

# **MANDENI MUNICIPALITY (KZN 291) mSCOA ANNUAL BUDGET 2018/19 & MTREF**



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

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## Table of Contents

<b>ANNEXURE.....</b>	<b>A</b>
<b>PART 1 – MSCOA ANNUAL BUDGET.....</b>	<b>1</b>
1.1 MAYOR’S REPORT .....	1
1.2 COUNCIL RESOLUTIONS.....	9
1.3 EXECUTIVE SUMMARY .....	11
1.4 OPERATING REVENUE FRAMEWORK.....	21
1.5 OPERATING EXPENDITURE FRAMEWORK.....	21
1.6 CAPITAL EXPENDITURE .....	26
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	27
<b>PART 2 – SUPPORTING DOCUMENTATION .....</b>	<b>45</b>
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS .....	46
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	49
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS .....	60
2.4 OVERVIEW OF BUDGET RELATED-POLICIES.....	67
2.5 OVERVIEW OF BUDGET ASSUMPTIONS.....	74
2.6 OVERVIEW OF BUDGET FUNDING.....	71
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	88
2.8 COUNCILLOR AND EMPLOYEE BENEFITS .....	90
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW .....	93
2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS .....	105
2.11 CAPITAL EXPENDITURE DETAILS.....	100
2.12 LEGISLATION COMPLIANCE STATUS.....	107
2.13 OTHER SUPPORTING DOCUMENTS .....	108
2.14 MUNICIPAL MANAGER’S QUALITY CERTIFICATE .....	123

## List of Tables

Table 1 Consolidated Overview of the 2018/19 MTREF .....	10
Table 2 Summary of revenue classified by main revenue source .....	12
Table 3 Percentage growth in revenue by main revenue source .....	12
Table 4 Operating Transfers and Grant Receipts .....	14
Table 5 Comparison of proposed rates to levied for the 2018/19 financial year .....	16
Table 6 Comparison between current city charges and increases (Domestic).....	20
Table 7 MBRR Table SA14 – Household bills .....	20
Table 8 Summary of operating expenditure by standard classification item.....	21
Table 9 Operational repairs and maintenance.....	25
Table 10 Repairs and maintenance per asset class .....	25
Table 11 2018/19 Medium-term capital budget per vote.....	26
Table 12 MBRR Table A1 - Budget Summary .....	28
Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	30
Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote).....	32
Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) .....	34
Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source .....	36

Table 17 MBRR Table A6 - Budgeted Financial Position .....	37
Table 18 MBRR Table A7 - Budgeted Cash Flow Statement .....	39
Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation .....	40
Table 20 MBRR Table A9 - Asset Management.....	41
Table 21 MBRR Table A10 - Basic Service Delivery Measurement.....	43
Table 22 IDP Strategic Objectives.....	50
Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue .....	57
Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	58
Table 25 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure .....	59
Table 26 MBRR Table SA7 - Measurable performance objectives .....	63
Table 27 MBRR Table SA8 - Performance indicators and benchmarks .....	64
Table 28 Breakdown of the operating revenue over the medium-term .....	72
Table 29 Proposed tariff increases over the medium-term .....	73
Table 30 MBRR SA15 – Detail Investment Information .....	75
Table 31 MBRR SA16 – Investment particulars by maturity .....	76
Table 32 Sources of capital revenue over the MTREF .....	77
Table 33 MBRR Table SA 18 - Capital transfers and grant receipts .....	78
Table 34 MBRR Table A7 - Budget cash flow statement.....	79
Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation .....	80
Table 36 MBRR SA10 – Funding compliance measurement.....	82
Table 37 MBRR SA19 - Expenditure on transfers and grant programmes.....	88
Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds.....	95
Table 39 MBRR SA22 - Summary of councillor and staff benefits.....	91
Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers) .....	91
Table 41 MBRR SA24 – Summary of personnel numbers.....	92
Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure .....	93
Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote) .....	94
Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification) .....	95
Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote).....	96
Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification).....	97
Table 47 MBRR SA30 - Budgeted monthly cash flow.....	98
Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class.....	100
Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class .....	101
Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class .....	102
Table 51 MBRR SA35 - Future financial implications of the capital budget .....	103
Table 52 MBRR SA36 - Detailed capital budget per municipal vote .....	104
Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance.....	107
Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department).....	116
Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position .....	117
Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions.....	118
Table 57 MBRR SA32 – List of external mechanisms .....	121

## List of Figures

Figure 1 Main operational expenditure categories for the 2018/19 financial year .....	24
Figure 2 Planning, budgeting and reporting cycle.....	60
Figure 3 Definition of performance information concepts.....	62
Figure 4 Breakdown of operating revenue over the 2018/19 MTREF .....	72
Figure 5 Sources of capital revenue for the 2018/19 financial year .....	77
Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds.....	82

## Abbreviations and Acronyms

AMR	Automated Meter Reading	kWh	kilowatt
ASGISA	Accelerated and Shared Growth Initiative	ℓ	litre
BPC	Budget Planning Committee	LED	Local Economic Development
CBD	Central Business District	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act Programme
CM	Municipality Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National City Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental organisations
EM	Executive Mayor	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
kl	kilolitre	SALGA	South African Local Government Association
km	kilometre	SAPS	South African Police Service
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprise

