93
WARD 20	1 459 986.60	872 835.00	2 803 097.00	5 388 030.00	2 810 485.00	13 334 433.60
WARD 21	694 193.89	-	-	-	-	694 193.89
WARD 22	13 733 334.74	6 071 650.00	7 487 602.00	22 777 700.00	4 650 843.00	54 721 129.74
	99 098 867.27	62 158 000.00	36 884 852.00	209 945 700.00	29 648 851.00	437 736 270.27

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

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to a 4,8%, increase, except for electricity which increases by 7,47% for all households including indigent households.

**In terms of Section 64 2(g) of the MFMA a Municipality must for the purposed of the sub-Section take reasonable steps to ensure**

- (g) that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework.

**Table 10 KZN263 Table SA14 – Household Bills**

**KZN263 Abaqulusi - Supporting Table SA14 Household bills**

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23 % incr.	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		603.37	631.86	676.09	703.81	703.81	703.81	4.80	737.59	768.57	803.15
Electricity: Basic levy		106.84	113.24	121.17	138.85	138.85	138.85	7.47	149.22	155.50	162.50
Electricity: Consumption		1 900.85	1 995.85	2 135.61	2 562.73	2 562.73	2 562.73	7.47	2 754.16	2 869.84	2 998.98
Water: Basic levy		45.02	47.70	50.11	52.11	52.11	52.11	4.80	54.61	56.90	59.47
Water: Consumption		317.34	336.38	359.93	376.13	376.13	376.13	4.80	394.18	410.74	429.22
Sanitation		136.18	144.35	151.57	157.63	157.63	157.63	4.80	165.20	172.13	179.88
Refuse removal		97.89	103.76	108.95	140.00	140.00	140.00	4.80	146.72	152.88	159.76
Other					140.00						
<b>sub-total</b>		<b>3 207.49</b>	<b>3 373.14</b>	<b>3 603.43</b>	<b>4 271.26</b>	<b>4 131.26</b>	<b>4 131.26</b>	-	<b>4 401.68</b>	<b>4 586.56</b>	<b>4 792.96</b>
VAT on Services		481.12	502.70	537.89	640.69	619.69	619.69	-	660.25	687.98	718.94
<b>Total large household bill:</b>		<b>3 875.84</b>	<b>3 875.84</b>	<b>4 141.32</b>	<b>4 911.95</b>	<b>4 750.95</b>	<b>4 750.95</b>	-	<b>5 061.93</b>	<b>5 274.54</b>	<b>5 511.90</b>
<b>% increase/-decrease</b>											
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		334.43	453.34	536.96	558.98	558.98	558.98	4.80	585.81	610.42	637.88
Electricity: Basic levy		106.84	113.24	121.17	138.85	138.85	138.85	7.47	149.22	155.50	162.50
Electricity: Consumption		813.94	835.89	1 072.47	1 222.62	1 222.62	1 222.62	7.47	1 313.95	1 369.14	1 430.75
Water: Basic levy		45.02	47.70	50.11	52.11	52.11	52.11	4.80	54.61	56.90	59.47
Water: Consumption		263.22	276.38	295.73	309.04	309.04	309.04	4.80	323.87	337.48	352.66
Sanitation		136.18	144.35	151.57	157.63	157.63	157.63	4.80	165.20	172.13	179.88
Refuse removal		97.89	103.76	108.95	140.00	140.00	140.00	4.80	146.72	152.88	159.76
Other											
<b>sub-total</b>		<b>1 797.52</b>	<b>1 974.66</b>	<b>2 336.96</b>	<b>2 579.23</b>	<b>2 579.23</b>	<b>2 579.23</b>		<b>2 739.38</b>	<b>2 854.44</b>	<b>2 982.90</b>
VAT on Services		269.69	291.01	350.54	386.88	386.88	386.88		410.91	428.17	447.44
<b>Total small household bill:</b>		<b>2 067.21</b>	<b>2 265.67</b>	<b>2 687.50</b>	<b>2 966.11</b>	<b>2 966.11</b>	<b>2 966.11</b>		<b>3 150.29</b>	<b>3 282.60</b>	<b>3 430.34</b>



## **Operating Expenditure Framework**

The Municipality's expenditure framework for the draft 2022/23 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services;
- Strict adherences to the principle of **no project plan no budget**. If there is no business plan no funding allocation can be made; and
- Creation of job opportunities by the municipality thus an increase in staff costs.

The following table is a high-level summary of the Draft 2022/23 budget and MTREF (classified per main type of operating expenditure):

**Table 11 Summary of operating expenditure by type Table A4 by standard classification item****KZN263 AbaQulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	R thousands	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2022/23	Budget Year +1 2023/24
<b>Expenditure By type</b>								
Employee related costs	161 440	168 228	182 062	182 062	118 431	192 166	200 621	209 649
Remuneration of councillors	18 340	19 123	18 863	18 863	11 868	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	147 243	261 400	272 379	286 636
Inventory consumed	13 690	25 828	24 015	24 015	17 969	31 266	59 563	57 059
Contracted services	91 544	85 660	130 949	130 949	74 737	112 062	99 543	86 923
Transfers and subsidies	7 008	-	8 000	8 000	5 355	-	-	-
Other expenditure	36 597	25 318	29 963	29 963	21 202	44 096	51 733	54 027
Losses	58	-	-	-	-	-	-	-
<b>Total Expenditure By type</b>	<b>681 623</b>	<b>613 553</b>	<b>683 249</b>	<b>683 249</b>	<b>399 092</b>	<b>700 544</b>	<b>753 109</b>	<b>787 431</b>



Table 12 Summary of Revenue and Expenditure by source -Table A4 by standard classification item

## KZN263 Abaqulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	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	2	70 969	94 550	100 717	83 493	101 776	101 776	68 234	99 099	103 223	107 868
Service charges - electricity revenue	2	170 332	182 861	193 292	219 846	213 127	213 127	137 899	205 946	214 524	224 111
Service charges - water revenue	2	32 936	34 542	44 344	41 679	48 679	48 679	30 144	59 124	61 722	64 302
Service charges - sanitation revenue	2	27 041	29 097	31 367	27 787	33 287	33 287	21 506	34 920	24 271	25 284
Service charges - refuse revenue	2	18 855	16 193	17 866	23 174	25 163	25 163	15 252	27 149	26 255	27 350
Rental of facilities and equipment		1 636	1 141	1 070	1 050	554	554	405	8 634	8 634	8 634
Interest earned - external investments		365	1 867	897	1 680	1 680	1 680	612	1 620	1 620	1 620
Interest earned - outstanding debtors		15 288	11 478	7 979	-	52 336	52 336	8 542	64 834	67 237	69 632
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		21 579	11 195	13 602	24 773	17 270	17 270	5 678	5 253	5 253	5 253
Licences and permits		4 493	3 646	2 837	5 148	7 294	7 294	4 860	7 110	7 110	7 110
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		137 787	179 986	213 994	179 728	183 728	183 728	134 974	200 369	211 490	227 037
Other revenue	2	1 253	968	4 726	5 576	5 137	5 137	393	1 487	487	487
Gains		(315)	-	15 928	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>502 219</b>	<b>567 524</b>	<b>648 620</b>	<b>613 934</b>	<b>690 032</b>	<b>690 032</b>	<b>428 499</b>	<b>715 544</b>	<b>731 827</b>	<b>768 688</b>
<b>Expenditure by Type</b>											
Employee related costs	2	130 942	141 715	161 440	168 228	182 062	182 062	118 385	192 166	200 621	209 649
Remuneration of councillors		16 029	15 036	18 340	19 123	18 863	18 863	11 868	19 806	20 678	21 608
Debt impairment	3	44 771	15 533	64 771	6 730	6 730	6 730	-	7 053	7 363	7 694
Depreciation & asset impairment	2	72 648	45 771	88 595	42 666	42 666	42 666	2 073	32 695	41 229	63 834
Finance charges		513	1 227	7 986	-	-	-	215	-	-	-
Bulk purchases - electricity	2	165 871	215 715	191 594	240 000	240 000	240 000	133 028	261 400	272 379	286 636
Inventory consumed	8	19 907	13 880	13 690	25 828	24 015	24 015	7 855	31 266	59 563	57 059
Contracted services		79 269	74 764	91 544	85 660	130 949	130 949	69 596	112 062	99 543	86 923
Transfers and subsidies		6 526	12 316	7 008	-	8 000	8 000	5 355	-	-	-
Other expenditure	4, 5	41 748	37 317	36 597	25 318	29 963	29 963	18 877	44 096	51 733	54 027
Losses		(14 917)	5 046	58	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>563 306</b>	<b>578 320</b>	<b>681 623</b>	<b>613 553</b>	<b>683 249</b>	<b>683 249</b>	<b>367 251</b>	<b>700 544</b>	<b>753 109</b>	<b>787 431</b>

<b>Surplus/(Deficit)</b>		<b>(61 087)</b>	<b>(10 796)</b>	<b>(33 004)</b>	<b>381</b>	<b>6 783</b>	<b>6 783</b>	<b>61 248</b>	<b>15 000</b>	<b>(21 281)</b>	<b>(18 742)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		45 024	40 399	35 368	40 548	40 548	40 548	16 269	40 904	51 666	53 910
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		1 715	1 721	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(14 348)</b>	<b>31 323</b>	<b>2 365</b>	<b>40 928</b>	<b>47 330</b>	<b>47 330</b>	<b>77 518</b>	<b>55 904</b>	<b>30 385</b>	<b>35 167</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(14 348)</b>	<b>31 323</b>	<b>2 365</b>	<b>40 928</b>	<b>47 330</b>	<b>47 330</b>	<b>77 518</b>	<b>55 904</b>	<b>30 385</b>	<b>35 167</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(14 348)</b>	<b>31 323</b>	<b>2 365</b>	<b>40 928</b>	<b>47 330</b>	<b>47 330</b>	<b>77 518</b>	<b>55 904</b>	<b>30 385</b>	<b>35 167</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>(14 348)</b>	<b>31 323</b>	<b>2 365</b>	<b>40 928</b>	<b>47 330</b>	<b>47 330</b>	<b>77 518</b>	<b>55 904</b>	<b>30 385</b>	<b>35 167</b>

The budgeted allocation for employee related costs for the 2022/23 financial year totals R192,1 million, which equals 27,4% of the total operating expenditure. The multi-year Salary and Wage Collective Agreement from SALGBC to be implemented from 1 July 2022 is CPI (4,9%) in terms of the agreement.

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

The provision of debt impairment was determined based on an annual collection rate of 84% and the Debt Write-off Policy of the Municipality. For the 2022/23 financial year this amount equates to R7 million and an amount of R7,3 million for 2023/24 million which escalates to R7,6 million by 2024/25. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R32,6 million for the 2022/23 financial and equates to 4,67% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

Bulk purchases are directly informed by the purchase of electricity from ESKOM. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. ESKOM increase has been budgeted for at 9,6% in line with the NERSA Tariff Guideline increase, benchmarks and proposed timelines for municipal tariff approval process for the 2022/23 financial year consultation paper published on the 12<sup>th</sup> of March 2021. The amount budgeted for bulk purchases amounts to R261,4 million which equates to 37,3% of the expenditure budget.

Inventory consumed (Repairs & Maintenance) comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2022/23 the percentage of this against the group of expenditure is 4,46% (R31,2 million) and decreases for the two outer years of which budget allocation of R28,5 million by 2024/25.

Contracted services have increased for the Municipality for the 2022/23 financial year. As part of the compilation of the 2022/23 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2022/23 financial year, this group of expenditure totals R112 million and has escalated overall, clearly demonstrating the need to investigate these contracts before the 2022/23 financial year to try and apply cost containment measures. For the two outer years growth has been limited to 4,2% and 4,5% respectively. As part of the process of identifying further cost efficiencies, a business process re-engineering project will commence in the 2022/23 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. The reason for the escalation is the additional refuse services for the small towns where refuse was in the past not being collected and the additional security costs as more security guards had to be employed due to theft and damage of infrastructure

Other expenditure comprises of various line items such as insurances, telephone costs, bank charges, Subsistence and travelling, leasing of office equipment, vehicle leases and other costs relating to the daily

operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 4,8% for 2022/23 and curbed at 4,2% and 4,5% for the two outer years, indicating that significant cost savings have been already realised.

#### 1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2022/23 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by MFMA Circular 112 and Circular 115, as well as the outcome of the 2020/2021 audit the municipality should budget for 8% of its expenditure budget to be allocated to repairs and maintenance and the on-going health of the municipality's infrastructure must be supported by an asset management plan. A further 40% of the municipal budget must be allocated to Capital for the renewal of existing assets and provide a detailed explanation and assurance that the budgeted amount is adequate to secure the on-going health of the municipality's infrastructure supported by reference to its asset management plan. The municipality in the state of local government finances and financial management has been accused of persistent under spending on capital and that the municipality is too reliant on capital grants. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 13 Operational Repairs and Maintenance Schedule SA1**

#### KZN263 Abaqulusi - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description R thousand	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	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
by Expenditure Item 8											
Employee related costs		-	-	-	-	-	-	-	-	-	-
Inventory Consumed (Project Maintenance)		6 437	3 541	5 517	10 000	8 677	8 677	6 193	11 270	13 703	13 821
Contracted Services		8 543	10 671	18 478	27 346	42 146	42 146	22 445	20 392	18 509	15 938
Other Expenditure		131	7	15	50	200	200	14	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	9	15 110	14 218	24 010	37 396	51 023	51 023	28 652	31 662	32 213	29 759

During the compilation of the 2022/23 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance is allocated an amount of R 31,6 million and will increase in 2023/24 to R32,2 million and then decrease to R29,7 million by 2024/25. Notwithstanding, as part of the 2022/23 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2022/23 equates to R 31,6 million in relation to the Adjustment Budget and continues to grow over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 4,51% for the respective financial years of the MTREF.

### Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy on an annual basis. The applications are strictly reviewed annually and this year tighter controls were implemented to ensure this service is given to only the poorest of the poor. Detail relating to free services, cost of free basis services, revenue foregone owing to free basic services as well as basic service delivery measurement is contained in Table 27 KZN263 A10 (Basic Service Delivery Measurement).

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

The municipality's cost for the Free Basic Services is R11,5 million.

### Capital Expenditure

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

KZN263 Abaqulusi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1	Budget Year +2
<b>Capital Expenditure - Functional</b>		(4 828)	4 338	165	2 970	5 069	5 069	551	7 500	6 000	7 287
<b>Governance and administration</b>		13	13	-	2 400	4 499	4 499	-	500	-	-
Executive and council		(4 841)	4 325	165	570	570	570	551	7 000	6 000	7 287
Finance and administration		-	-	-	-	-	-	-	-	-	-
Internal audit		3 050	11 437	14 069	7 372	6 091	6 091	2 211	-	18 100	25 900
<b>Community and public safety</b>		8 144	16 532	13 749	5 022	5 981	5 981	2 209	-	15 600	23 400
Community and social services		-	-	319	-	-	-	-	-	2 500	2 500
Sport and recreation		(29)	(29)	-	2 350	110	110	2	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		(5 065)	(5 065)	-	-	-	-	-	-	-	-
Health		25 793	38 949	17 153	30 290	31 350	31 350	11 486	45 979	26 066	20 061
<b>Economic and environmental services</b>		3 650	3 650	-	-	-	-	-	-	-	-
Planning and development		22 143	35 299	17 153	30 290	31 350	31 350	11 486	45 979	26 066	20 061
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		(86 761)	(84 372)	19 116	4 277	4 821	4 821	3 186	2 425	10 000	10 449
<b>Trading services</b>		3 517	4 305	8 327	2 277	2 600	2 600	1 515	2 425	10 000	10 449
Energy sources		(95 394)	(95 394)	-	-	-	-	-	-	-	-
Water management		(1 503)	(1 503)	3 392	-	221	221	192	-	-	-
Waste water management		6 619	8 220	7 397	2 000	2 000	2 000	1 479	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	(62 747)	(29 648)	50 503	44 908	47 330	47 330	17 434	55 904	60 166	63 697

*For 2022/23 an amount of R15 million has been allocated from internal funding for the development of infrastructure due to cashflow constraints. During the tabling of the draft budget R30 million was allocated, however following the assessment from Provincial Treasury where it was indicated the budget was not funded only projects that are urgent have been provided for. The projects will be looked at during the preparation of the Adjustment Budget should the financial situation improve.*

*Total net assets represent 73,1 % or R40,9 million of the total capital budget are from grant funding. Some of the capital projects to be undertaken over the medium-term includes, amongst others:*

- Electricity of R925,000 – for the Municipality – funded from INEP*
- Refurbishment and renewal electrical network – R1 million for prepayment meters in Coronation from own funding;*
- New electricity infrastructure – high mast lighting in SASKO of R500,000 from own funding;*
- Computers and servers of R1 million from own funding;*
- Phase 2 of Councillor offices and repairs to air-conditioners amounting to R1,5 million from own funding*
- Rehabilitation of roads – Mark and President street of R6 million from own funding; and*
- MIG funded projects of R39,9 million.*
- The R18,4 million from INEP is not shown as it is for electrification in Eskom licenced areas*

## **Future operational cost of new infrastructure**

The future operational costs and revenues associated with the capital programme have been included in Table 61 A5. It needs to be noted that as part of the 2022/23 MTREF, this expenditure has been factored into the two outer years of the operational budget.