## **Part 1 – mSCOA Annual Budget**

### **1.1 Mayor's Report**

**SPEECH BY THE MAYOR OF MANDENI MUNICIPALITY, HIS WORSHIP, COUNCILLOR SB ZULU ON THE OCCASION OF THE TABLING OF FINAL INTEGRATED DEVELOPMENT PLAN (IDP) AND ANNUAL BUDGET 2018/19 AT ISIBUSISIWE HALL ON 30<sup>th</sup> MAY 2018**

**Madam Speaker,  
Deputy Mayor,  
Chairperson of the MPAC,  
Chairperson of Women's Caucus  
Members of the Executive Committee,  
Fellow Councilors,  
Members of Traditional Councils within Mandeni,  
Head of Administration,  
Senior Management,  
Municipal Officials,  
Media, and  
Members of the Public at large,  
Ladies and Gentlemen**

Ladies and Gentlemen it is with great honour that I stand before you, to table the mSCOA Budget for 2018/19 & Medium Term Revenue and Expenditure Framework (MTREF) which goes together with the Final Integrated Development Plan for 2018/19 as well as the Municipal Organisational Development Structure for 2018/19.

I am indeed humbled as the Mayor of Mandeni Municipality to be afforded an opportunity of presenting an Annual Budget for 2018/2019 & (MTREF) in terms of Section 24 (1) of the Municipal Finance Management Act (MFMA).

Madam Speaker, the work in putting together this critical mSCOA Budget started when the Council adopted the Process Plan on the 30<sup>th</sup> of August 2017 and I would like to confirm that indeed we did not deviate from the said plan. As required by law, I can confirm that the Integrated Development Plan for 2018/19 has been informed by the inputs made by all stakeholders within the Municipal Jurisdiction hence the Final Budget for 2018/19 has been greatly informed or influenced by the IDP.

Madam Speaker it is important for me to take stock or to reflect on the progress made by the Municipality during the current Financial Year 2017/18 in line with approved projects and programmes as presented before the start of the Financial Year.

**In terms of Good Governance and Public Participation,** I can confirm that the Municipal Council and all Council Structures remained stable since the beginning of the Financial Year up to now and such structures have met as scheduled. On behalf of Council I would like to acknowledge and appreciate the progress that has been made by the Municipal Public Accounts in dealing with issues raised by the Auditor General under 2016/17 Audit and I would like to believe that we are on course to reclaim our Clean Audit status. Madam Speaker, according to Cogta-KZN Back to Basics Quarterly Assessments, the Municipality has sustained its functionality status since the beginning of the Financial Year to date, but there is always a room for improvement and we shall strive for that. Madam Speaker I can also confirm that the Council headed to the call by SALGA on establishment of Structures of Council to deal with issues of Women and it is on record that this Council managed to establish the Women's Caucus during the Third Quarter of 2017/18 Financial Year but more work is required in ensuring that the Committee is able to deliver on its mandate through the creation of a conducive environment. We have managed to capacitate our Ward Committee structures, which are critical for effective community participation in the budget, PMS and IDP processes.

**In terms of Institutional Development and Municipal Transformation,** the Municipality at the beginning of the Financial Year Developed and Adopted the Recruitment Plan for Senior Managers in line with Circular 10 of 2017 for Provincial Cogta. The Municipality has made steady progress in implementing such plan and the Council managed to fill the position of the Municipal Manager during the Second Quarter and further filled the positions of the Chief Financial Officer and Director Economic Development, Planning and Human Settlements during the Third Quarter of 2017/18. Of concerning is the position of the Director Technical Services

which has remained vacant for over two years with all the efforts made by Council in filling this position.

The Municipality managed to have all positions at Middle Management filled by end of Second Quarter for 2017/18. The Council has reviewed all Municipal Policies critically the Supply Chain Management Policy which will not only seek to ensure that the Municipality complies with Supply Chain requirements but if implemented accordingly, it will ensure the beneficiation and growth of Local Businesses through opportunities that will be as a result of procurement of goods and services by the Municipality.

**In term of Basic Service Delivery and Infrastructure Development,** The Municipality has continued with the implementation of Roads Projects like rehabilitation of all Highview Park, upgrade of Hlomendlini Bus Route, Upgrade of the main intersection in the Town Centre. The Municipality continued with the maintenance of the roads and storm water and we need to accept that there is still a long way to reach a state where we will be satisfied with the level of maintenance service the Municipality delivers. I can confirm also that the Council has taken into consideration the concerns on the slow pace on maintenance of rural roads due to lack of plant equipment hence the Council has prioritised the procurement of a new Grader under 2018/19 Budget.

The Municipality has also continued with the roll out of Electricity Projects in various areas through INEP Programme. Recently we have noted the challenges within Inyoni Khenana Housing where there are few households electrified compared to the number of households that are already occupying houses, thus creating a situation where there are illegal connections which have affected the operation of the school in the area. We are pleased to report that this situation is receiving an urgent attention and the processes of securing additional funding to electrify those households is in progress.