## **Annual Budget Tables**

The following eighteen pages present the ten main budget tables as required in terms of Section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2022/23 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page

### **Explanatory notes to KZN263 Table A1 - Budget Summary**

1. *Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).*
2. *The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.*
3. *Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:*
  - a) *The operating surplus/deficit (after Total Expenditure) is negative over the MTREF*
  - b) *Capital expenditure is balanced by capital funding sources, of which*
    - I. *Transfers recognised is reflected on the Financial Performance Budget;*
    - II. *Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.*
4. *The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back can be achieved by 2022/23, even though the deficit shows higher the figures will be revisited before tabling the final document to ensure the deficit is reflected as being smaller or no deficit.*

5. *Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The Section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2024/25 the water backlog will have been very nearly eliminated.*

**Explanatory notes to KZN263 Table A2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)**

1. *Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.*
2. *Note the Total Revenue on this table includes capital revenues (Transfers recognised – Capital) and so does not balance to the operating revenue shown on Table A4.*
3. *Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Electricity, Water, Solid Waste and Waste water functions. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.*
4. *Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Governance & Administration.*



Table 14 KZN263 Table SA3 - Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	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 thousand</b>											
<b>ASSETS</b>											
<b>Consumer debtors</b>											
Consumer debtors		200 494	250 226	314 189	290 745	285 241	285 241	361 290	706 562	(6 469)	709 660
Less: Provision for debt impairment		(62 277)	(162 211)	(221 262)	(100 847)	(100 847)	(100 847)	(221 262)	(429 021)	(429 331)	(429 662)
<b>Total Consumer debtors</b>	2	<b>138 217</b>	<b>88 015</b>	<b>92 927</b>	<b>189 898</b>	<b>184 394</b>	<b>184 394</b>	<b>140 027</b>	<b>277 541</b>	<b>(435 800)</b>	<b>279 998</b>
<b>Debt impairment provision</b>											
Balance at the beginning of the year		(31 451)	(82 563)	(162 211)	(94 117)	(94 117)	(94 117)	(221 262)	(421 968)	(391 647)	(391 647)
Contributions to the provision		(30 827)	(79 649)	(59 051)	-	-	-	-	-	(30 321)	(30 321)
Bad debts written off		-	-	-	(6 730)	(6 730)	(6 730)	-	(7 053)	(7 363)	(7 694)
<b>Balance at end of year</b>		<b>(62 277)</b>	<b>(162 211)</b>	<b>(221 262)</b>	<b>(100 847)</b>	<b>(100 847)</b>	<b>(100 847)</b>	<b>(221 262)</b>	<b>(429 021)</b>	<b>(429 331)</b>	<b>(429 662)</b>
<b>Inventory</b>											
<b>Water</b>		-	-	-	-	-	-	17	-	-	-
<b>Opening Balance</b>		-	-	-	-	-	-	-	-	-	-
<b>System Input Volume</b>		-	-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-	-
Bulk Purchases		-	-	-	-	-	-	-	-	-	-
Natural Sources	6	-	-	-	-	-	-	-	-	-	-
<b>Authorised Consumption</b>		-	-	-	-	-	-	-	-	-	-
<b>Billed Authorised Consumption</b>		-	-	-	-	-	-	-	-	-	-
<b>Billed Metered Consumption</b>		-	-	-	-	-	-	-	-	-	-
Free Basic Water		-	-	-	-	-	-	-	-	-	-
Subsidised Water		-	-	-	-	-	-	-	-	-	-
Revenue Water		-	-	-	-	-	-	-	-	-	-
<b>Billed Unmetered Consumption</b>		-	-	-	-	-	-	-	-	-	-
Free Basic Water		-	-	-	-	-	-	-	-	-	-
Subsidised Water		-	-	-	-	-	-	-	-	-	-
Revenue Water		-	-	-	-	-	-	-	-	-	-
<b>UnBilled Authorised Consumption</b>		-	-	-	-	-	-	-	-	-	-
Unbilled Metered Consumption		-	-	-	-	-	-	-	-	-	-
Unbilled Unmetered Consumption		-	-	-	-	-	-	-	-	-	-
<b>Water Losses</b>		-	-	-	-	-	-	-	-	-	-
<b>Apparent losses</b>		-	-	-	-	-	-	-	-	-	-
Unauthorised Consumption		-	-	-	-	-	-	-	-	-	-
Customer Meter Inaccuracies		-	-	-	-	-	-	-	-	-	-
<b>Real losses</b>		-	-	-	-	-	-	-	-	-	-
Leakage on Transmission and Distribution Mains		-	-	-	-	-	-	-	-	-	-
Leakage and Overflows at Storage Tanks/Reservoirs		-	-	-	-	-	-	17	-	-	-
Leakage on Service Connections up to the point of Customer Meter		-	-	-	-	-	-	-	-	-	-
Data Transfer and Management Errors		-	-	-	-	-	-	-	-	-	-
Unavoidable Annual Real Losses		-	-	-	-	-	-	-	-	-	-
<b>Non-revenue Water</b>		-	-	-	-	-	-	-	-	-	-
<b>Closing Balance Water</b>	7	-	-	-	-	-	-	-	-	-	-
	8	-	-	-	-	-	-	-	-	-	-
	9	-	-	-	-	-	-	-	-	-	-
<b>Agricultural</b>		-	-	-	-	-	-	-	-	-	-
<b>Opening Balance</b>		-	-	-	-	-	-	-	-	-	-
Acquisitions		-	-	-	10 886	7 771	7 771	24 170	11 834	11 834	11 834
Issues		-	-	-	3 920	3 920	3 920	10 553	31 266	-	-
Adjustments		-	-	-	-	-	-	-	-	-	-
Write-offs	7	-	-	-	(25 828)	(24 015)	(24 015)	(206)	(600)	(30 408)	(29 184)
<b>Closing balance - Agricultural</b>	8	-	-	-	-	-	-	(507)	-	-	-
	9	-	-	-	-	-	-	-	-	-	-
<b>Consumables</b>		-	-	-	-	-	-	-	-	-	-
<b>Standard Rated</b>		-	-	-	-	-	-	-	-	-	-
<b>Opening Balance</b>		-	-	-	-	-	-	-	-	-	-

Acquisitions										
Issues										
Adjustments										
Write-offs										

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +12023/24	Budget Year +22024/25	
<b>R thousand</b>												
<b>Closing balance - Consumables Standard Rated</b>		-	-	-	(11 022)	(12 324)	(12 324)	34 010	42 500	(18 574)	(17 350)	
<b>Zero Rated</b>												
<b>Opening</b>		-	-	-	-	-	-	(12 349)	-	-	-	
<b>Balance</b>		-	-	-	-	-	-	-	-	-	-	
Acquisitions	7	-	-	-	-	-	-	(7 649)	-	-	-	
Issues	8	-	-	-	-	-	-	-	-	-	-	
Adjustments	9	-	-	-	-	-	-	-	-	-	-	
Write-offs		-	-	-	-	-	-	(19 998)	-	-	-	
<b>Closing balance - Consumables Zero Rated</b>												
<b>Finished Goods</b>												
<b>Opening Balance</b>		-	-	-	-	-	-	-	-	-	-	
Acquisitions	7	-	-	-	-	-	-	-	-	-	-	
Issues	8	-	-	-	-	-	-	-	-	-	-	
Adjustments	9	-	-	-	-	-	-	-	-	-	-	
Write-offs		-	-	-	-	-	-	-	-	-	-	
<b>Closing balance - Finished Goods</b>		-	-	-	16 808	16 808	16 808	-	-	-	-	
<b>Materials and Supplies</b>												
<b>Opening Balance</b>		-	-	-	-	-	-	-	(30 666)	(29 155)	(27 875)	
Acquisitions	7	-	-	-	-	-	-	-	-	-	-	
Issues	8	-	-	-	-	-	-	-	-	-	-	
Adjustments	9	-	-	-	-	-	-	-	-	-	-	
Write-offs		-	-	-	-	-	-	-	-	-	-	
<b>Closing balance - Materials and Supplies</b>		-	-	-	16 808	16 808	16 808	-	(30 666)	(29 155)	(27 875)	
<b>Work-in-progress</b>												
<b>Opening Balance</b>		-	-	-	-	-	-	-	-	-	-	
Materials		-	-	-	-	-	-	-	-	-	-	
Transfers		-	-	-	-	-	-	-	-	-	-	
<b>Closing balance - Work-in-progress</b>		-	-	-	-	-	-	-	-	-	-	
<b>Housing Stock</b>												
<b>Opening Balance</b>		-	-	-	-	-	-	-	-	-	-	
Acquisitions		-	-	-	-	-	-	-	-	-	-	
Transfer		-	-	-	5 786	4 484	4 484	14 028	11 834	(47 729)	(45 225)	
Sales		-	-	-	-	-	-	-	-	-	-	
<b>Closing Balance - Housing Stock</b>		3 298 413	3 225 503	3 269 777	3 393 625	3 396 047	3 396 047	3 287 199	3 657 295	3 661 557	3 665 088	
	3	-	-	-	-	-	-	-	-	-	-	

<b>Land</b>	2	1 895 417	1 925 432	2 010 110	1 985 632	1 985 632	(1 985 632)	2 010 110	2 374 288	2 382 816	2 405 415
Opening		1 402 995	1 300 071	1 259 668	1 407 993	1 410 414	5 381 679	1 277 089	1 283 007	1 278 741	1 259 673
Balance											
Acquisition											
Disposals											
Adjustments											
Correction of Prior period errors											
<b>Closing Balance - Land</b>											
<b>Closing Balance - Inventory &amp; Consumables</b>											
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)											
Leases recognised as PPE											
Less: Accumulated depreciation											
<b>Total Property, plant and equipment (PPE)</b>											
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		-	-	-	-	-	-	-	-	-	-
<b>Total Current liabilities - Borrowing</b>		-	-	-	-	-	-	-	-	-	-
<b>Trade and other payables</b>											

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +12023/24	Budget Year +22024/25
<b>R thousand</b>											
Trade Payables	5	128 706	145 898	87 344	137 158	131 835	(131 835)	70 409	82 065	(714 547)	70 959
Other creditors		18 213	8 275	6 263	(0)	(0)	0	26 255	17 560	61 871	0
Unspent conditional transfers/VAT	2	82 577	99 878	134 423	-	-	-	163 401	-	-	-
<b>Total Trade and other payables</b>		<b>229 497</b>	<b>254 051</b>	<b>228 031</b>	<b>137 158</b>	<b>131 835</b>	<b>(131 835)</b>	<b>260 065</b>	<b>99 625</b>	<b>(652 676)</b>	<b>70 959</b>
<b>Non current liabilities - Borrowing</b>											
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Finance leases (including PPP asset element)		-	-	-	-	-	-	-	-	-	-
<b>Total Non current liabilities - Borrowing</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions - non-current</b>											
Retirement benefits		-	48 938	41 026	1 147	1 147	(1 147)	41 026	41 026	41 026	41 026
Refuse landfill site rehabilitation		23 059	-	-	-	-	-	-	-	-	-
Other		-	8 437	9 312	-	-	-	9 312	9 312	9 312	9 312
<b>Total Provisions - non-current</b>		<b>23 059</b>	<b>57 375</b>	<b>50 338</b>	<b>1 147</b>	<b>1 147</b>	<b>(1 147)</b>	<b>50 338</b>	<b>50 338</b>	<b>50 338</b>	<b>50 338</b>
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		1 372 953	1 371 441	1 234 293	1 424 973	1 421 858	(1 421 858)	1 255 407	1 423 156	1 409 716	1 409 716
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		1 372 953	1 371 441	1 234 293	1 424 973	1 421 858	(1 421 858)	1 255 407	1 423 156	1 409 716	1 409 716
Surplus/(Deficit)		(14 348)	31 323	2 365	40 928	47 330	47 330	77 518	55 904	30 385	35 167
Transfers to/from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		(29 601)	144 780	5 502	-	-	-	2 422	-	-	-
<b>Accumulated Surplus/(Deficit) Reserves</b>		<b>1 329 004</b>	<b>1 547 544</b>	<b>1 242 160</b>	<b>1 465 901</b>	<b>1 469 188</b>	<b>(1 374 527)</b>	<b>1 335 346</b>	<b>1 479 060</b>	<b>1 440 100</b>	<b>1 444 883</b>
Other adjustments		-	-	-	-	-	-	-	-	-	-
<b>Accumulated Surplus/(Deficit) Reserves</b>											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-

*Abaqulusi Municipality 2022/23 Annual Budget and MTREF*

Revaluation											
n											
<b>Total Reserves</b>											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>1 329 004</b>	<b>1 547 544</b>	<b>1 242 160</b>	<b>1 465 901</b>	<b>1 469 188</b>	<b>(1 374 527)</b>	<b>1 335 346</b>	<b>1 479 060</b>	<b>1 440 100</b>	<b>1 444 883</b>

Accrual Basis Funded Budget Assessment						
Fund Description	Item Revenue/Gains	Item Expenditure/Losses and Impairment	Item Acquisitions	Funds Surplus/Deficit		
	2023	2023	2023	2023	2024	2025
Fund:Operational:Revenue:General Revenue:Service Charges:Electricity	R (210 195 700.00)	R 311 863 561.00	R -	R (101 667 861.00)	R(112 356 392.00)	R(119 490 922.00)
Fund:Operational:Revenue:General Revenue:Operational Revenue	R (521 500.00)	R -	R -	R 521 500.00	R 521 500.00	R 521 500.00
Fund:Operational:Revenue:General Revenue:Interest, Dividend and Rent on Land:Interest:Current and Non-current Assets	R (1 620 000.00)	R -	R -	R 1 620 000.00	R 1 620 000.00	R 1 620 000.00
Fund:Operational:Transfers and Subsidies:Monetary Allocations:Provincial Government:KwazuluNatal:Capacity Building and Other:Specify (Add grant description)	R -	R 150 000.00	R -	R (150 000.00)	R (156 600.00)	R (163 647.00)
Fund:Operational:Revenue:General Revenue:Fines, Penalties and Forfeits	R (5 003 000.00)	R 8 552 763.00	R -	R (3 549 763.00)	R (4 448 084.00)	R (4 873 382.00)
Fund:Operational:Revenue:General Revenue:Service Charges:Waste Water	R (36 919 852.00)	R 19 368 318.00	R -	R 17 551 534.00	R 3 006 820.00	R 3 063 049.00
Fund:Operational:Transfers and Subsidies:Monetary Allocations:Provincial Government:KwazuluNatal:Capacity Building and Other:Specify (Add grant description)	R (3 540 000.00)	R 5 985 888.00	R -	R (2 445 888.00)	R (2 709 266.00)	R (2 833 482.00)
Fund:Operational:Transfers and Subsidies:Monetary Allocations:Provincial Government:KwazuluNatal:Capacity Building and Other:Specify (Add grant description)	R (1 223 000.00)	R -	R -	R 1 223 000.00	R 1 223 000.00	R 1 277 000.00
Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Integrated National Electrification Programme Grant	R (925 000.00)	R -	R 925 000.00	R -	R -	R -
<b>Sub Total</b>	<b>R (756 447 591.00)</b>	<b>R 700 543 741.00</b>	<b>R 40 903 850.00</b>	<b>R 15 000 000.00</b>	<b>R (21 281 372.00)</b>	<b>R (18 742 582.00)</b>
Draft A-Schedule view total	R (756 447 591.00)	R 700 543 741.00	R 55 903 850.00			
Difference	R -	R -	R -			
<b>Sub Total</b>				<b>R -</b>	<b>R (29 781 372.00)</b>	<b>R (28 529 582.00)</b>
Accumulated Surplus, reserves and commitments Opening Balance				R -	R -	R -
<b>Funded/Non-Funded Budget</b>				<b>R 139 095 042.00</b>	<b>R 126 194 568.00</b>	<b>R 127 446 358.00</b>