The Municipality in partnership with the Department of Human Settlements has made steady progress in providing RDP houses to people of Mandeni and since the beginning of 2017/18 Financial Year a total of 351 houses were built and handed over to beneficiaries within both Macambini and Inyoni Housing Project.



In terms of Community Facilities and Social Development, the municipality constructed the Sports field at Chappies in Ward 14 though some defects have been identified and the process to have them addressed is in progress and the Contractor should be back on sit soon. The Municipality has commenced with the construction of the Community Hall Project in Ward 13; and procurement processes to construct Ward 5 Community Hall are at advanced stage and such project shall commence at least by the beginning of 2018/19 Financial Year. Also in terms of construction of Modular Library, steady progress has been made by the Department of Arts and Culture.

**In terms of Local Economic Development**, the Municipality has made a number of interventions around challenges facing Isithebe Industrial Estate on issues of employment of locals and business opportunities. The engagements with different stakeholders are on a continuous basis since the challenge has not been resolved as yet. The Municipality has continued with the roll-out of Expanded Public Works Programme across all 18 Municipal Wards. Also over 500 jobs opportunities have been created since the beginning of 2017/18 Financial Year through implementation of various projects within the Municipality. The Municipality continued to work with various stakeholders and Government Sector Departments in supporting Local SMMEs and through a partnership between the Municipality and Absa Bank, two SMMEs one dealing in Furniture Making and another in Engineering are currently receiving financial support. The Department of Rural Development and Land Reform has supported a local Cooperative by providing them with a container, a blocks making machine and a mixer to the value of R220 000.00.

Further, the Municipality has successfully engaged with Tronox on the upgrade of the road to Dokodweni Beach with Tronox to unlock access to the Beach in promotion of Tourism hence an allocation of budget by Tronox under 2018/19 for the said project.

Madam Speaker in terms of the Final Draft Integrated Development Plan, a Comprehensive Document is included on the Agenda of Council but I wish to highlight few areas in terms of the projects and programmes as follows:

Critically the Municipality has set aside a budget of R4 mil for the procurement of a new Grade which shall assist in enhancement of maintenance of rural municipal roads and the municipality has also set aside the budget for maintenance programmes. A total Budget of R745 000 has also been set aside for the maintenance of urban roads.

A budget of R600 000 has been allocated for streetlights maintenance in various ward within Mandeni. R1 500 000 has been put aside for 1250kva transformer repairs in Frye Road ward 3.

The following areas will be electrified during the 2018/19 Financial Year being, Khenana Phase 3 Electrification Programme for a minimum of 54 HH in Ward 10 with an allocated budget of R1 161 000, Thulasi Eziwewe Electrification Programme for at least 54 HH in Ward 12 with an allocated budget of R1 161 000, the electrification programme Nyathini, Lombothi and Wangu Ward 8 with an allocated budget of R2 127 450 shall be finalised during 2018/19 Financial Year.

Grass Cutting at R3.7 million has been set aside for a full rollout in the 2018/19 financial year and this is one of the set aside programme for local businesses and procurement processes of a new panel is at advanced stage.

To further address these unemployment and poverty challenges, the municipality has set aside over R3.2 m to continue with implementation of Expanded Public Works Programmes.

The municipality in responding to issue of Youth Development Programmes has set aside a total Budget of R600 000 for Sports Development Programmes; set aside at total of R960 000 for various Youth Programmes to mention a few, Artist Development Programme, Training and Development Programmes targeting Youths, Youth full Driver Training Programme and it remains critical that Youth and Women are also the main beneficiaries on opportunities that are derived from municipal and any government departments procurement processes. The Municipality has also secured a bigger space for Youth Affairs within Spar Centre in Sundumbili and this shall ensure improved services to Youth of Mandeni.

In our quest to address the scourge of youth unemployment we adopted a programme of well thought interventions: Address skills development through a partnership with Mandeni TVET College, SETA and Isithebe Industrial Estate, entrepreneurial assistance and job placement initiatives.

The Municipality is so conscious of three key national challenges i.e., unemployment, poverty and inequality, and in an effort to address these challenges the Municipality has committed to support the development of entrepreneurs, cooperatives and small, medium and micro enterprises (SMMEs) that produce goods and services that meet the needs of our people.

We intend to provide focus support to these mentioned enterprises in order to compete with the large national corporate that dominate sectors such as retail, manufacturing and construction. This will be achieved through training, start-up funding, economic infrastructure and market access for the goods and services. We regard this approach as signals of a paradigm shift in growing and developing the Mandeni Economy

**In terms of Financial Viability and Management**, the Municipality remains under financial distress, mainly due to low rate of payment of rates and services by the rate payers. The budget as will be presented to you today; has been compiled under extremely tough operating conditions. The low collections rates which impact negatively on our ability to optimally rendered services is attributed to the economic meltdown and the inability of our communities to pay for services.

We have been innovative by embarking on a proactive approach in funding our operations and enhancing revenue and reducing costs. The challenge to produce a sustainable, affordable budget necessitated reductions to certain budget provisions, such as particular anticipated capital projects as well as reduction in travelling and subsistence and purchases of furniture and other equipment.

Effective application of funds will not only result in improved service delivery but increase the revenue base of the Municipality. Therefore, the following activities have been identified as essential for the 2018/2019 operational budget:

#### **Revenue collection and enhancement**

This entails the establishment of a Strategic Coordination Committee (SCC) for the financial and operational turnaround. Establishment of Revenue Enhancement and Debt Collection Task Team as well as access to Extended Public Works Programme grant and other funding.

**On organisational change and management:** Madam Speaker in the process of preparing the IDP and Budget for 2018/19, the Council further embarked on a process to review the Organisational Structure to ensure that appropriate human capital is available to ensure effective implementation of the IDP and Budget for 2018/19. Of critical note is the consideration by Council on the prioritisation of Youth Development in line with the Lekgotla Resolutions which has seen the Council prioritising the position of the Youth Manager and such position shall be filled during the 2018/19 Financial Year. The comprehensive Organisational Structure is included in the Council Agenda and shall be considered by Council for adoption.

Madam Speaker, in preparing the budget we had to consider the 2018 Budget review which emphasized that, although global risk factors remain elevated, the world economy continues to provide a supportive platform for South Africa to expand trade and investment.

The world economic growth is at its highest since 2014 and continues to gather pace with the Gross Domestic Product (GDP) growth increasing across all major economies.

South Africa has experienced a period of protracted economic weakness which diminishes private investments. This is mainly attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence. The local economy is beginning to recover after a short recession, however the improvement is insufficient. Growth has remained stagnant at less than 2 per cent and unemployment remains high at 26.7 per cent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation.

The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

Madam Speaker, due to the unfavourable economic conditions more of our people are unemployed, which will result in shrinking of the current revenue base putting pressure on the current Municipal revenue and cash-flows over the medium-term.

Faced with these realities the budget is very lean and mean considering that the grants from National Government through Division of Revenue have been reduced. These economic challenges will continue to exert pressure on Municipal revenue generation and collection levels hence a conservative approach is advised for revenue projections.

Every project that is implemented through tender process must have a component or percentage that goes towards sub-contracting of local small contractors obvious in line with the thresholds and targeted special groups as guided by the new Regulations. Understanding our categorization as a Category 2 Municipality, and our financial levels, during the review of the Municipal SCM Policy, the Municipality has considered the recommended R30 million tenders to be the starting point of sub-contracting as a bit high and thus Council has agreed that R15

million shall be considered for subcontracted services at minimum 30 percent towards the designated groups and preferable the elements of joint ventures must be seriously encouraged.

We have identified areas that are a set aside for women and youth in particular including all designated groups. These projects include Youth Programmes, Sports Development Programmes, Grass cutting, and small component of construction such as side-walks. To this end, the Municipality is regularly preserving the development programme that will target small local contractors.

As a focus area of government we continue to excel in the Municipal standard chart of account (mSCOA) implementation. It is a great pleasure to announce that the final budget that is being tabled is submitted in this format with a success result from National Treasury. We will not fail to transact come 1<sup>st</sup> of July this year. This successful submission follows a great deal of alignment with the IDP. The adoption of this practice has early benefits of knowing each and every rand where it goes on the ground and which ward will benefit.

Revenue management still puts this Municipality under pressure due to low levels of collection. The high debt amounts owed by customers are a course for a concern to the sustainability of this Municipality. This is further compromised by the tariff setting that are not cost reflective.

The Municipality has currently undertaken a project of implementing a new General Valuation Roll that will be implemented in 2018/19 financial year. The life span of the Valuation Roll will be rolled over a period of 4 years with supplementary valuation rolls updated throughout annually over that period. The rates tariff for 2018/19 is proposed to be increased taking into consideration the rates shock.

It is without a doubt that the expenditure must be cut to the bone. Unforeseen expenditures in most cases course the Municipality to deviate from its plans. Weather patterns and emergencies, high salary bill and commitments result in negative cash flows.

**Having said all this let me now zoom into the Budget for 2018/19**

Madam Speaker, let me announce that tariff increases for the 2018/19, which is in line with the guideline of the Consumer Price Index (CPI) of 6 per cent, with the exception of the electricity tariff which will be 6.84 per cent as determined by National Electricity regulator of South Africa (NERSA).

Increases in Rates, Refuse and other Municipal charges will be limited to 6 per cent. Apart from the normal rebate that residential owners of properties receive, pensioners of 60 years and above as well as disabled pensioners receive a 20% rebate.

The Industrial and Farm- Agricultural Purpose tariff have increase because previously these categories were split into two and three respectively, with the new MPRA as amended the split was not allowed and we had to then consolidate and come up with a new single tariff. However the increase was also supported by a 40% rebate for Industrial Properties and 50% Rebate for Farm Properties.

Total operating revenue has increased by 10.5 per cent or R24.7 million for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget. Total operating expenditure for the 2018/19 financial year has been appropriated at R247, 9 million and translates into a balanced budget.

The capital budget of R56.5 million for 2018/19 has increased by 9.4 per cent more when compared to the 2017/18 Adjustment Budget.

Employees related costs continue to claim the biggest share of the expenditure of the Municipality. This is sitting at 39.4 per cent, just below the norm of 40 percent.

During the compilation of the 2018/19 & MTREF, repairs and maintenance were identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance; we have then allocated 8 per cent so as to ensure sustainability of the Municipality infrastructure.