**Explanatory notes to KZN263 Table A3 - Budgeted Financial Performance (Revenue and Expenditure by municipal vote)**

1. *Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.*
2. *The electricity trading is not showing signs of improvement over the 2022/23 MTREF from a deficit in the adjustment budget for 2021/22 of approximately R80,2 million to a deficit of R100,9 million in 2022/23 and increases in the outer two years. This is primarily as a result of the high increases in ESKOM bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers as well as additional requirements from the Section to upgrade the ageing infrastructure which is a non-cash item of depreciation.*
3. *The water account remains relatively constant over the MTREF translating into a surplus of R12,1 million for 2022/2023.*
4. *Note that there are no longer surpluses on these trading accounts that can be utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, and are not used to cross-subsidise other municipal services.*

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

1. Total revenue is R756,4 million in 2022/23 and escalates to R822,9 million by 2024/25. This represents a year-on-year increase of 4,8% for the 2022/23 financial year and increases by 4,2% for the 2023/24 financial year and 4,5% for the 2024/25 financial year.
2. Revenue to be generated from property rates is R99 million in the 2022/23 financial year and increases to R107,8 million by 2024/25 which represents 13,1% of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 4,2% and 4,5% for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R327,1 million for the 2022/23 financial year and increasing to R341 million by 2024/25. A notable trend is the growth in the total percentage revenue generated from services charges which remains constant at 4,2% in 2023/24 and 4,5% in 2024/25.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing over the MTREF for the two outer years.
5. Bulk purchases have significantly increased over the 2022/23 to 2024/25 period escalating from R261 million to R286,6 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from ESKOM.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2022/23 R 55,9 million has been allocated for the capital budgets, which total 100%. This allocation increases to R60,1 million in 2023/24 and then decreases to R63,6 million in 2024/25
3. Single-year capital expenditure has been appropriated at R15 million for the 2022/23 financial year and none for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. For 2022/23, capital transfers totals R 40,9 million and increases to R53,9 million by 2024/25. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding) **Explanatory notes to Table A6 - Budgeted Financial Position**

**KZN263 Abaqulusi - Table A6 Budgeted Financial Position**

Description R thousand	Ref	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		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>ASSETS</b>								
<b>Current assets</b>								
Cash		46 956	53 304	53 304	22 371	8 384	4 665	16 588
Call investment deposits	1	15 916	11 916	11 916	15 799	11 260	18 162	18 162
Consumer debtors	1	189 898	184 394	184 394	140 027	277 541	(435 800)	279 998
Other debtors		4 944	4 944	4 944	154 939	19 996	2 728	19 996
Current portion of long-term receivables		-	-	-	5 502	-	-	-
Inventory	2	5 786	4 484	4 484	14 028	11 834	(47 729)	(45 225)
<b>Total current assets</b>		<b>263 500</b>	<b>259 042</b>	<b>259 042</b>	<b>352 667</b>	<b>329 015</b>	<b>(457 973)</b>	<b>289 519</b>
<b>Non current assets</b>								
Long-term receivables		-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-
Investment property	3	54 677	54 677	54 677	70 605	70 605	70 605	70 605



Investment in Associate		-	-	-	-	-	-	-
Property, plant and equipment		1 407 993	1 410 414	5 381 679	1 277 089	1 283 007	1 278 741	1 259 673
Biological		-	-	-	-	-	-	-
Intangible		240	240	240	271	141	135	129
Other non-current assets		3 855	3 855	3 855	3 855	3 855	3 855	3 855
<b>Total non current assets</b>		<b>1 466 764</b>	<b>1 469 186</b>	<b>5 440 450</b>	<b>1 351 821</b>	<b>1 357 608</b>	<b>1 353 336</b>	<b>1 334 262</b>
<b>TOTAL ASSETS</b>		<b>1 730 264</b>	<b>1 728 228</b>	<b>5 699 492</b>	<b>1 704 488</b>	<b>1 686 623</b>	<b>895 363</b>	<b>1 623 781</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Bank overdraft	1	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-
Consumer deposits		15 643	15 643	15 643	16 205	16 192	16 192	16 192
Trade and other payables	4	137 158	131 835	(131 835)	260 065	99 625	(652 676)	70 959
Provisions		110 415	110 415	110 415	55 199	41 408	41 408	41 408
<b>Total current liabilities</b>		<b>263 216</b>	<b>257 893</b>	<b>(5 777)</b>	<b>331 469</b>	<b>157 225</b>	<b>(595 075)</b>	<b>128 560</b>
<b>Non current liabilities</b>								
Borrowing		-	-	-	-	-	-	-
Provisions		1 147	1 147	(1 147)	50 338	50 338	50 338	50 338
<b>Total non current liabilities</b>		<b>1 147</b>	<b>1 147</b>	<b>(1 147)</b>	<b>50 338</b>	<b>50 338</b>	<b>50 338</b>	<b>50 338</b>
<b>TOTAL LIABILITIES</b>		<b>264 363</b>	<b>259 040</b>	<b>(6 924)</b>	<b>381 807</b>	<b>207 563</b>	<b>(544 737)</b>	<b>178 898</b>
<b>NET ASSETS</b>	5	<b>1 465 901</b>	<b>1 469 188</b>	<b>5 706 416</b>	<b>1 322 681</b>	<b>1 479 060</b>	<b>1 440 100</b>	<b>1 444 883</b>
<b>COMMUNITY WEALTH/EQUITY</b>								
Accumulated Surplus/(Deficit) Reserves	4	1 465 901	1 469 188	1 469 188	1 322 358	1 479 060	1 440 100	1 444 883
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>1 465 901</b>	<b>1 469 188</b>	<b>1 469 188</b>	<b>1 322 358</b>	<b>1 479 060</b>	<b>1 440 100</b>	<b>1 444 883</b>

- Table A6 is consistent with international standards of good financial management practice and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 66 is supported by an extensive table of notes (SA3 which can be found on page 41) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
  
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 15 KZN263 Table A9 - Asset Management

KZN263 Abaqulusi - Table A9 Asset Management

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	11 984	30 143	32 860	30 235	29 924	29 924	41 154	48 243	30 900
Roads Infrastructure		5 915	13 075	8 057	17 293	15 944	15 944	37 229	22 643	7 500
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		735	735	-	-	-	-	1 425	10 000	-
Water Supply Infrastructure		(278)	(278)	-	-	-	-	-	-	-
Sanitation Infrastructure		(1 675)	(1 675)	-	-	-	-	-	-	-
Solid Waste Infrastructure		3 303	4 829	6 315	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>8 000</b>	<b>16 685</b>	<b>14 373</b>	<b>17 293</b>	<b>15 944</b>	<b>15 944</b>	<b>38 654</b>	<b>32 643</b>	<b>7 500</b>
Community Facilities		5 832	7 276	15 907	7 262	6 201	6 201	-	15 600	23 400
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>5 832</b>	<b>7 276</b>	<b>15 907</b>	<b>7 262</b>	<b>6 201</b>	<b>6 201</b>	-	<b>15 600</b>	<b>23 400</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	70	2 169	2 169	1 500	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	<b>70</b>	<b>2 169</b>	<b>2 169</b>	<b>1 500</b>	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		503	503	31	500	500	500	1 000	-	-
Furniture and Office Equipment		490	490	-	-	-	-	-	-	-
Machinery and Equipment		(2 840)	(2 764)	1 467	600	600	600	-	-	-
Transport Assets		-	7 952	1 082	4 510	4 510	4 510	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	<b>(90 731)</b>	<b>(81 587)</b>	<b>0</b>	-	-	-	-	-	-
Roads Infrastructure		244	1 240	0	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		(95 142)	(95 142)	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>(94 898)</b>	<b>(93 902)</b>	<b>0</b>	-	-	-	-	-	-
Community Facilities		4 167	11 111	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>4 167</b>	<b>11 111</b>	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	1 205	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	<b>1 205</b>	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	6	<b>16 000</b>	<b>21 796</b>	<b>17 643</b>	<b>14 673</b>	<b>17 406</b>	<b>17 406</b>	<b>14 750</b>	<b>11 923</b>	<b>32 797</b>
Roads Infrastructure		6 761	11 760	9 096	12 897	15 306	15 306	8 750	3 423	12 561
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		954	1 742	6 994	1 777	2 100	2 100	1 000	-	10 449
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	1 188	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-

Rail Infrastructure	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-	-

**KZN263 Abaqulusi - Table A9 Asset Management**

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>										
<b>Infrastructure</b>		7 715	13 502	17 278	14 673	17 406	17 406	9 750	3 423	23 010
Community Facilities		(5 465)	(5 465)	46	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	319	-	-	-	-	2 500	2 500
<b>Community Assets</b>		<b>(5 465)</b>	<b>(5 465)</b>	<b>366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 500</b>	<b>2 500</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		7	7	-	-	-	-	-	-	-
Furniture and Office Equipment		48	57	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		13 695	13 695	-	-	-	-	5 000	6 000	7 287
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	<b>(62 747)</b>	<b>(29 648)</b>	<b>50 503</b>	<b>44 908</b>	<b>47 330</b>	<b>47 330</b>	<b>55 904</b>	<b>60 166</b>	<b>63 697</b>
Roads Infrastructure		12 920	26 075	17 153	30 190	31 250	31 250	45 979	26 066	20 061
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		1 689	2 477	6 994	1 777	2 100	2 100	2 425	10 000	10 449
Water Supply Infrastructure		(95 420)	(95 420)	-	-	-	-	-	-	-
Sanitation Infrastructure		(1 675)	(1 675)	1 188	-	-	-	-	-	-
Solid Waste Infrastructure		3 303	4 829	6 315	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>(79 184)</b>	<b>(63 715)</b>	<b>31 650</b>	<b>31 966</b>	<b>33 350</b>	<b>33 350</b>	<b>48 404</b>	<b>36 066</b>	<b>30 510</b>
Community Facilities		4 534	12 922	15 953	7 262	6 201	6 201	-	15 600	23 400
Sport and Recreation Facilities		-	-	319	-	-	-	-	2 500	2 500
<b>Community Assets</b>		<b>4 534</b>	<b>12 922</b>	<b>16 272</b>	<b>7 262</b>	<b>6 201</b>	<b>6 201</b>	<b>-</b>	<b>18 100</b>	<b>25 900</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	1 205	-	70	2 169	2 169	1 500	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	<b>1 205</b>	-	<b>70</b>	<b>2 169</b>	<b>2 169</b>	<b>1 500</b>	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		510	510	31	500	500	500	1 000	-	-
Furniture and Office Equipment		538	547	-	-	-	-	-	-	-
Machinery and Equipment		(2 840)	(2 764)	1 467	600	600	600	-	-	-
Transport Assets		13 695	21 647	1 082	4 510	4 510	4 510	5 000	6 000	7 287
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>(62 747)</b>	<b>(29 648)</b>	<b>50 503</b>	<b>44 908</b>	<b>47 330</b>	<b>47 330</b>	<b>55 904</b>	<b>60 166</b>	<b>63 697</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	1 420 634	1 292 745	1 274 439	1 427 836	1 429 934	1 429 934	1 356 683	1 327 736	1 308 630
Roads Infrastructure		154 258	215 535	206 441	242 735	242 735	242 735	241 806	223 204	196 031
Storm water Infrastructure		23 467	0	-	(336 748)	(336 748)	(336 748)	-	-	-
Electrical Infrastructure		535 478	396 690	374 814	502 271	502 271	502 271	371 074	366 212	374 042
Water Supply Infrastructure		156 997	119 374	105 621	(6 832)	(6 832)	(6 832)	99 461	98 146	97 809
Sanitation Infrastructure		112 531	105 004	109 221	608 687	608 687	608 687	107 827	104 634	104 428
Solid Waste Infrastructure		8 114	7 800	12 661	5 766	5 766	5 766	10 529	10 435	10 335
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		630	-	-	634	634	634	-	-	-
<b>Infrastructure</b>		<b>991 474</b>	<b>844 403</b>	<b>808 757</b>	<b>1 016 513</b>	<b>1 016 513</b>	<b>1 016 513</b>	<b>830 697</b>	<b>802 630</b>	<b>782 644</b>
<b>Community Assets</b>		<b>122 393</b>	<b>103 241</b>	<b>108 377</b>	<b>123 662</b>	<b>123 662</b>	<b>123 662</b>	<b>164 116</b>	<b>164 864</b>	<b>164 595</b>
<b>Heritage Assets</b>		<b>3 855</b>	<b>3 855</b>	<b>3 855</b>	<b>3 855</b>	<b>3 855</b>	<b>3 855</b>	<b>3 855</b>	<b>3 855</b>	<b>3 855</b>
<b>Investment properties</b>		<b>66 249</b>	<b>54 678</b>	<b>70 605</b>	<b>54 677</b>	<b>54 677</b>	<b>54 677</b>	<b>70 605</b>	<b>70 605</b>	<b>70 605</b>

<b>Other Assets</b>	83 929	78 879	75 894	80 702	82 800	82 800	77 355	75 853	75 851
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	666	364	271	240	240	240	141	135	129
<b>Computer Equipment</b>	1 097	654	544	393	393	393	1 410	404	398
<b>Furniture and Office Equipment</b>	967	420	306	(2 089)	(2 089)	(2 089)	(2 323)	(2 438)	(2 562)

## KZN263 Abaqulusi - Table A9 Asset Management

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Machinery and Equipment</b>		1 888	1 069	1 131	1 069	1 069	1 069	1 131	1 131	1 131
<b>Transport Assets</b>		419	7 946	7 462	9 946	9 946	9 946	12 462	13 462	14 749
<b>Land</b>		147 698	197 235	197 235	138 868	138 868	138 868	197 235	197 235	197 235
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>1 420 634</b>	<b>1 292 745</b>	<b>1 274 439</b>	<b>1 427 836</b>	<b>1 429 934</b>	<b>1 429 934</b>	<b>1 356 683</b>	<b>1 327 736</b>	<b>1 308 630</b>
<b>EXPENDITURE OTHER ITEMS</b>		<b>89 077</b>	<b>59 910</b>	<b>109 675</b>	<b>80 062</b>	<b>93 689</b>	<b>93 689</b>	<b>64 357</b>	<b>73 442</b>	<b>93 593</b>
<b>Depreciation</b>	7	72 648	45 692	84 771	42 666	42 666	42 666	32 695	41 229	63 834
<b>Repairs and Maintenance by Asset Class</b>	3	<b>16 429</b>	<b>14 218</b>	<b>24 904</b>	<b>37 396</b>	<b>51 023</b>	<b>51 023</b>	<b>31 662</b>	<b>32 213</b>	<b>29 759</b>
Roads Infrastructure Storm Water		182	4 267	250	3 800	6 450	6 450	5 000	5 210	5 444
InfrastructureElectrical		-	-	-	-	-	-	-	-	-
Infrastructure		4 733	3 395	5 999	8 200	7 627	7 627	6 270	6 533	6 827
Water Supply Infrastructure		6 058	5 011	11 055	7 000	21 200	21 200	5 100	5 285	5 474
Sanitation Infrastructure Solid		1 634	442	2 966	2 900	3 400	3 400	2 750	2 867	2 995
Waste Infrastructure Rail		-	-	-	14 046	6 046	6 046	4 367	1 833	1 833
Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>12 605</b>	<b>13 116</b>	<b>20 270</b>	<b>35 946</b>	<b>44 723</b>	<b>44 723</b>	<b>23 487</b>	<b>21 728</b>	<b>22 574</b>
Community Facilities		63	5	-	-	300	300	1 500	3 521	3 181
Sport and Recreation Facilities		-	-	-	-	4 000	4 000	-	-	-
<b>Community AssetsHeritage Assets</b>		<b>63</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>4 300</b>	<b>4 300</b>	<b>1 500</b>	<b>3 521</b>	<b>3 181</b>
Revenue Generating Non-		1 318	-	894	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>1 318</b>	<b>-</b>	<b>894</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational BuildingsHousing		424	186	2 404	750	1 000	1 000	2 390	2 490	2 603
<b>Other Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>424</b>	<b>186</b>	<b>2 404</b>	<b>750</b>	<b>1 000</b>	<b>1 000</b>	<b>2 390</b>	<b>2 490</b>	<b>2 603</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-

Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	131	7	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment Transport Assets	243	11	35	200	200	200	1 285	1 342	1 401
Land	1 644	894	1 302	500	800	800	3 000	3 132	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>89 077</b>	<b>59 910</b>	<b>109 675</b>	<b>80 062</b>	<b>93 689</b>	<b>93 689</b>	<b>64 357</b>	<b>73 442</b>	<b>93 593</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	119.1%	201.7%	34.9%	32.7%	36.8%	36.8%	26.4%	19.8%	51.5%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	-102.9%	-130.9%	20.8%	34.4%	40.8%	40.8%	45.1%	28.9%	51.4%
<i>R&amp;M as a % of PPE</i>	1.2%	1.1%	2.0%	2.7%	3.6%	0.9%	2.5%	2.5%	2.4%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	-4.0%	-4.0%	3.0%	4.0%	5.0%	5.0%	3.0%	3.0%	5.0%

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

- 1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.*
- 2. National Treasury has recommended that municipalities should allocate at least 40 % of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The Municipality is not able to meet both these recommendations.*
- 3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.*



**Table 16 KZN263 Table A10 - Basic Service Delivery Measurement**

**KZN263 Abaqulusi - Table A10 Basic service delivery measurement**

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Household service targets</b>	1									
<b><u>Water:</u></b>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b><u>Sanitation/sewerage:</u></b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b><u>Energy:</u></b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-



**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. *Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.*
2. *The Municipality continues to make good progress with the eradication of backlogs:*
  - a. *Water services – backlog will remain the same in 2022/23 as in 2021/22. These households are largely found in ‘rural areas’ and will need to be moved to formal areas so that they can receive services.*
  - b. *Sanitation services – backlog will remain the same over the MTREF*
  - c. *Electricity services – backlogs will be reduced in ESKOM supplied areas*
  - d. *Refuse services – backlog will be reduced in 2022/23, and in the outer two years of the MTREF. However, it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.*
3. *The budget provides for all households applying as indigent in 2022/23 to be registered and on approval from EXCO be entitled to receive Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.*
4. *It is anticipated that these Free Basic Services will cost the municipality R11,5 million in 2022/23, increasing to R12,5 million in 2024/25. This is covered by the municipality’s equitable share allocation from national government.*
5. *In addition to the Free Basic Services, the Municipality also ‘gives’ households R11,5 million in free services in 2022/23. This “tax expenditure” needs to be seen within the context of the municipality’s overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the “free services” represent 1,52% of total operating revenue.*

## Overview of the Annual Budget Process

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

The Budget Steering Committee consists of EXCO and MANCOM of the municipality meeting under the chairpersonship of the Finance Portfolio.

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

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

The above process was followed during the preparation of the budget.

## Budget Process Overview

In terms of Section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2020) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2021. Key dates applicable to the process were:

- **August 2021:**
- Table IDP Process Plan to EXCO and Council for approval
- Submit Annual Performance Report to Treasury

## **March 2022**

- **Strategic Planning Session**
- **31 March 2022 Draft Budget**
- *Submit Draft budget, tariffs, SDBIP's to EXCO for recommendation to Council Submit Draft IDP to EXCO for recommendation to Council*
- **25 April 2022 – 4 May 2022** - Public consultation;
- **5 May – 23 May 2022** – Balancing of budget
- **10 May 2022** - Closing date for written comments;
- **31 May 2022** - Tabling of the 2022/23 MTREF before Council for consideration and approval.

## **IDP and Service Delivery and Budget Implementation Plan**

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*On the 1<sup>st</sup> of July 2022 the Abaqulusi Municipality will implement a new five-year IDP for the period July 2022 to June 2027 to inform and guide the current elected public representatives in their term of office. This document which is for the first year of the five-year period outlines the Municipality's intent in terms of the agreed six strategic focus areas that are required to overcome Abaqulusi challenges, achieve its vision, and give effect to its other strategic considerations*

*It started in August 2021 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2022/23 MTREF.*

*The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.*

### **Registration of community needs;**

- *Compilation of departmental business plans including key performance indicators and targets;*
- *Financial planning and budgeting process;*
- *Public participation process;*
- *Compilation of the SDBIP, and*
- *The review of the performance management and monitoring processes.*

*The IDP has been taken into a business and financial planning process leading up to the 2022/23 MTREF, based on the approved 2021/22 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.*

*With the compilation of the 2022/23 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2021/22 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.*

### **Financial Modelling and Key Planning Drivers**

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*Full compliance was done by the municipality during the compilation of the 2022/23 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2022/23 MTREF:*

- *Municipality growth*
- *Policy priorities and strategic objectives*
- *Asset maintenance*
- *Economic climate and trends (i.e. inflation, ESKOM increases, household debt, migration patterns)*
- *Performance trends*
- *The approved 2021/22 adjustments budget and performance against the SDBIP*
- *Cash Flow Management Strategy*
- *Debtor payment levels*
- *Loan and investment possibilities*
- *The need for tariff increases versus the ability of the community to pay for services;*
- *Improved and sustainable service delivery*

*In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 112 and 115 has been taken into consideration in the planning and prioritisation process.*

## Community Consultation

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The draft 2022/23 MTREF was tabled before Council on the 31<sup>st</sup> of March 2022 for community consultation and published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. The final will be tabled before Council on the 31<sup>st</sup> of May 2022.

All documents in the appropriate format (electronic) will be provided to National Treasury, and other national and provincial departments in accordance with Section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process and included public briefing sessions. The applicable dates and venues were published in all the local newspapers and there was an average attendance of 3,200 members of the community who attended. Other stakeholders involved in the consultation include churches, non-governmental institutions, community-based organisations and taxi associations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects have been addressed, and where relevant considered as part of the finalisation of the 2022/23 MTREF. Feedback and responses to the submissions received will be available on request. The following are some of the issues and concerns raised as well as comments received during last year's consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially sewerage blockages;
- The state of road infrastructure;
- The security of infrastructure especially during load shedding when cables are being stolen and substations vandalised;
- The water supply be fixed as there is always water shortages;
- All wards raised the concern that no refuse bags are being handed out;
- The bad state of roads in all wards, especially the potholes in towns;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Bridging of electricity meters, electricity connections in Eskom licenced areas;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases;

- *Policing on roads as both motorists and pedestrians do not adhere to road rules;*
- *Awarding of contracts be given to local contractors;*
- *Residents raised their concern on the unemployment rate and requested clarity on an opportunity to benefit in LED allocations;*
- *Fencing of cemeteries;*
- *During the community consultation process large Sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.*

## **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:*



Table 17 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> <li>• Repairs to Robots</li> </ul>

			<ul style="list-style-type: none"> <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</li> <li>• 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.**

<b>Key Focus Area</b>	<b>IDP Ref. No.</b>	<b>Development Objective</b>	<b>Development Strategies</b>
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***

<b>Key Focus Area</b>	<b>IDP Ref. No.</b>	<b>Development Objective</b>	<b>Development Strategies</b>
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> <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> </ul>

			<ul style="list-style-type: none"> <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> <li>• Annual adoption of policies and procedures</li> <li>• Ensure reconciliations are performed daily, weekly and monthly respectively</li> </ul>

**Key Performance Area: Good Governance and Community Participation**

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

<b>Key Focus Area</b>	<b>IDP Ref. No.</b>	<b>Development Objective</b>	<b>Development Strategies</b>
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> <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> </ul>

			<ul style="list-style-type: none"> <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.**

<b>Key Focus Area</b>	<b>IDP Ref No</b>	<b>Development Objective</b>	<b>Development Strategies</b>
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> <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> </ul>

			<ul style="list-style-type: none"> <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> <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)**

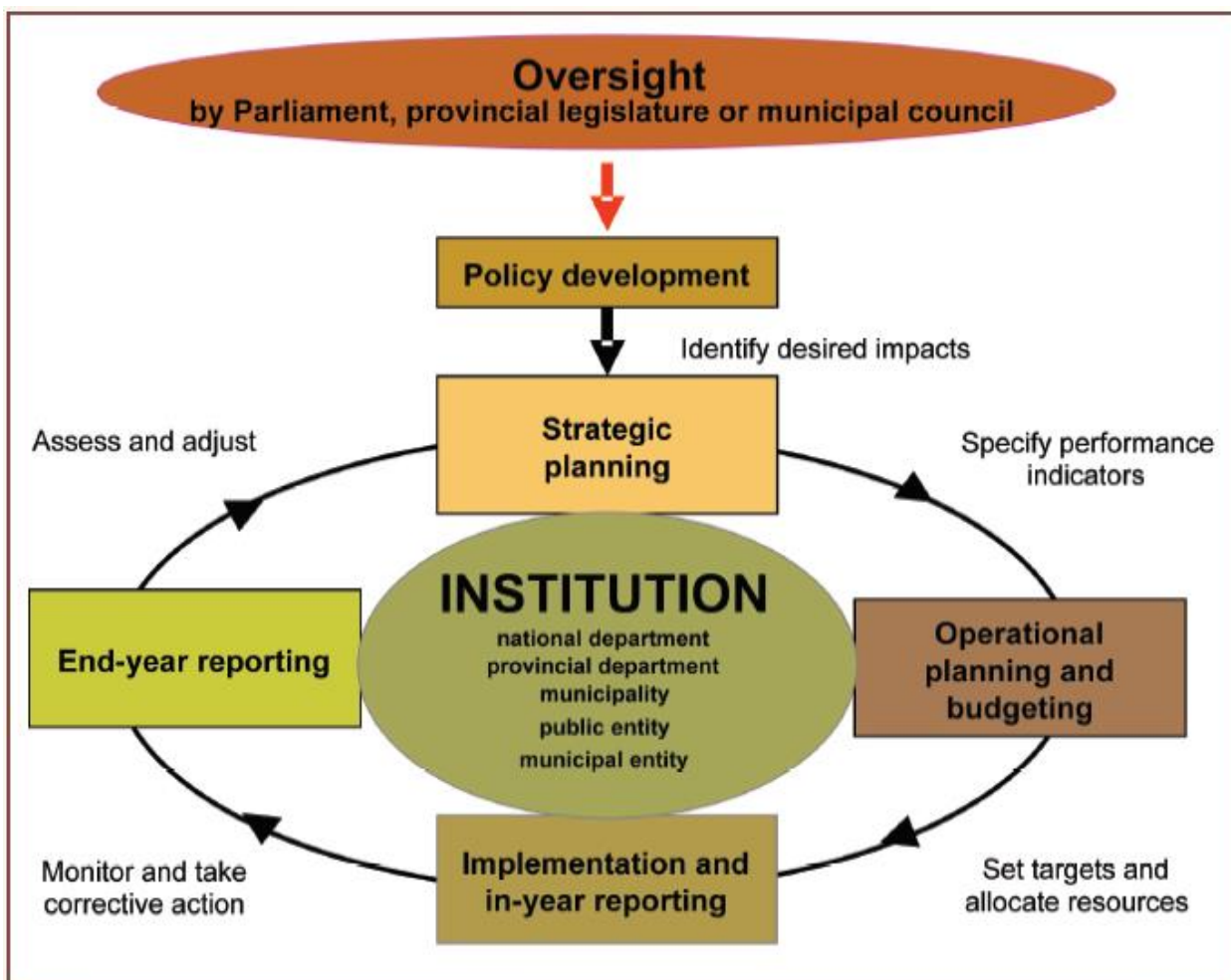
**Goal: To redress the spatial imbalances and promote sustainable environmental planning.**

<b>Key Focus Area</b>	<b>IDP Ref. No.</b>	<b>Development Objective</b>	<b>Development Strategies</b>
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:

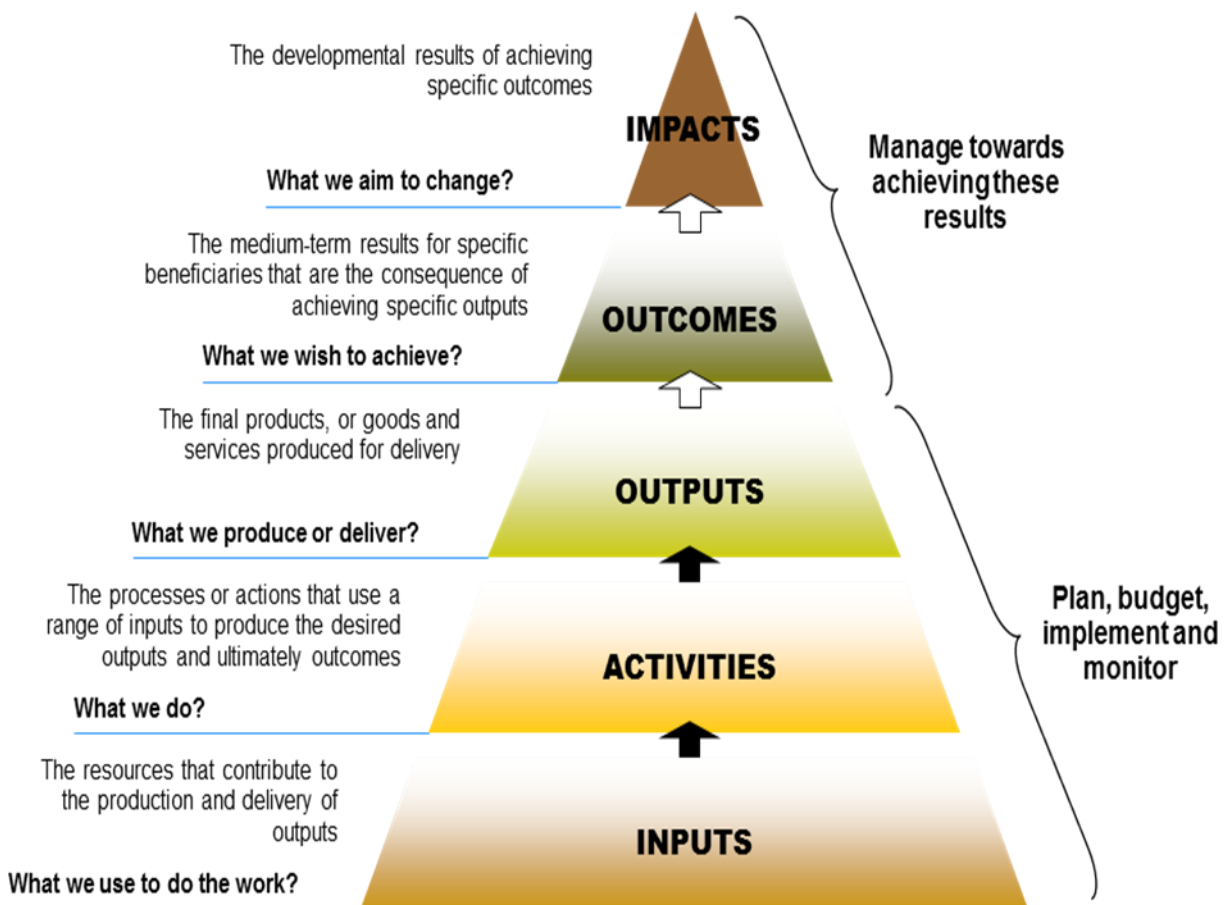


**Figure 1 Planning, budgeting and reporting cycle**

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

**Table 18 KZN263 Table SA7 - Measurable performance objectives**

**KZN263 Abaqulusi - Supporting Table SA7 Measurable performance objectives**

Description	Unit of measurement	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Vote 1 - vote name</b>	A separate SDBIP document is included is attached									
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
<b>Vote 2 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										







Water Distribution Losses (2)	Total Volume Losses (kℓ)	-	-	-	-	-	-	-	-	-	-
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	26.1%	25.0%	24.9%	27.4%	26.4%	26.4%	27.6%	26.9%	27.4%	27.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	29.3%	27.6%	27.7%	30.5%	29.1%	29.1%		29.6%	30.2%	30.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.3%	2.5%	3.8%	6.1%	7.4%	7.4%		4.4%	4.4%	3.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.6%	8.3%	14.9%	6.9%	6.2%	6.2%	0.5%	4.6%	5.6%	8.3%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	24.7	975.6	258.7	258.5	258.5	258.5	181.2	318.0	321.2	334.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	70.9%	65.4%	60.5%	49.1%	44.8%	44.8%	109.9%	68.4%	-98.7%	65.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	15.3	5.4	11.4	1.4	0.5	0.5	5.8	0.4	0.3	0.5

### Borrowing Management

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Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Abaqulusi Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2022/23 MTREF:

- Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is 0% and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady, from 0% in 2017/18 to 0% by 2021/2. It is estimated that the cost of borrowing as a percentage of the operating expenditure will be at 0 % in 2022/23 and will then remain at 0 % at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0 % which substantiates the above-mentioned statement that the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2022/23 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

### Safety of Capital

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- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves. As part of the planning guidelines that informed the compilation of the 2022/23 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective, hence the ration remains at 0%.
- The gearing ratio is a measure of the total long-term borrowings over funds and reserves. The ratio remains at 0%.