The equitable share has been gazetted to be R146.8 Million, which is 9.5 percent increase this year.

Municipal Infrastructure Grant (MIG) funding allocated to the Municipality for the 2018/19 is R34.7 million. Projects are already registered to ensure the 100% spending of this grant. We continue to receive support from Neighborhood Development Programme Grant of R10.7 million this year and INEP grant which has been reduced to R6.8 million. These are capital grants for projects on the ground. The internal contribution to assets amounts to R11.1 million.

We were humbled by the comments received from the community through the public participation engagements, we have then reprioritised requests submitted by the community based on the available resources. We also acknowledged comments by Provincial Treasury that through their participation we can safely say that the Municipal Budget is credible and funded.

Cost curtailment measures continue as per our resolution to eliminate wasteful expenditure, reprioritize spending and ensure savings on various focus areas hence the budget is largely informed by Circular 82.

Over and above this, the cost curtailment measures through this circular, forces us to cut all the frills we have been exposed to. Therefore our budget is directly linked to the core functions.

In conclusion I wish to state that this Budget Speech represents an Executive Summary of the Municipality's budget and captures only key factors. Details are distributed with the Budget Report and it is presumed that all members of this Council have acquainted themselves with details therein.

It is with great pleasure that I present a total R304 447 000 Budget for 2018/19 Financial Year. Madam Speaker, it is now my privilege and an honour to propose to Council the Operating and Capital multi-year Budget for 2018/19, 2019/20 and 2020/21 financial years which is reflected as C 108 in your Agendas, together with the reviewed Municipal Organisational Structure reflected as C106 and reviewed Integrated Development Plan for 2018/19 reflected as C107, I therefore move for the adoption by Council.

**I THANK YOU**

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**HIS WORSHIP: THE MAYOR**  
**CLLR S.B. ZULU**

## 1.2 Council Resolutions

### Resolution No: C 108

**COUNCIL:30/05/18**

On the **30<sup>th</sup> May 2018** the Council of Mandeni Municipality met at Sibusisiwe Hall in Mandeni to consider the mSCOA Annual Budget of the municipality for the financial year 2018/19. The Council approved and adopted the following resolutions:

1. The Council of Mandeni Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The mSCOA annual budget of the Municipality for the financial year 2018/19 and the multi-year and single- year capital appropriations as set out in the following tables of the budget document:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 20;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 22.
    - 1.1.3. Budgeted Financial Performance(revenue by source and expenditure by type) as contained in Table15 on page 24; and
    - 1.1.4. Multi-year and single-year capital appropriations by Municipal vote and standard classification and associated funding by source as contained in Table 16 on page 27.
  - 1.2. The financial position, cash flow budget , cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables of the budget document:
    - 1.2.1. Budgeted Financial Position as contained in Table 17 on page 28;
    - 1.2.2. Budgeted Cash Flows as contained in Table 18 on page 30;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 30;
    - 1.2.4. Assets management as contained in Table 20 on page 33; and
    - 1.2.5. Basic Service delivery measurement as contained in Table 21 on page 35.
  - 1.3 The Council of Mandeni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves Schedule of Tariffs
    - 1.3.1. Schedule of tariffs– as set out in Annexure B,
2. The Council of Mandeni Municipality, acting in terms of Section 24 of the local government: Municipal Finance Management Act (Act 56 of 2003) approves and adopts with effect from 1<sup>st</sup> July 2017 the amended budget related policies.
3. The Council resolves to approved the Service Level Standards as per MFMA circular No.72
4. The Council of Mandeni acting in terms of 23(1)(b) of the MFMA has considered the High level feedback assessment from Provincial Treasury of the Tablet Annual Budget for 2018/19 and that it has considered comments raised and has revised the Annual Budget.



### 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 business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58, 59, 66, 67, 70, 71, 72, 74, 75, 78, 79, 82, 85, 86, 89 and 91 were used to guide the compilation of the 2018/19 & MTREF.

The main challenges experienced during the compilation of the 2018/19 & MTREF can be summarized as follows:

The ongoing difficulties in the national and local economy;  
Aging and poorly maintained electricity, roads and municipal infrastructure;  
The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;  
Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies;  
The continued difficulty in collecting all that is due to the municipality by consumers: and  
Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2018/19 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2018/19 & MTREF:

The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/19 annual budget;  
Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;  
The commitments made with Auditor General in maintaining the clean audit initiatives;  
The need to fulfill the municipal mandate on the provision of services on disaster management and public safety;  
Tariff and property rates increase should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity.  
In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the Annual Division of Revenue Act.

#### 1.4 Municipal Standard Chart of Accounts (mSCOA)

The mSCOA Regulations applied to all municipalities and municipal entities with effect from 1 July 2017. Mandeni municipality has compiled its 2018/19 & MTREF Budget transacting across all the mSCOA seven segments in Version 6.2 as per Circular 91. Furthermore, we have ensured a seamless integration of the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and Budget facilities into the core financial system as these documents create a point of departure for the transacting. Mandeni municipality has tabled the 2018/19 MTREF and IDP and Budget in an mSCOA classification framework and the data string (IDP and Budget) have been uploaded to the LG Database portal on the 28<sup>th</sup> May 2018.