### Liquidity

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- Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2021/22 MTREF the current ratio is 1 and in the 2022/23 financial year 2,1 and for 2023/24 is 0,8 and 2024/25 is 2,3.
- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the

2021/22 financial year the ratio was 1 and as part of the financial planning strategy it has improved to 2,3 in the 2022/23 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer-term financial planning objectives this ratio will have to be set at a minimum of 1.

### **Revenue Management**

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- *As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.*

### **Creditors Management**

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- *The Municipality has not managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality will manage to ensure a 100% compliance rate to this legislative obligation. This is required to have a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.*

### **Other Indicators**

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- *The electricity distribution losses have decreased from 19% in 2018/19 to 17% in 2019/20 and further decreased to 16% in 2020/21. The initiatives to ensure these targets are controlled and lowered during the 2022/23 financial year include managing illegal connections and theft of electricity by auditing all systems, including prepaid meters.*
- *The water distribution losses continue to increase from 60% in 2018/19 to 74% in 2019/20 and decreased to 69% in 2020/21. The municipality will have to introduce a water leakage report and action centre. Also, areas currently not metered will have to have meters installed to ensure residents pay for water consumed. It is planned to further try and reduce distribution losses from 50% in 2022/23 to 20% by 2024/25.*
- *Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.*
- *Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.*

## **Free Basic Services: basic social services package for indigent households**

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*The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services and all indigents must apply annually and these applications will be scrutinized to ensure they are genuine.*

*For the 2022/23 financial year registered indigents have been provided for in the budget with this figured increasing by 2024/25. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.*

*Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 A10 (Basic Service Delivery Measurement) on page 75*

*Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.*

## **Providing clean water and managing waste water**

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*The Municipality is in the process of applying to the Department of Water Affairs to become the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The water is generated from the Municipality's own water sources, such as boreholes and small dams.*

*The following is briefly the main challenges facing the Municipality in this regard:*

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;*
- Shortage of skilled personnel makes proper operations and maintenance difficult;*
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.*

*The following are some of the steps that need to be undertaken to address these challenges:*

- Infrastructure shortcomings will be addressed through the capital budget in terms of a 5-year upgrade plan;*
- The filling of vacancies has commenced and the Waste Water Section will embark on an in-house training programme, especially for operational personnel;*
- The Section is working in consultation with the Department of Water Affairs to address catchment management.*

## **Overview of budget related-policies**

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

### **Review of credit control and debt collection procedures/policies**

*The policy adopted last year is credible, sustainable, manageable and informed by affordability and value for money. During the 2022/23 financial year there will be a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition, emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.*

*As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, an Integrated Indigent Exit Programme will have to be developed to link the registered indigent households to development, skills and job opportunities. The programme will further seek to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.*

*The 2022/23 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 84% on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.*

### **Asset Management, Infrastructure Investment and Funding Policy**

*A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.*

*Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. An Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy will prescribe the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).*

### **Budget Adjustment Policy**

*The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.*

### **Supply Chain Management Policy**

*The amended Supply Chain Management Policy must be adopted by Council in May 2022.*

### **Budget and Virements Policy**

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

### **Cash Management and Investment Policy**

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*The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and a cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks. The amendment is to ensure the policy is GRAP compliant.*

### **Tariff Policies**

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*The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.*

### **Financial Modelling and Scenario Planning Policy**

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*The Financial Modelling and Scenario Planning Policy will be compiled during the 2022/23 MTREF with the emphasis on affordability and long-term sustainability. The policy will dictate the approach to longer term financial modelling. The outcomes will then be filtered into the budget process. The model and scenario planning outcomes will be taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy will be the emphasis on financial sustainability. Amongst others, the following will be modelled as part of the financial modelling and scenario planning process:*

- *Approved 2021/22 Adjustments Budget;*
- *Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);*
- *Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);*
- *Loan and investment possibilities;*
- *Performance trends;*
- *Tariff Increases;*
- *The ability of the community to pay for services (affordability);*
- *Policy priorities;*
- *Improved and sustainable service delivery; and*
- *Debtor payment levels.*

*All the above existing policies are available on the Municipality's website, and all new policies will be placed on the website once adopted by Council. These include the following budget related policies:*

- *Property Rates Policy;*
- *Funding and Reserves Policy;*
- *Borrowing Policy;*
- *Budget Policy; and*
- *Basic Social Services Package (Indigent Policy).*

## **Overview of budget assumptions**

### **External factors**

Owing to the economic slowdown due mainly to Covid 19 and job losses, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### **General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2022/23 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 27,4% of total operating expenditure in the 2022/23 MTREF

### **Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions.

### **Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (84%) of annual billings. Cash flow is assumed to be 84% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **Growth or decline in tax base of the municipality**

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.



## **Salary increases**

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The multi-year Salary and Wage Collective Agreement from SALGBC has been utilised and SALGA Circular 05/2022 indicates the increase to be 4,9% and therefore the municipality budgeted an annual increase of 5% for the 2022/23 financial year and for the two outer years 4,2% and 4,5% respectively. The additional funding is due to finance interns that need to be absorbed as their contracts are expiring and the filling of the position of Municipal Manager which has been vacant since September 2021, medical aid increases in January each year and annual notch increases for staff.

## **Impact of national, provincial and local policies**

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Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and, in this regard, various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

## **Ability of the municipality to spend and deliver on the programmes**

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It is estimated that a spending rate of at least 85% is achieved on operating expenditure and 98% on the capital programme for the 2022/23 MTREF of which performance has been factored into the cash flow budget.

## **Overview of budget funding**

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### **Medium-term outlook: operating revenue**

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Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

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

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of an 84 % annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.



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

*The proposed tariff increases for the 2022/23 MTREF on the different revenue categories are:*

*Revenue to be generated from property rates is R99 million in the 2022/23 financial year and increases to R107,9 million by 2024/25 which represents 13,1% of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.*

*Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 335,8 million for the 2022/23 financial year and increasing to R365,6 million by 2024/25. For the 2022/23 financial year services charges amount to 44,39% of the total revenue base and remains constant over the medium-term.*

*Operational grants and subsidies amount to million, R 212,9 million for 2022/23, R221 million for 2023/24 and R237,1 million for 2024/25 financial years of the MTREF, or 28,1% of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing slowly over the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.*

*Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R1,6 million, R1,6 million for the respective three financial years of the 2022/23 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.*

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

**Table 20 KZN263 SA15 – Detail Investment Particulars by type**

**KZN263 Abaqulusi - Supporting Table SA15 Investment particulars by type**

Investment type	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government		13 095	14 656	18 162	18 162	18 162	18 162	8 162	8 162	8 162
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers' Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	<b>13 095</b>	<b>14 656</b>	<b>18 162</b>	<b>18 162</b>	<b>18 162</b>	<b>18 162</b>	<b>8 162</b>	<b>8 162</b>	<b>8 162</b>
<b>Entities</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers' Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
<b>Entities sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated total:</b>		<b>13 095</b>	<b>14 656</b>	<b>18 162</b>	<b>18 162</b>	<b>18 162</b>	<b>18 162</b>	<b>8 162</b>	<b>8 162</b>	<b>8 162</b>

**Table 21 KZN263 SA16 – Investment Particulars by Maturity**

**KZN263 Abaqulusi - Supporting Table SA15 Investment particulars by type**

Investment type	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government		13 095	14 656	18 162	18 162	18 162	18 162	8 162	8 162	8 162
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers' Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	<b>13 095</b>	<b>14 656</b>	<b>18 162</b>	<b>18 162</b>	<b>18 162</b>	<b>18 162</b>	<b>8 162</b>	<b>8 162</b>	<b>8 162</b>
<b>Entities</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers' Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
<b>Entities sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated total:</b>		<b>13 095</b>	<b>14 656</b>	<b>18 162</b>	<b>18 162</b>	<b>18 162</b>	<b>18 162</b>	<b>8 162</b>	<b>8 162</b>	<b>8 162</b>

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The draft MTREF therefore provides for a zero balance in each of the financial years. The municipality is seriously busy with an exercise of auditing of meters for electricity in the 2022/23 financial year.

### Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2022/23 medium-term capital programme:

**Table 22 Sources of Capital Revenue over the MTREF – Medium Term Revenue & Expenditure Framework A5 Capital**

Description R thousands	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	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>Funded by:</b>							
National Government	38 928	39 252	39 252	18 573	40 904	51 666	53 910
Provincial Government							
District Municipality							
0							
<b>Transfers recognised - capital</b>	<b>38 928</b>	<b>39 252</b>	<b>39 252</b>	<b>18 573</b>	<b>40 904</b>	<b>51 666</b>	<b>53 910</b>
<b>Borrowing</b>							
Internally generated funds	5 980	8 079	8 079	1 658	15 000	8 500	9 787
<b>Total Capital Funding</b>	<b>44 908</b>	<b>47 331</b>	<b>47 331</b>	<b>20 231</b>	<b>55 904</b>	<b>60 166</b>	<b>63 697</b>

**Figure 3 Sources of capital revenue for the 2022/23 financial year**

Capital grants and receipts represents R15 million from own funding and R40,9 million from grant funding for the 2022/23 financial year.

The following table is a detailed analysis of the Municipality's borrowing liability. (SA 17)





**Figure 4 Growth in outstanding borrowing (long-term liabilities)**

*Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source, it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.*





District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	30 047	42 260	37 713	37 152	37 152	37 152	42 083	43 859	45 748
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>182 535</b>	<b>199 905</b>	<b>246 160</b>	<b>220 276</b>	<b>220 276</b>	<b>220 276</b>	<b>273 544</b>	<b>274 915</b>	<b>293 380</b>

Summary of Employee and Councillor remuneration	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers Plus Other)</b>	1									
Basic Salaries and Wages		943	21	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		751	1 672	1 971	2 160	2 070	2 070	2 174	2 269	2 372
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		14 335	13 344	16 369	16 963	16 793	16 793	17 633	18 408	19 237
<b>Sub Total - Councillors</b>		<b>16 029</b>	<b>15 036</b>	<b>18 340</b>	<b>19 123</b>	<b>18 863</b>	<b>18 863</b>	<b>19 806</b>	<b>20 678</b>	<b>21 608</b>
<b>% increase</b>	4		<b>(6.2%)</b>	<b>22.0%</b>	<b>4.3%</b>	<b>(1.4%)</b>	<b>-</b>	<b>5.0%</b>	<b>4.4%</b>	<b>4.5%</b>
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		2 807	6 729	5 373	6 613	7 713	7 713	8 098	8 454	8 835
Pension and UIF Contributions		-	11	-	12	12	12	12	13	14
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		104	-	758	196	196	196	206	215	224
Motor Vehicle Allowance	3	172	-	-	-	-	-	-	-	-
Cellphone Allowance	3	31	179	165	212	192	192	202	211	220
Housing Allowances	3	14	-	-	-	-	-	-	-	-
Other benefits and allowances	3	132	-	1	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>3 260</b>	<b>6 918</b>	<b>6 297</b>	<b>7 033</b>	<b>8 113</b>	<b>8 113</b>	<b>8 518</b>	<b>8 893</b>	<b>9 293</b>
<b>% increase</b>	4		<b>112.2%</b>	<b>(9.0%)</b>	<b>11.7%</b>	<b>15.4%</b>	<b>-</b>	<b>5.0%</b>	<b>4.4%</b>	<b>4.5%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		78 991	103 969	100 727	100 327	113 695	113 695	122 695	128 094	133 858
Pension and UIF Contributions		16 177	16 334	17 984	17 742	18 315	18 315	19 231	20 077	20 981
Medical Aid Contributions		6 974	5 584	7 544	9 442	11 006	11 006	11 556	12 065	12 608
Overtime		9 600	1 475	9 783	8 928	11 627	11 627	10 894	11 373	11 885
Performance Bonus		6 320	6 817	6 339	7 576	8 324	8 324	8 740	9 124	9 535
Motor Vehicle Allowance	3	7 331	2 299	9 241	8 209	2 579	2 579	2 708	2 827	2 954
Cellphone Allowance	3	1 054	1 158	1 149	982	1 465	1 465	1 539	1 606	1 679
Housing Allowances	3	978	1 062	1 090	1 117	953	953	-	-	-
Other benefits and allowances	3	4 314	535	1 978	3 544	2 658	2 658	2 791	2 914	3 045





Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 380</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>65 594</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>64 669</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>64 669</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 450)</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>65 594</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>64 669</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>64 669</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 450)</b>

**KZN263 Abaqulusi - Supporting Table SA25 Budgeted monthly revenue and expenditure**

Description	Ref	Budget Year 2022/23											
		July	August	Sept.	October	November	December	January	February	March	April	May	June
<b>R thousand</b>													
<b>Revenue by Source</b>													
Property rates		8 258	8 258	8 258	8 258	8 258	8 258	8 258	8 258	8 258	8 258	8 258	8 258
Service charges - electricity revenue		17 162	17 162	17 162	17 162	17 162	17 162	17 162	17 162	17 162	17 162	17 162	17 162
Service charges - water revenue		4 927	4 927	4 927	4 927	4 927	4 927	4 927	4 927	4 927	4 927	4 927	4 927
Service charges - sanitation revenue		2 910	2 910	2 910	2 910	2 910	2 910	2 910	2 910	2 910	2 910	2 910	2 910
Service charges - refuse revenue		2 262	2 262	2 262	2 262	2 262	2 262	2 262	2 262	2 262	2 262	2 262	2 262
Rental of facilities and equipment		719	719	719	719	719	719	719	719	719	719	719	719
Interest earned - external investments		135	135	135	135	135	135	135	135	135	135	135	135
Interest earned - outstanding debtors		5 403	5 403	5 403	5 403	5 403	5 403	5 403	5 403	5 403	5 403	5 403	5 403
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		438	438	438	438	438	438	438	438	438	438	438	438
Licences and permits		593	593	593	593	593	593	593	593	593	593	593	593
Agency services		-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		66 790	-	-	-	-	66 790	-	-	66 790	-	-	-
Other revenue		124	124	124	124	124	124	124	124	124	124	124	124
Gains		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contribution)</b>		<b>109 721</b>	<b>42 931</b>	<b>42 931</b>	<b>42 931</b>	<b>42 931</b>	<b>109 721</b>	<b>42 931</b>	<b>42 931</b>	<b>109 721</b>	<b>42 931</b>	<b>42 931</b>	<b>42 930</b>
<b>Expenditure by Type</b>													
Employee related costs		16 014	16 014	16 014	16 014	16 014	16 014	16 014	16 014	16 014	16 014	16 014	16 015
Remuneration of councillors		1 651	1 651	1 651	1 651	1 651	1 651	1 651	1 651	1 651	1 651	1 651	1 651
Debt impairment		588	588	588	588	588	588	588	588	588	588	588	588
Depreciation & asset impairment		2 725	2 725	2 725	2 725	2 725	2 725	2 725	2 725	2 725	2 725	2 725	2 725
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity		21 783	21 783	21 783	21 783	21 783	21 783	21 783	21 783	21 783	21 783	21 783	21 783
Inventory consumed		2 606	2 606	2 606	2 606	2 606	2 606	2 606	2 606	2 606	2 606	2 606	2 606
Contracted services		9 338	9 338	9 338	9 338	9 338	9 338	9 338	9 338	9 338	9 338	9 338	9 339
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675
Losses		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 378</b>	<b>58 380</b>
<b>Surplus/(Deficit)</b>		<b>51 343</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>51 343</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>51 343</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 450)</b>

Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		14 251	-	-	-	-	13 326	-	-	13 326	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>65 594</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>64 669</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>64 669</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 450)</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>65 594</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>64 669</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>64 669</b>	<b>(15 447)</b>	<b>(15 447)</b>	<b>(15 450)</b>



## Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from "Ratepayers and other" to be provide for as cash inflow based on actual performance. In other words, the actual collection rate of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long-term borrowing (debt).