The municipality has also ensured that our main core system (SAGE Evolution) and all subsystems are integrating seamless.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2018/19 & MTREF**

<b>KZN291 Mandeni - Table A1 Budget Summary</b>						
<b>Description</b>	<b>Current Year 2017/18</b>			<b>2018/19 Medium Term Revenue &amp; Expenditure Framework</b>		
	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Full Year Forecast</b>	<b>Budget Year 2018/19</b>	<b>Budget Year +1 2019/20</b>	<b>Budget Year +2 2020/21</b>
<b>R thousands</b>						
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>218,704</b>	<b>224,507</b>	<b>224,507</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
<b>Total Expenditure</b>	<b>218,704</b>	<b>224,508</b>	<b>224,508</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
<b>Surplus/(Deficit)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>
<b><u>Capital expenditure &amp; funds sources</u></b>						
<b>Capital expenditure</b>	<b>57,721</b>	<b>51,721</b>	<b>51,721</b>	<b>56,547</b>	<b>37,369</b>	<b>37,202</b>

Total operating revenue has increased by 10.5 per cent or R24.7 million for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget. For the two outer years, operational revenue will increase by 12.3 and 7.9 per cent respectively, equating to a total revenue growth of R75.6 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2018/19 financial year has been appropriated at R247, 9 million and translates into a balanced budget. Operational expenditure has grown by 10.5 per cent in the 2018/19 budget and by 12.3 and 7.9 per cent for each of the respective outer years of the MTREF. There has been a balanced budget in 2018/19 financial year and the two outer years. The municipality has reprioritized its operational expenditure to be able to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R56.5 million for 2018/19 has increased by 9.4 per cent more when compared to the 2017/18 Adjustment Budget. The capital programme decreases to R37.4 million in the 2019/20 financial year and then decreases in 2020/21 to R37.2 million.

The reduction is due to affordability constraints in the light of the current economic circumstances. A substantial portion of the capital budget will be funded from government grants. The balance will be funded from internally generated funds from cash backing reserves.

## 1.5 Operating Revenue Framework

For Mandeni 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 reviewed revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 68 per cent annual collection rate for property rates and other key service charges;
- The Municipality tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- 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
- The Tariff policies of the Municipality.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

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

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Re	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	29,125	27,408	30,557	30,789	30,789	30,789	30,789	47,732	50,056	52,475
Service charges - electricity revenue	2	11,990	13,186	13,399	17,270	19,088	19,088	19,088	20,394	28,995	34,649
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	6,263	6,339	7,750	8,395	8,395	8,395	8,395	8,393	8,847	9,333
Service charges - other											
Rental of facilities and equipment		273	286	241	325	256	256	256	271	286	302
Interest earned - external investments		3,306	3,627	2,961	3,000	3,000	3,000	3,000	2,900	3,057	3,225
Interest earned - outstanding debtors		10,407	9,766	9,864	4,160	4,160	4,160	4,160	4,400	4,638	4,893
Dividends received											
Fines, penalties and forfeits		2,223	32	350	505	505	505	505	500	527	556
Licences and permits		744	1,123	1,175	1,000	1,000	1,000	1,000	1,472	1,552	1,637
Agency services											
Transfers and subsidies		155,443	177,133	181,232	152,744	156,797	156,797	156,797	161,481	179,910	192,602
Other revenue	2	7,491	11,785	31,935	517	517	517	517	356	375	396
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and</b>		<b>227,265</b>	<b>250,685</b>	<b>279,465</b>	<b>218,704</b>	<b>224,507</b>	<b>224,507</b>	<b>224,507</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>

**Table 3 Percentage growth in revenue by main revenue source**

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	Re	2018/19 Medium Term Revenue & Expenditure Framework							
		Adjusted Budget	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
<b>R thousand</b>	<b>1</b>								
<b>Revenue By Source</b>									
Property rates	2	30,789	14%	47,732	19%	50,056	18%	52,475	17%
Service charges - electricity revenue	2	19,088	9%	20,394	8%	28,995	10%	34,649	12%
Service charges - water revenue	2	—	—	—	0%	—	0%	—	0%
Service charges - sanitation revenue	2	—	—	—	0%	—	0%	—	0%
Service charges - refuse revenue	2	8,395	4%	8,393	3%	8,847	3%	9,333	3%
Service charges - other		—	—	—	0%	—	0%	—	0%
Rental of facilities and equipment		256	0%	271	0%	286	0%	302	0%
Interest earned - external investments		3,000	2%	2,900	1%	3,057	1%	3,225	1%
Interest earned - outstanding debtors		4,160	3%	4,400	2%	4,638	2%	4,893	2%
Dividends received		—	—	—	0%	—	0%	—	0%
Fines, penalties and forfeits		505	0%	500	0%	527	0%	556	0%
Licences and permits		1,000	0%	1,472	1%	1,552	2%	1,637	0%
Agency services		—	—	—	0%	—	0%	—	0%
Transfers and subsidies		156,797	70%	161,481	65%	179,910	65%	192,602	0%
Other revenue	2	517	0%	356	0%	375	0%	396	13%
Gains on disposal of PPE									
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>224,507</b>	<b>100%</b>	<b>247,900</b>	<b>100%</b>	<b>278,241</b>	<b>100%</b>	<b>300,067</b>	<b>100%</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers 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 percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise just below one thirds of the total revenue mix. In the 2018/19 financial year, revenue from rates and services charges totaled R76.5 million or 30.9 per cent. This increases to R87.9 million and R96.5 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and service charges which increases from 31.6 per cent in 2019/20 to 32.1 percent in 2020/21.