KZN263 Abaqulusi - Table A7 Budgeted Cash Flows

Description	Ref	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		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>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates		71 391	95 265	95 265	59 702	83 243	353 483	90 610
Service charges		278 674	286 298	286 298	197 675	360 943	801 663	377 955
Other revenue		37 340	38 222	38 222	11 977	12 600	38 101	12 600
Transfers and Subsidies - Operational	1	179 728	183 728	183 728	135 550	200 369	263 361	227 037
Transfers and Subsidies - Capital	1	40 548	40 548	40 548	34 396	58 464	61 666	53 910
Interest		1 680	1 680	1 680	362	1 620	1 620	1 620
Dividends		-	-	-	-	-	-	-
<b>Payments</b>								
Suppliers and employees		(553 783)	(625 115)	(625 115)	(277 302)	(662 296)	(1 400 460)	(689 009)
Finance charges		(1 300)	(1 300)	(1 300)	-	-	-	-
Transfers and Grants	1	-	-	-	-	-	0	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>54 278</b>	<b>19 326</b>	<b>19 326</b>	<b>162 359</b>	<b>54 943</b>	<b>119 433</b>	<b>74 722</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE		4 500	4 500	4 500	-	1 000	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-
<b>Payments</b>								
Capital assets		(41 428)	(43 850)	(43 850)	(20 963)	(73 464)	(120 331)	(63 697)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(36 928)</b>	<b>(39 350)</b>	<b>(39 350)</b>	<b>(20 963)</b>	<b>(72 464)</b>	<b>(120 331)</b>	<b>(63 697)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans		-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	12	-	-	-
<b>Payments</b>								
Repayment of borrowing		-	-	-	-	-	-	-

NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	12	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		17 350	(20 024)	(20 024)	141 409	(17 521)	(898)	11 025
Cash/cash equivalents at the year begin:	2	44 222	44 222	44 222	23 725	37 165	19 644	18 746
Cash/cash equivalents at the year end:	2	61 572	24 198	24 198	165 134	19 644	18 746	29 772

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2016/17 and from 2019/20 financial year the municipality started moving to a positive balance of R24,1 million with the adjusted budget in 2020/21 MTREF. With the 2020/21 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition, the Municipality will have to undertake an extensive debt collection process to boost cash levels in the 2021/22 financial year. These initiatives and interventions still translate into a negative cash position for the Municipality and it is projected that cash and cash equivalents on hand will decrease by the financial year end. For the 2021/22 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase in 2021/22 and steadily increase by 2023/24.

### **Cash Backed Reserves/Accumulated Surplus Reconciliation**

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with Sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What are the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with Section 18 of the MFMA requirement that the municipality's budget must be "funded". Non-compliance with Section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

*From the above table it can be seen that the cash and investments available total R19,6 million in the 2022/23 financial year and remains constant to 2022/23, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:*

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. For the 2022/23 financial year no provision has been made for this liability as the total unspent conditional grant liability has been factored into the 2022/23 capital programme of the Municipality.*
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project.*
- Provisions for statutory requirements include VAT owing to timing differences resulting from year-end obligations. The municipality will not have a liability as VAT is normally claimed from SARS.*
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.*

*The 2022/23 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. Nevertheless, from a pure cash flow perspective (cash out flow versus cash inflow) the budget is not funded as expenditure is more than the anticipated revenue. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.*

## **Funding compliance measurement**

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National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

### **Cash/cash equivalent position**

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The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A "positive" cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with Section 45 of the MFMA which deals with the repayment of short-term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2022/23 MTREF shows a surplus of R19,6 million increasing to R18,7 million in 2023/24 and R29,7 million in 2024/25.

### **Cash plus investments less application of funds**

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The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

### **Monthly average payments covered by cash or cash equivalents**

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The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

### **Surplus/deficit excluding depreciation offsets**

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The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An

*'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.*

*It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.*

#### ***Property Rates/service charge revenue as a percentage increase less macro inflation target***

*The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.*

*The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 4,2%). The result is intended to be an approximation of the real increase in revenue. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.*

#### ***Cash receipts as a percentage of ratepayer and other revenue***

*This factor is a macro measure of the rate at which funds are "collected". This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 100% for each of the respective financial years. Given that the assumed collection rate was based on an 85% performance target, the cash flow statement has been conservatively determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.*

#### ***Debt impairment expense as a percentage of billable revenue***

*This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 0% over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.*

### **Capital payments percentage of capital expenditure**

*The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.*

### **Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

*The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0% of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on pages 102 and 103.*

### **Transfers/grants revenue as a percentage of Government transfers/grants available**

*The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 % could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.*

### **Consumer debtors change (Current and Non-current)**

*The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.*

### **Repairs and maintenance expenditure level**

*This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.*

### **Asset renewal/rehabilitation expenditure level**

*This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.*



District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	30 047	42 260	37 713	37 152	37 152	37 152	42 083	43 859	45 748
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>182 535</b>	<b>199 905</b>	<b>246 160</b>	<b>220 276</b>	<b>220 276</b>	<b>220 276</b>	<b>273 544</b>	<b>274 915</b>	<b>293 380</b>







## **Contracts having future budgetary implications**

*In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.*

## **Legislation compliance status**

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

### **1. In year reporting**

*Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.*

### **2. Internship programme**

*The Municipality is participating in the Municipal Financial Management Internship programme and has employed four interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained interns through this programme and a majority of them were appointed either in the Municipality or other municipalities.*

### **3. Budget and Treasury Office**

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

### **4. Audit Committee**

*An Audit Committee has been established and is fully functional.*

### **5. Service Delivery and Implementation Plan**

*The detail SDBIP document is at a draft stage and will be finalised after approval of the 2022/23 MTREF in June 2022 directly aligned and informed by the 2022/23 MTREF.*

### **6. Annual Report**

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

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## **7. MFMA Training**

*The MFMA training module in electronic format is presented for the Municipality's internal employees and training is on-going.*

### **Policies**

*An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.*

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**Table 27 KZN263 SA32 – List of External Mechanisms**

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
UMHLABA GEOMATIC	5	2021/07/01	COMPILATION AND MAINTENANCE OF VALUATION ROLL AND SUPPLEMENTARY VALUATION ROLLA AS THE SUPPLY OF OTHER VALUATION RELATED SERVICES FOR ABAQULUSI MUNICIPALITY IN RESPECT OF THE FINANCIAL YEAR/S 1 JUNE 2019 TO JUNE 2024	01 June 2024	*R2495614.04
PK FINANCIAL CONSULTANTS	36	2021/06/24	APPOINTMENT OF PROFESSIONAL SERVICE PROVIDER FOR VAT REVIEW	1 JULY02024	
E-PLAN TOWN & REGINAL		2021/11/30	DEVELOPMENT OF WALL TO WALL LAND SCHEME		*R1250000
ESSEN TRADING	36	2021/0803	SUPPLY AND DELIRY OF POTHOLE PATCHING ITEMA FOR THE PERIOD OF 36 MONTHS	03 August 2024	

MSUFTU	36	2021/11/25	PROVISION OF VERGE MAINTAINANCE IN VRYHEID CENTRAL, EMONDLO AND EASTERN TOWN FOT THE PERIOD OF 36 MONTHS	25 November 2024	"R34258500.00
AMATAWUTAWU	12	2021/10/28	UPGRADING OF LAKESIDE GRAVEL ROAD TO PAVING PHASE3	28 October 2022	"R3751181.88
AYANDA MBANGO	36	2021/04/20	PANEL OF ADVERTING AGENCIES FOR THE PERIOD OF 36 MONTHS	20 April 2024	RATE PER ADVERT
GOLDEN REWARD 1850	12	2021/10/21	UPGRADING OF SHOBA ROADS IN WARD 5	21 October 2022	"R2037868.17
ZANOMSA	36	2020/12/18	PANEL OF SERVICE PROVIDERS TO SUPPLY AND DELIVERY OF WATER PLASTIC METERS WITH TAIL PIECE AND BULK FLANGED WATER METERS WITH SABS APPROVED FOR THE PERIOD OF 36 MONTHS	18 December 2023	PER ORDER
MELA OKUHLE	12	2021/10/21	UPGRADING OF EXTENSION 16 SASCO ROADS IN WARD 8 PHASE 2	21 October 2022	"R8477099.19
ANDILEKHIZE TRADING	12	2021/10/21	CONSTRUCTION OF WARD 13 COMMUNITY HALL	21 October 2022	"R5038692.17

MELA OKUHLE	12	2021/06/01	HIRE EQUIPMENT TO SERVICE VRYHEID LANDFILL SITE FOR THE PERIOD OF 12 MONTHS	01 June 2022	"R7372478.88
EKAYA PROMOTION	36	2020/12/18	PANEL OF SERVICE PROVIDERS FOR THE SUPPLY AND DELIVERY OF TRANSFORMERS FOR THE PERIOD OF 36 MONTHS	18 April 2023	AS PER ORDER
THUMAMINA	12	2021/10/21	TARING OF BHEKUMTHETHO ROADS PHASE 2	21 October 2022	"R7120645.61
MLN CONSULTING	36	2020/11/06	PANEL OF EXPERIENCE SERVICE PROVIDERS FOR CIVIL.ELECTRICAL, MECHANICAL AND SCIENTIFIC SERVICE FOR WATER AND SANITATION DEPARTED FOR THE PERIOD OF 36 MONTHS	06 November 2023	AS PER ORDER
BTMN	12	2021/10/05	INSTRUCTION TO PERFORM WORK SHOBA ELECTRIFICATION	04 October 2022	AS PER WORK DONE
DASHING DYNAMIC SOLUTION	36	2021/06/24	APPOINTMENT OF PROFESSIONAL SERVICE PROVIDER FOR FIXED ASSETS REGISTER MANAGEMENT	30 June 2024	AS PER WORK DONE

CONLOG	36	2020/12/18	PANEL SERVICE PROVIDERS TO SUPPLY AND DELIVER PRE-PAYMENT ELECTRICAL/CONVENTIONAL METERS FOR THE PERIOD OF 36 MONTHS	18 December 2023	AS PER ORDER
BURNING SPEAR ADVERTISING	36	2021/04/20	ADVERTISING AND COMMUNICATION AGENCY FOR THE PERIOD OF 36 MONTHS	20 April 2024	AS PER ORDER
ENGAPHELI MOYA	36	2020/11/06	PANEL OF EXPERIENCE SERVICE PROVIDERS FOR CIVIL, ELECTRICAL, MECHANICAL AND SCIENTIFIC SERVICE FOR WATER AND SANITATION DEPARTED FOR THE PERIOD OF 36 MONTHS	2023/11/06	AS PER ORDER
MTHOMBONGASHI	36	2021/08/03	READING OF WATER AND ELECTRICAL METERS FOR THE PERIOD OF 36 MONTHS	2024/08/03	"R4686480.00
XOLI M PROJECT	12	2021/10/01	UPGRADING OF MHLANGENI ROAD WARD 15	2022/10/21	"R2774998.01
LUZUKO	12	2020/07/28	TARING OF BHEKUMTHETHO ROADS PHASE 2	2022/05/28	"R3360412.21

COMPETITION CONSTRUCTION	36	2020/12/06	PANEL OF PLANT HIRE SERVICE PROVIDERS FOR THE MAINTENANCE OF GRAVEL ROADS FOR THE PERIOD OF 36 MONTHS	2023/11/06	AS PER WORK DONE
KFC ENGINEERING	36	2021/05/24	SUPPLY AND DELIVERY OF SPIGOT AND SOCKET STORM WATER CONCRETE PIPE	2024/05/04	"R1460500.00
INQUBEKO ENGINEERING	36	2020/12/18	PANEL OF EXPERIENCE SERVICE PROVIDERS FOR CIVIL ELECTRICAL, MECHANICAL AND SCIENTIFIC SERVICE FOR WATER AND SANITATION DEPARTED FOR THE PERIOD OF 36 MONTHS	2023/11/06	AS PER ORDER
LEXIS NAXIS RISK MANAGEMENT	36	2019/10/02	PROVISION OF THE SYSTEM TO ACCESS THE DEED OFFICE FOR THE PERIOD OF 36 MONTHS	2022/10/02	"R165942.29
INQUBEKO ENGINEERING	36	2020/12/06	PANEL OF SERVICE PROVIDERS TO SUPPLY AND DELIVERY OF WATER PLASTIC METERS WITH TAIL PIECE AND BULK FLANGED WATER METERS WITH SABS APPROVED FOR THE PERIOD OF 36 MONTHS	2023/12/18	AS PER ORDER

INQUBEKO ENGINEERING	36	2020/11/06	PANEL SERVICE PROVIDERS TO SUPPLY AND DELIVER PRE-PAYMENT ELECTRICAL/CONVENTIONAL METERS FOR THE PERIOD OF 36 MONTHS	2024/05/17	AS PER ORDER
ENGAPHELI MOYA	36	2020/11/06	PROVISION OF LABORATORY SERVICES FOR WATER & WASTEWATER QUALITY ANALYSIS OVER 36 MONTHS	2024/05/17	"R5362767.22
ITEC NEWCASTLE	36	2021/05/17	LEASING OF NEW COPIER MACHINES FOR THE PERIOD OF 36 MONTHS	2024/05/17	"R1514755.00
LIANA CONSULTING	36	2020/12/18	PROVISION OF REFUSE REMOVAL SERVICES IN VRYHEID CENTRAL AND SURROUNDING AREAS OVER 36 MONTHS	2023/05/17	"R21011648.56
ABSA	60	2022/05/17	PROVISION OF BANKING SERVICES FOR THE PERIOD OF 60 MONTHS	3024/05/17	
QOMKUFA SECURITY	36	2021/11/29	PROVISION OF SECURITY SERVICE	2024/11/29	"R67590409.94
MARSH	36	2020/12/18	MANAGEMENT OF SHORTS TERM INSURANCE FOR A PERIOD OF 36 MONTHS	2023/12/18	"R2523014.45

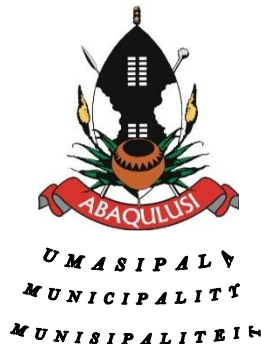
MAGNACORP 115 CC	36	2022/02/18	PROVISION OF REFUSE REMOVAL SERVICES IN VRYHEID EASTERN TOWN FOR THE PERIOD OF 36 MONTHS	2025/02/18	"R13338604.00
ENGAPHELI MOYA	36	2020/12/18	PANEL OF SERVICE PROVIDERS TO SUPPLY AND DELIVER STREETLIGHTS	2023/12/18	AS PER ORDER

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Our Ref.:  
Your Ref.