The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 53 MBRR SA1 (see page 106).

Property rates are the second largest revenue source totaling to 19.3 per cent or 47.7 million and increases to R52.5 or 10 per cent by 2020/21. The third largest source is service charges from electricity revenue source totaling to 20.4 or 8.3 percent, contributing is the NERSA guideline that approved increase of 6.84 per cent for municipal electricity tariffs for 2018/19.

Operating grants and transfers totals R161.5 million in the 2018/19 financial year and steadily increases to R192.6 million by 2020/21. Note that there is an increase of 2.9 per cent for the 2018/19 financial year and the year-on-year growth is 11 per cent and then increase 8 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts										
Description	Re	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		102,274	129,688	138,339	148,377	151,019	151,019	157,762	174,792	188,515
Local Government Equitable Share		90,414	119,361	122,874	134,192	134,192	134,192	146,821	163,892	179,615
EPWP Incentive		1,646	1,755	1,944	2,285	2,378	2,378	2,255		
Finance Management		1,800	1,800	1,825	1,900	1,900	1,900	1,900	1,900	1,900
Integrated National Electrification Programme		7,480	5,832	11,695	10,000	12,549	12,549	6,786	9,000	7,000
Municipal Systems Improvement		934	940		–					
Other transfers/grants [insert description]			–							
Provincial Government:		2,636	3,559	8,568	2,639	4,050	4,050	3,719	3,868	4,087
Provincialization of Libraries		2,199	1,560	2,006	1,545	1,545	1,545	2,514	2,640	2,772
Recapitalisation- Community Library					1,094	2,005	2,005	1,147	1,228	1,315
Sport and Recreation		159	275	43				58		
Schemes Support Programme		278				500	500		250	
Spatial Development Framework Support				322					1,000	
Massification		–	1,723	6,198						
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	104,910	133,247	146,907	151,016	155,069	155,069	161,481	178,660	192,602

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. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are moderate this year at 7.32 per cent. Given that these tariff increases are determined by external agencies, the impact they have on the municipality 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.

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 and water, 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.

## 1.6 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.

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 and Traditional affairs. 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. However for this specific year the ratio has been adjusted to 0, 0159:1 to take into consideration the rate shock as a result of a new valuation roll which will be implemented on the 1<sup>st</sup> of July 2018.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 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)
- An Additional R85 000 of the Market Value of a property used for residential purposes is excluded from the rate-able value
- Furthermore all properties with a Market Value below the R130 000 are exempt from paying property rates
- We have also proposed a 50% rebate on all agricultural properties and a 40% rebate on all industrial properties
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy; for pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent will be granted to owners of rate-able property
- In this regard the following stipulations are relevant:
- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
- 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
- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

The municipality has currently undertaken a project of general valuation roll that will be implemented in 2018/19. This project started in 2016 and it was meant to be implemented on year 2017/18 but it was deferred with condonation for non-compliance in terms of sec 80 of the Municipal Property Rates Act no. 6 of 2004 which was endorsed by the MEC. Currently the municipality is in process of dealing with the objection and appeals thereto on the outcome of the General valuation roll.

The life span of the valuation will roll over a period of 4 years with supplementary valuation rolls updated throughout annually over that period. The rates tariff for 2018/19 is proposed to be increased taking into consideration the rates shock.

There were no increases in the following categories:

- Residential
- Commercial
- Farms- Commercial and other Purposes

Following the implementation of the new valuation roll, we were advised by COGTA to ensure that we take into account the issue of rate shock. It was clear that there was a significant increase in the Market value of properties subsequently an increase in the Rateable value. Any increase in the tariff of charges would have had a serious negative impact on consumers, which might have resulted to a resistance on the part of consumers. We then decided not to effect any changes in these tariffs.

The industrial and Farm- Agricultural Purpose tariff did increase because previously these categories were split into two and three respectively, with the new MPRA as amended the split was not allowed and we had to then consolidate and come up with a new single tariff. However the increase was also supported by a 40% rebate for Industrial Properties and 50% Rebate for Farm Properties.

We are currently in the process of preparing a Supplementary Valuation Roll for the 73 objections that we received from our consumers. It should be noted that all objections came from Domestic consumers and any changes therefore will have a minimal effect in the budget as a whole

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2018/19 financial year based on the new valuation roll to be implementation as from 1 July 2018 is contained below:

Public Service Infrastructure tariff has been adjusted to 0, 0159. The municipality has applied 20% Rebate/Phasing out discount for PSI properties as we are in the Fourth year of phasing out as per Section 93A of MPRA as per transitional arrangement.

Revenue forgone has increased to R15, 9 million in the 2018/19 which has taken into consideration the phasing discount for PSI properties, as we are in the Fourth year of phasing out.