Enquiries:  
Dept.: Finance



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### QUALITY CERTIFICATE

I, ZG **Dhlamini**, 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
- Medium Term Budget

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

**MUNICIPAL MANAGER**  
**ABAQULUSI MUNICIPALITY**  
**KZN263**

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

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

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***Annexure A - Tariffs***

***(Documents are uploaded separately)***

***Annexure B - Government Provincial Allocation***

**LOCAL GOVERNMENT MTEF ALLOCATIONS: 2022/23 - 2024/25**

	2022/23	2023/24	2024/25
	R thousands	R thousands	R thousands
<b>B KZN263 Abaqulusi</b>			
<b>Direct transfers</b>			
<b>Equitable share and related</b>	<b>187 494</b>	<b>201 285</b>	<b>216 516</b>
<b>Fuel levy sharing</b>			
<b>Infrastructure</b>	<b>60 568</b>	<b>53 859</b>	<b>56 197</b>
Municipal infrastructure grant	42 083	43 859	45 748
Urban settlement development grant			
Public transport network grant			
Integrated national electrification programme (municipal) grant	18 485	10 000	10 449
Neighbourhood development partnership grant (capital grant)			
Rural roads assets management systems grant			
Integrated city development grant			
Regional bulk infrastructure grant			
Water services infrastructure grant			
Municipal disaster recovery grant			
Integrated urban development grant			
Metro informal settlements partnership grant			
<b>Capacity building and other current transfers</b>	<b>5 773</b>	<b>3 000</b>	<b>3 000</b>
Local government financial management grant	3 000	3 000	3 000
Municipal systems improvements grant			
Expanded public works programme integrated grant for municipalities	2 773		
Infrastructure skills development grant			
Municipal emergency housing grant			
Energy efficiency and demand side management grant			
Municipal disaster relief grant			
Programme and project preparation support grant			
Municipal demarcation transition grant			
<b>Sub total direct transfers</b>	<b>253 835</b>	<b>258 144</b>	<b>275 713</b>
<b>Indirect transfers</b>			
<b>Infrastructure transfers</b>	<b>13 407</b>	<b>9 600</b>	<b>3 096</b>
Regional bulk infrastructure grant			
Integrated national electrification programme (Eskom) grant	13 407	9 600	3 096
Neighbourhood development partnership grant (technical assistance)			
Rural households infrastructure grant			
Water services infrastructure grant			
Bucket eradication programme grant			
<b>Capacity building and other current transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>
Municipal systems improvements grant			
<b>Sub total indirect transfers</b>	<b>13 407</b>	<b>9 600</b>	<b>3 096</b>
<b>Total</b>	<b>267 242</b>	<b>267 744</b>	<b>278 809</b>
<b>Transfers from Provincial Departments</b>			
<b>Municipal Allocations from Provincial Departments</b>	<b>19 709</b>	<b>16 771</b>	<b>17 667</b>
<i>of which</i>			
<b>Economic Development, Tourism and Environmental Affairs</b>	<b>2 000</b>	<b>-</b>	<b>-</b>
Infrastructure Economic Development	2 000		
Municipal Employment Initiative			
<b>Human Settlements</b>	<b>7 011</b>	<b>8 759</b>	<b>7 433</b>
Operational Costs - Accredited Municipalities			
Community Residential Units (CRU)			
HSDG: Interventions	1 326	1 326	
ISU Partnership Grant	5 685	7 433	7 433
<b>DEPARTMENT OF SPORT, ARTS AND CULTURE</b>	<b>4 998</b>	<b>5 012</b>	<b>5 234</b>
Infrastructure - Sport and Recreation Infrastructure			
Maintenance Grants - Sport Facilities			
Operational costs of art centres			
Museum subsidies	235	249	260
Provincialisation of libraries	3 540	3 540	3 697
Community Library Services grant	1 223	1 223	1 277
<b>Co-operative Governance and Traditional Affairs</b>	<b>5 700</b>	<b>3 000</b>	<b>5 000</b>
Corridor Development			
Disaster Management programme			
Massification/Electrification Programme			
Small Town Rehabilitation programme	5 700	3 000	5 000
<b>Total: Transfers from Provincial Departments</b>	<b>19 709</b>	<b>16 771</b>	<b>17 667</b>

***Annexure C - "A" Schedule***  
***(Documents are uploaded separately)***

***Annexure D - Signing Budget Locking Certificate***  
***(Documents are uploaded separately)***

***Annexure E - Service Level Standards***

**Province: Municipality (KZN263) - Schedule of Service Delivery Standards Table**

Description Standard	Service Level
<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
Licenced 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><i>Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)</i></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



**Province: Municipality (KZN263) - Schedule of Service Delivery Standards Table**

Description Standard	Service Level
<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
What is the frequency of meters being read? (per month, per year)	Monthly
Are estimated consumption calculated at 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
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	Immediately where possible
Are accounts normally calculated on actual readings? (Yes/no)	Yes
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 meters? (days)	Within 30 days
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	Yes, tender has been drawn up
How effective is the action plan in curbing line losses? (Good/Bad)	Not in use at the moment
How soon does the municipality provide a quotation to a customer upon a written request? (days)	Within 7 days
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	Within 10 days
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)	Within 10 days
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)	Within 30 days
<b>Sewerage Service</b>	
Are your purification system effective enough to put water back in to the system after purification?	Yes
To what extend do you subsidize your indigent consumers?	Indigent consumers get subsidized 100%
<b>How long does it take to restore sewerage breakages on average</b>	
Severe overflow? (hours)	24 hours
Sewer blocked pipes: Large pipes? (Hours)	4 hours
Sewer blocked pipes: Small pipes? (Hours)	1 hour
Spillage clean-up? (hours)	1 hour
Replacement of manhole covers? (Hours)	1 hour
<b>Road Infrastructure Services</b>	

**Province: Municipality (KZN263) - Schedule of Service Delivery Standards Table**

Description Standard	Service Level
Time taken to repair a single pothole on a major road? (Hours)	2 hours
Time taken to repair a single pothole on a minor road? (Hours)	1 hour
Time taken to repair a road following an open trench service crossing? (Hours)	8 hours
Time taken to repair walkways? (Hours)	4 hours
<b>Property valuations</b>	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	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>	

**Province: Municipality (KZN263) - Schedule of Service Delivery Standards Table**

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



***Annexure G - Policies***  
***(Documents are uploaded separately)***

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***Annexure H - Funding Plan***  
***(Document is uploaded separately)***

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***Annexure I - Comments from Community***

## **DRAFT IDP/BUDGET ROADSHOWS**

**DATE: 25 April 2022**

**TIME: 10:00**

**VENUE: Cecil Emmet Hall – Ward Committees**

<b>Comments and/or Input</b>	<b>Response</b>
<p><i>Mr T Nkosi (Ward 16)</i></p> <ul style="list-style-type: none"><li>• <i>Request help with unblocking the sewage system in one of the high schools</i></li><li>• <i>Complaint regarding the state of the roads, electricity supply issues and the lack of monitoring on the Municipality's side as there are areas that do not pay tariffs at all</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Roads maintenance is and repairs are included in the budget. They will go as possible</i></li><li>• <i>Electrical and other infrastructure are also allocated for within the internal budget.</i></li><li>• <i>Technical department requested to assist in unblocking of sewers.</i></li></ul>
<p><i>Mr Buthelezi</i></p> <ul style="list-style-type: none"><li>• <i>Request that bridged electricity meters attended to in order to prevent revenue loss.</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Strategies to alleviate bridging and closer monitoring to be implemented accordingly and all those found to be illegally using services will be disconnected.</i></li></ul>
<p><i>Ms T (Ward 19)</i></p> <ul style="list-style-type: none"><li>• <i>Expressed a concern on the increasing rates</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Indigent applications are to be made prior to the beginning of the new financial year to ensure that there are no glitches or unexpected applicants that are not catered for.</i></li></ul>
<p><i>Mr S (Ward 12)</i></p> <ul style="list-style-type: none"><li>• <i>Concerned about the water situation in Mezzelfontein and requested that rather the road project to be implemented be put on hold until there is running water in the area</i></li></ul>	<ul style="list-style-type: none"><li>• <i>The proposal is acknowledged. It will also be considered in the upcoming year's budget and Zululand District Municipality (ZDM) to be engaged regarding the water issue as they are the Water Services</i></li></ul>



Authority (WSA) in the area

**DATE: 26 April 2022**

**TIME: 10:00**

**VENUE: Khambi Hall**

<b>Comments and/or Input</b>	<b>Response</b>
<p><i>Mr B Hlatshwayo (Ward 3)</i></p> <ul style="list-style-type: none"><li>Request that where the Municipality can please include the refurbishments of the local sportsground, re-gravelling of access roads</li></ul>	<ul style="list-style-type: none"><li>The sports field to be in consideration in next IDP</li><li>Roads maintenance already included as part of the budget.</li></ul>
<p><i>Mr T Shabangu (Emthumeni)</i></p> <ul style="list-style-type: none"><li>Request that electricity be connected as the area has no electricity</li></ul>	<ul style="list-style-type: none"><li>Relevant body (Eskom) to be approached to assist.</li></ul>
<p><i>Ms B Sibisi</i></p> <ul style="list-style-type: none"><li>Satisfied with the budget and the allocation made in the LED segment.</li></ul>	<ul style="list-style-type: none"><li></li></ul>
<p><i>Mr T Nxumalo</i></p> <ul style="list-style-type: none"><li>Concerned about the unemployment rate and requested clarity on how the locals will be ensured an opportunity to benefit in the LED allocation</li></ul>	<ul style="list-style-type: none"><li>Vacancies are advertised on different platforms such as Facebook, newspapers and notice boards. However, broader communication strategies to be deployed to ensure that vacancies reach more people.</li><li>Early applications for matriculants to institutions to ensure that they get spaces in time and in turn apply for assist.</li><li>Local business owners</li></ul>
<p><i>Mr J Ndwandwe</i></p> <ul style="list-style-type: none"><li>Enquired on how the impoverished are to benefit</li><li>Raised a concern on the bridging of electricity in the area</li></ul>	<ul style="list-style-type: none"><li>There is an allocation made for indigent residents.</li></ul>

<ul style="list-style-type: none"> <li>• Requested that ALM assist in engaging other governmental departments and institutions that will be able to assist in obtaining services where they are outside the municipality's jurisdiction in consultation with community forums.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring strategies to be employed regarding bridged services.</li> <li>• Relevant bodies of government to be engaged regarding electricity and water issues.</li> </ul>
<p><i>Ms F Mdluli</i></p> <ul style="list-style-type: none"> <li>• Request assistance with proper site and/or building material for Ntumbane Creche</li> </ul>	<ul style="list-style-type: none"> <li>• Creche to be considered to for upcoming IDP</li> </ul>
<p><i>Mr M Msezane (Ehlanzeni)</i></p> <ul style="list-style-type: none"> <li>• Raised concern on the households without electricity in the area</li> </ul>	<ul style="list-style-type: none"> <li>• Relevant body to be engaged.</li> </ul>
<p><i>Mr T Shabangu (Emthumeni)</i></p> <ul style="list-style-type: none"> <li>• Requested clarity on the procedure in identifying the businesses to be assisted and what opportunities there are for them.</li> <li>• Water and electricity were promised in the prior years.</li> </ul>	<ul style="list-style-type: none"> <li>• Early applications and proposals to be made to the relevant unit (Planning: LED) via ward councillor</li> <li>• ZDM and Eskom regulate the water and electricity in the area. ALM to make allocations after investigation in upcoming year(s).</li> </ul>

**DATE: 26 April 2022**

**TIME: 14:00**

**VENUE: Shoba Grounds**

<b>Comments and/or Input</b>	<b>Response</b>
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**DATE: 26 April 2022**

**TIME: 17:00**

**VENUE: Ntseka Grounds**

<b>Comments and/or Input</b>	<b>Response</b>
<ul style="list-style-type: none"><li>• <i>Request for clarity on how the Municipality will take over the services in the area</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Implementation of the services will be made as smoothly as possible. Information to be shared by ward councillor when making residents aware of the procedure.</i></li></ul>
<ul style="list-style-type: none"><li>• <i>Enquiry about the number of planned connections as there are more households than those indicated</i></li></ul>	<ul style="list-style-type: none"><li>• <i>The number of households identified were those that were in the area on investigation, a follow up will be made with Eskom.</i></li></ul>
<ul style="list-style-type: none"><li>• <i>Enquiry on when roads may be expected to be fixed since the municipality is taking over the services and will residents be required to make any contributions towards the services other than the rates that may be imposed</i></li></ul>	<ul style="list-style-type: none"><li>• <i>The residents are not expected to make contributions.</i></li><li>• <i>Gravelling of roads to be implemented on a continuous basis</i></li></ul>

**DATE: 28 April 2022**

**TIME: 10:00**

**VENUE: Coronation Hall**

<b>Comments and/or Input</b>	<b>Response</b>
<p><i>Ms F Zulu</i></p> <ul style="list-style-type: none"><li>• <i>Exceptionally pleased with the indigent's allocation as there is a high unemployment rate</i></li></ul>	<ul style="list-style-type: none"><li>•</li></ul>
<p><i>Ms T Khumalo</i></p> <ul style="list-style-type: none"><li>• <i>Satisfied with the budget as presented</i></li></ul>	<ul style="list-style-type: none"><li>•</li></ul>
<p><i>Ms M Nkosi</i></p> <ul style="list-style-type: none"><li>• <i>Requests that the Nkongolwane Hall and satellite office be refurbished and be taken better care of so that it may be operational.</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Hall and offices are included in the maintenance of all satellite offices.</i></li></ul>
<p><i>Mr S Zulu</i></p> <ul style="list-style-type: none"><li>• <i>Requested clarity on the projects in ward 6 as there are households which are without toilets and electricity.</i></li></ul>	<ul style="list-style-type: none"><li>• <i>ZDm to be engaged regarding the toilets as they regulate those services.</i></li></ul>
<p><i>Mr X Khalishwayo</i></p> <ul style="list-style-type: none"><li>• <i>Suggested that due to the high unemployment rate that current outstanding balances that residents owe be cancelled as resident will not be able to pay them off.</i></li><li>• <i>Complaint regarding the waste removal services (no refuse bags handed out)</i></li><li>• <i>Requests new extensions be made in electrical connections</i></li><li>• <i>Requests the Municipality intervene by engaging the Department of Social Services and Department of Human Settlements to assist those who lost their homes with the last severe storms.</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Unable to cancel the debts, however, payment arrangements may be made and indigent applications may also be made where applicable.</i></li><li>• <i>Relevant department (Community Services) to investigate the matter</i></li><li>• <i>Electrical extensions to be considered for upcoming year.</i></li><li>• <i>Engagement with requested Departments to be made.</i></li></ul>

**DATE: 28 April 2022**

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**TIME: 17:00**

**VENUE: Vryheid Library Hall**

<b>Comments and/or Input</b>	<b>Response</b>
<ul style="list-style-type: none"><li>• <i>Applauded the thoughtfulness put into the compilation of the budget.</i></li></ul>	<ul style="list-style-type: none"><li>•</li></ul>
<ul style="list-style-type: none"><li>• <i>Expressed dissatisfaction with the overall conditions of the town (from roads and traffic signs to sewage and cleanliness)</i></li><li>• <i>Requests that municipal funds be better used going ahead</i></li></ul>	<ul style="list-style-type: none"><li>• <i>The budget has included maintenance and equipment to ensure that services will be delivered in the best manner possible</i></li></ul>
<ul style="list-style-type: none"><li>• <i>Expressed displeasure with the conditions of the town.</i></li><li>• <i>Requested that security on municipal infrastructure be beefed up and that maintenance on water and electrical lines as well as other infrastructure be made on an ongoing basis and back-up equipment to ensure that the town does not have constant supply issues.</i></li><li>• <i>Also requested that proper processes relating to maintenance of roads and patching of potholes be adopted. He further identified roads of concern other than those in the central town area: Kambula Road (R33) and Mfolozi Bridge.</i></li><li>• <i>Moreover, he requested that local tenderers also be awarded opportunities as they are skilled and competent, however, the municipality should ensure that payments are done on time.</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Security is on site but will be made more visible and request residents to continue assisting where they can.</i></li><li>• <i>Technical services will be made aware of the roads identified and those not belonging to the municipality the relevant Department will be engaged.</i></li><li>• <i>Tenderers are to make bids when opportunities arise. It should also be noted that locals are actually scored higher.</i></li></ul>
<ul style="list-style-type: none"><li>• <i>Raised a concern regarding the priorities on the budget as the roads, water and electricity should be high on the list.</i></li><li>• <i>Suggested that the swimming pool and car ports be removed to ensure that the above is in order.</i></li><li>• <i>Also raised a concern on the policing on the roads as both motorists and pedestrians do not adhere to road rules and the lack of signage on roads as well as the traffic lights that do not work be fixed.</i></li><li>• <i>Further requested that refuse bags be handed to residents, dustbins be put up in</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Suggestions to be taken into consideration and appropriate adjustments will be made where possible.</i></li><li>• <i>Community Services is working on ensuring that policing is more visible as the traffic officers have been on training to better deliver to residents.</i></li></ul>

<p><i>town and that the cleaning of gutters and town be prioritised.</i></p>	<ul style="list-style-type: none"> <li>• <i>Refuse removal and cleaning of the town will be prioritised.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Stated that the budget be laid out as presented.</i></li> <li>• <i>Requested that local contractors be awarded with opportunities as there are many local businesses that have proven to be knowledgeable.</i></li> <li>• <i>Also requested that the municipality source funds that will assist in ensuring that services are better delivered.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Local contractors are to bid on opportunities accordingly.</i></li> <li>• <i>Requests have been noted and will be implemented.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Raised a concern regarding Mark and Presidents Streets, as they were presented in previous years as well.</i></li> <li>• <i>Enquired how the residents will know that the budget was really used appropriately in the coming financial year.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Previously the municipality had approached CoGTA utilising the MIG fund, however, it has now been advised properly on the processes.</i></li> <li>• <i>Feedback will be made public knowledge</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Raised a complaint regarding the ward 8 councillor not acknowledging complaints and lack in feedback.</i></li> <li>• <i>Enquired on the sizing of plots and the processes to be followed for subdivision.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Ward committee meetings to be held on a regular basis to ensure information is shared accordingly.</i></li> <li>• <i>The Planning unit will be able to advise on the subdivision.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Praised the technical and community services departments although they may be improved.</i></li> <li>• <i>Requested feedback on the budget before it is finalised to ensure that the grievances and suggestions made by residents was really taken into consideration.</i></li> <li>• <i>Also, requested that the municipality be adopt a more accountable approach going ahead.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Assured residents that the municipality is as transparent as required and that all their grievances are acknowledged. Further, the budget will be implemented appropriately.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Raised a concern in regards to the overall maintenance of municipal infrastructure as it makes living and working in the town very difficult.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Maintenance of municipal infrastructure is allocated for as well as roads and components directly affecting service delivery.</i></li> </ul>

- Requested that the town go back to its previous glory with proper services being rendered especially to the rate payers.

**DATE: 29 April 2022**

**TIME: 09:00**

**VENUE: Hlahlindlela Hall**

<b>Comments and/or Input</b>	<b>Response</b>
<p><i>Mr Mdlalose (Ward 21)</i></p> <ul style="list-style-type: none"> <li>• Requested that cemeteries be fenced and commended the return of the burial assistance.</li> <li>• He also requested that the electrical line to Ngilandi be fixed as there are always interruptions whenever it rains</li> </ul>	<ul style="list-style-type: none"> <li>• The fencing of the cemetery and electrical line will be tabled for the next IDP</li> </ul>
<p><i>Ms N Nkosi (Mhlongo Farm)</i></p> <ul style="list-style-type: none"> <li>• Requested that the water supply be fixed as there is always a water shortage in the area.</li> <li>• Also requested that ALM engage Department of transport regarding the roads as they're inaccessible.</li> </ul>	<ul style="list-style-type: none"> <li>• ZDM and Department of Transport (DOT) to be engaged regarding the issues raised</li> </ul>
<p><i>Mr N Ntshangase (Ward 21)</i></p> <ul style="list-style-type: none"> <li>• Concerned that there aren't any projects allocated in his ward</li> <li>• Requested assistance as a small business owner</li> </ul>	<ul style="list-style-type: none"> <li>• Business owners to engage with their councillor regarding the LED processes or visit the municipal office for information regarding processes</li> </ul>
<p><i>Ms S Sibiyi (ward 15)</i></p> <ul style="list-style-type: none"> <li>• Requested electrical connections to households that are not connected.</li> <li>• Also requested that more employment opportunities be raised where possible; even if the number of EPWPs are increased as there is a high unemployment rate.</li> </ul>	<ul style="list-style-type: none"> <li>• Electrification project to be considered for the next IDP</li> <li>• The municipality advertises vacancies on different platforms and implores residents to apply for these vacancies. EPWP programs are also advertised on a continuous basis for other government institutions too.</li> </ul>

<p><i>Ms N Ntuli (Ward 21)</i></p> <ul style="list-style-type: none"> <li>• Requested that the municipality look into a project that will include an internet café as it'll assist the youth in various aspects, especially in applying for work.</li> </ul>	<ul style="list-style-type: none"> <li>• The municipality will aid where it can and has been approached by a resident in the same ward about an internet café already.</li> </ul>
<p><i>Ms N Ngema</i></p> <ul style="list-style-type: none"> <li>• Praised the budget as it seems well thought.</li> <li>• Request assist with non-profit organisation that's dedicate to assisting the elderly by cooking for them.</li> </ul>	<ul style="list-style-type: none"> <li>• NPOs as a part of business owners are also requested to follow procedure with the councillors and LED office.</li> </ul>
<p><i>Mr M Ntuli (ward 21)</i></p> <ul style="list-style-type: none"> <li>• Requested clarity on how the youth and sports will benefit and requested information on the processes to be followed.</li> <li>• Also requested that the road to Ngilandi be fixed as after laying a pipe crossing the road in was left in a poor state.</li> </ul>	<ul style="list-style-type: none"> <li>• Information regarding the process and procedures to be followed will be announced by the councillor in due course.</li> <li>• ZDM to be engaged regarding assisting the road to proper condition.</li> </ul>
<p><i>Ms N Mzolo (Ward 15)</i></p> <ul style="list-style-type: none"> <li>• Requested the municipality engage Home Affairs regarding an I.D. campaign for children in the area</li> <li>• Also requested that the municipality include low level bridges as the children have to cross streams and rivers to get to school.</li> </ul>	<ul style="list-style-type: none"> <li>• Deputy Mayor to engage Home Affairs regarding the I.D. campaign.</li> <li>• Bridges and roads will be in consideration for the following IDP/Budget</li> </ul>
<p><i>Mr N Sibiya</i></p> <ul style="list-style-type: none"> <li>• Satisfied with the budget</li> <li>• Requested that the roads be filled with quarry instead as it'll help stabilise the mud during the rainy season.</li> </ul>	<ul style="list-style-type: none"> <li>• Suggestion noted and will be implemented as requested and where DOT relevant will be engaged.</li> </ul>
<p><i>Mr P Mkhwanazi</i></p> <ul style="list-style-type: none"> <li>• Expressed pleasure regarding the allocation made to assist with registration fees to matriculants.</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
<p><i>Ms H Dubazane</i></p> <ul style="list-style-type: none"> <li>• Requested that toilets be built for locals without and raised the lack of water in the area and houses that are in poor conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Dept. of Human Settlements will be engaged regarding the poorly built homes</li> </ul>



**DATE: 29 April 2022**

**TIME: 12:00**

**VENUE: Emondlo Block A Hall**

<b>Comments and/or Input</b>	<b>Response</b>
<p><i>Mr S Xaba (Ward 20)</i></p> <ul style="list-style-type: none"><li><i>• Suggested that wards, such as his, be divided into sub-wards in order to ensure that the will of the people is done</i></li><li><i>• Commended the budget but requested that proper development measures be put in place in terms of water and electricity supply and the deteriorating roads, as well as the high unemployment rate.</i></li><li><i>• He also requested that the street lights and high mast lights be fixed as they add onto the high crime rate in Emondlo.</i></li><li><i>• Expressed concern about food parcels being distributed in an irregular manner</i></li></ul>	<ul style="list-style-type: none"><li><i>• Food parcels are distributed by Department of Social Development.</i></li><li><i>• Maintenance of roads and infrastructure is included in the budget.</i></li><li><i>• D.O.T to be engaged regarding to roads belonging to them.</i></li></ul>
<p><i>Mr S Nene (Ward 20)</i></p> <ul style="list-style-type: none"><li><i>• Raised concern regarding the unfinished project in Section C (Tarring of Bhekumthetho Road Phase 1).</i></li><li><i>• Commended the maintenance to be done on the satellite offices as well. He highlighted the state that the Emondlo office is in.</i></li><li><i>• Requested clarity on how small businesses will benefit from the allocation made for them</i></li><li><i>• Further requested that services be delivered accordingly as Emondlo residents also pay rates and that the increase in rates be reconsidered due to the high unemployment rate.</i></li></ul>	<ul style="list-style-type: none"><li><i>• Appropriate steps are being taken regarding the unfinished project.</i></li><li><i>• Maintenance being done to ensure that residents receive the best services as possible.</i></li><li><i>• Business owners and tenderers are encouraged to make bids and frequent LED office as well as register on the municipal database.</i></li></ul>
<p><i>Mr B Khumalo (Ward 18)</i></p> <ul style="list-style-type: none"><li><i>• Requested that local tenderers be awarded tender opportunities.</i></li><li><i>• Raised concern regarding municipal infrastructure not having visible security as that results in damaged and vandalised by residents.</i></li></ul>	<ul style="list-style-type: none"><li><i>• Tenderers are encouraged to tender their bids for opportunities.</i></li><li><i>• Security will be made more visible to ensure that infrastructure is kept safe</i></li></ul>

<p><i>Mr B Buthelezi (Ward 20)</i></p> <ul style="list-style-type: none"> <li>• Requested that maintenance be done on roads and other municipal infrastructure</li> <li>• Also requested that routine cleaning and unblocking of storm water drains be done as it aids the poor state of the roads.</li> </ul>	<ul style="list-style-type: none"> <li>• Unblocking of drains also included in the maintenance allocation of the presented budget.</li> </ul>
<p><i>Mr Vilakazi 9Ward 20)</i></p> <ul style="list-style-type: none"> <li>• Enquired about the commencement of the MV Lines project</li> <li>• Requested clarity on the youth development aspect on the budget</li> </ul>	<ul style="list-style-type: none"> <li>• The project engineer and subcontractor are set to commence as soon as possible on the project.</li> <li>• The appropriate unit(s) will inform the community via councillors about the procedure to be followed in youth programs</li> </ul>
<p><i>Mr Xaba (Ward 20)</i></p> <ul style="list-style-type: none"> <li>• Encouraged the awarding of local tenderers and businesses as they are more invested in ensuring that projects are done properly and timeously.</li> <li>• Requested that the budget rather be presented in actual values and not percentages so that people will better understand the impact of the increases.</li> <li>• Requested that the water supply be consistent throughout and not have certain areas be without whilst others do have. He further requested that the water quality increase too as it is very low at the moment.</li> </ul>	<ul style="list-style-type: none"> <li>• Tenderers are to bid when opportunities arise.</li> <li>• Water supply issues are also taken into consideration and with the employment of the Water Services manager the municipality looks to increasing the quality as well.</li> </ul>
<p><i>Ms Dlamini</i></p> <ul style="list-style-type: none"> <li>• Commended the budget but added that the indigent application be accessible to more people</li> <li>• Concerned about town also being impacted by load shedding whereas it was not being affected previously.</li> <li>• She also expressed her satisfaction with the return of the burial assistance for the underprivileged.</li> </ul>	<ul style="list-style-type: none"> <li>• Councillors will be assisting with the indigent application to ensure that all the relevant persons are able to apply in time.</li> </ul>

**DATE: 29 April 2022**

**TIME: 17:00**

**VENUE: Council Chambers - Business Chamber**

<b>Comments and/or Input</b>	<b>Response</b>
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**DATE: 03 May 2022**

**TIME: 10:00**

**VENUE: Council Chambers – Traditional Leaders**

<b>Comments and/or Input</b>	<b>Response</b>
<p><i>Chief Zondo</i></p> <ul style="list-style-type: none"><li>• <i>Commended the budget. However, raised concern on that it will not reach all the residents.</i></li><li>• <i>He also requested that the roads maintenance be prioritised over the refurbishment of the swimming pool</i></li><li>• <i>He noted the importance of the town's conditions improving to ensure that investors being enticed and show genuine interest.</i></li><li>• <i>Concerned about the increase in rates as the unemployment rate is so high.</i></li><li>• <i>He, further, requested that leaders also</i></li></ul>	<ul style="list-style-type: none"><li>• <i>The budget to be reprioritised as best as possible</i></li><li>• <i>Crèches and facilities that are with the municipality's jurisdiction will be taken into consideration for the next IDP.</i></li><li>•</li></ul>
<p><i>Chief Zulu</i></p> <ul style="list-style-type: none"><li>• <i>Concurred with Chief Zondo regarding the swimming pool not being a priority but rather focusing in what assist will alleviate unemployment in the long run.</i></li><li>• <i>He also suggested that the municipality look in agricultural projects as the area has high levels of agricultural potential.</i></li><li>• <i>He also requested that rural areas be targeted as there are many inaccessible roads there.</i></li></ul>	<ul style="list-style-type: none"><li>• <i>The municipality will engage institutions and relevant bodies and will look into sourcing funds to assist with the requested.</i></li><li>• <i>Crèches and facilities that are with the municipality's jurisdiction will be taken into consideration for the next IDP.</i></li></ul>

<ul style="list-style-type: none"> <li>• He further requested that the municipality engage relevant institutions about libraries, clinics and other facilities that improve lives of the rural communities.</li> <li>• He lastly requested that community gardens be fenced off as cattle damage the crop</li> </ul>	<ul style="list-style-type: none"> <li>• The budget to be reprioritised as best as possible</li> <li>• Land use projects will be strategized and implemented after proper investigation and feasibility done.</li> </ul>
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**DATE: 03 May 2022**

**TIME: 14:00**

**VENUE: Cecil Emmet Hall – Religious Leaders**

<b>Comments and/or Input</b>	<b>Response</b>
<ul style="list-style-type: none"> <li>• Enquired whether the sites that the Church leaders had identified are the same</li> </ul>	<ul style="list-style-type: none"> <li>• The sites identified are the same site to be allocated.</li> </ul>
<ul style="list-style-type: none"> <li>• Raised a concern on the increase in rates</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in rates is due to rise in costs and is guided by the relevant bodies except electricity which NERSA is yet to respond to. Indigents allocation made as provision for those that cannot afford to make full payments.</li> </ul>
<ul style="list-style-type: none"> <li>• Enquired what process would be followed in the LED allocation and enquired what led to the increase in rates</li> </ul>	<ul style="list-style-type: none"> <li>• Ward councillors will be informed of the processes and will share these with the community. Business owners are also welcome to consult the LED unit.</li> </ul>
<ul style="list-style-type: none"> <li>• Enquiry on electricity in emdundulezweni as there are many households without electricity.</li> </ul>	<ul style="list-style-type: none"> <li>• Municipality to engage Eskom regarding</li> </ul>

**DATE: 04 May 2022**

**TIME: 09:00**

**VENUE: Cecil Emmet Hall - Staff**

<b>Comments and/or Input</b>	<b>Response</b>

<ul style="list-style-type: none"> <li>• Requested that vacancies be filled as overtime is capped at 40hours whereas some officials end up working more than those in overtime to ensure that residents obtain the services</li> </ul>	<ul style="list-style-type: none"> <li>• Organogram is finalised and vacancies will be advertised accordingly. However, it should be noted that they will be determined by the revenue collected.</li> </ul>
<ul style="list-style-type: none"> <li>• Enquired about the pensions of those employees which were moved from SALA to NJMPF</li> </ul>	<ul style="list-style-type: none"> <li>• The matter regarding pensions is ongoing and feedback will be given once proper procedure has been followed.</li> </ul>
<ul style="list-style-type: none"> <li>• Requested that employees be compensated their overtime accordingly and enquired whether the Municipality's grading will change with the increase in wards.</li> </ul>	<ul style="list-style-type: none"> <li>• The grading of the municipalities is gazetted according to legislature.</li> <li>• A strategy to prevent exceeding the current limit for overtime will be deferred to management</li> </ul>
<ul style="list-style-type: none"> <li>• Request that the cemetery in Bhekuzulu be fenced, be cleaned and that toilets be built there.</li> </ul>	<ul style="list-style-type: none"> <li>• The request for toilets at the cemetery will be in consideration for the next financial year's budget.</li> </ul>
<ul style="list-style-type: none"> <li>• Requested that all employees be equipped appropriately with tools of trade and that materials utilised for maintenance and day to day operations be of high quality as this will ensure costs are kept low</li> </ul>	<ul style="list-style-type: none"> <li>• Tools of trade are included in the budget to assist officials in their respective undertakings.</li> </ul>
<ul style="list-style-type: none"> <li>• Commended that maintenance of satellite offices will be done, especially in Nkongolwane as the hall and office there are in a very condition.</li> </ul>	<ul style="list-style-type: none"> <li>• The municipality strives to ensure that all its residents are able to receive services in an efficient and convenient manner to them.</li> </ul>
<ul style="list-style-type: none"> <li>• Request that the roads in and around town be fixed as well electricity and water supply issues</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of all roads and infrastructure is allocated for in the budget</li> </ul>
<ul style="list-style-type: none"> <li>• Request that the wellbeing of the employees be ensured as there are grievances which are overlooked</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership and management encourage the employees to report their grievances via the correct channels to</li> </ul>

	<p><i>ensure that proper procedure is followed at all times which in turn safeguard their overall wellness whilst with the municipality and beyond.</i></p>
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**DATE: 29 April 2022**

**TIME: 17:00**

**VENUE: Cecil Emmet Hall - SANTACO**

<b>Comments and/or Input</b>	<b>Response</b>
<ul style="list-style-type: none"> <li>• <i>Requested that there be an office within the traffic unit for permits to operate</i></li> <li>• <i>Request that the roads be fixed, especially in town, as the current state of the roads is below par.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>RTI and the Dept. to be engaged regarding the local office requested.</i></li> <li>• <i>Roads are included in the maintenance allocation.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Request that a taxi rank with proper shelter for commuters be constructed</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Taxi rank to be considered in future years</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Request that maintenance be improved and that better policing take place as there a many hitch-hiking spots cropping up which disturb traffic.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Traffic officers to be more visible to ensure adherence to road rules and bylaws by all users</i></li> </ul>