Property rates increased from R30.8 to R47.7 million in the 2018/19 financial year. The breakdown of the calculation applied in obtaining the budget amount has been included in the supporting document submitted. In calculating the properties rates budget, the municipality has taken into account the amendments of the MPRA.

**Table 5 Comparison of proposed rates to be levied for the 2018/19 financial year**

Property Category Use	Current Tariff 2017/18	Proposed Tariff 2018/19
Residential	0.0126	0.0126
Industrial	0.0143	0.0214
Commercial	0.0214	0.0214
Farms Agriculture Purpose	0.0031	0.0159
Farms Commercial Purpose	0.0214	0.0159
Farms Other than (i) and (ii)	0.0200	0.0159
State Owned Properties	0.0200	0.0200
Municipal Properties	0.0000	0.0200
Public Service Infrastructure	0.0031	0.0159
Public Benefit Organisation	0.0000	0.0200
Vacant land	0.0201	0.0200
Mining	0.0000	0.0214
Public Service Purpose	0.0000	0.0200



## 1.7 Sale of Electricity and Impact of Tariff Increases

NERSA announced the revised bulk electricity pricing structure on the 28<sup>th</sup> February 2018 of 6.84 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1<sup>st</sup> July 2018.

Considering the Eskom increases, the consumer tariff had to be increased by 7.32 percent to offset the additional bulk purchase cost from 1 July 2018.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, but that consume less than 50 kWh per 30-day period will receive 50 kWh free of charge.

It should further be noted that the municipality has adhered to NERSA's advice that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

### Inclining Block Tariff

The following is the basis of the price increases that has been used in developing the rates for the (Inclining Block Tariff) IBTs as proposed by NERSA:

- Block 1 - The 2018/19 benchmarks were increased by the CPI inflation of 6.84%.
- Block 2 - The 2018/19 benchmarks were increased by the CPI of 6.84% as per the electricity tariff benchmark 6.84%
- Block 3 & 4 - The 2018/19 were increased by 6.84%, Increase is to compensate the capital programs to support the renewal of bulk infrastructure.

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

**Table 6 Comparison between current electricity charges and increases (Domestic)**

kWh	NERSA's benchmark	Current tariff	Proposed	Customers
<b>0 - 50</b>	78 - 86	78.20	83.55	27
<b>51 - 350</b>	103 - 110	105.93	113.18	329
<b>351 - 600</b>	147 - 155	116.18	124.13	547
<b>&gt;600</b>	176 - 182	157.80	168.59	60

Service Charges- electricity revenue has increased from R19.1 million to R20.4 million in the 2018/19 financial year. Electricity revenue increase is due to the proposed increase of 6.84% by NERSA for municipal electricity tariffs. Electricity Revenue has also considered agreement entered into between Municipality and Tugela water works for the implementation of bulk supply for water scheme within Mandeni as we are the supply authority.

Then revenue has been increased by R1.3 million which equates to 6.8 per cent. The breakdown of the calculation applied in obtaining the budget amount has been categorized in the inclining block tariff, and has taken into consideration the conversion to the prepaid system that the municipality has fully implemented the system for 2018/19 financial year. There has been a decrease in the number of households receiving above minimum service level in respect of electricity from 1040 to 963 which is due to SAPPI household area which have been left unoccupied due to SAPPI's restructuring.

Eskom is providing free basic electricity on behalf of the municipality to all its registered indigent beneficiaries of 1876 households, an allocation of R1.0 million has been allocated towards FBE, Budget allocated has taken into consideration 2017/18 actual performance and also we have effected percentage increase 8% as proposed by NERSA for free basic electricity subsidies.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's network has therefore become a strategic priority, especially the substations and transmission lines.

The budget for the Electricity Distribution Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R9.6 million for 2018/19 will be necessary to steer the Municipality out of this predicament.

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. A funding model needs to be developed to mitigate this burden. Electricity service has been budgeted at a deficit of R11.9 million for 2018/19. The main contributing factor for the service to budget for deficit is due to prioritization of maintaining Electricity Transformers and RMU as these assets were identified as a strategic imperative owing to the aging of the infrastructure and historic deferred maintenance. The municipality has managed to address deficit for this service over the MTREF as the electricity infrastructure was prioritized in 2017/18 financial year.

The municipality is in a process of determining its tariffs through the tariff modelling and determining all the cost drivers associated to providing this service which will then assist the municipality in ensuring that we maintain financial sustainability in the future.

## **1.8 Waste Removal and Impact of Tariff Increases**

Currently solid waste removal is operating at a surplus.

Projected revenue constitutes of 8.4 million for billing to debtors and 505 thousand allocated from equitable share for free basic services thus totaling 8.9 million. Projected expenditure is 2 million which is allocated for the contractors (hire of refuse removal truck, landfill site and 1.1 million towards refuse bags). Free basic services of R505 000 and employee cost at R4.8 million, thus projected surplus of R168 thousand is projected for this service.

A 6 per cent increase in the waste removal tariff is proposed from 1<sup>st</sup> July 2018. Higher increases will not be viable in 2018/19 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 than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

Service Charges- refuse revenue have increased from R8.4 to R8.9 million in the 2018/19 financial year. A general tariff increase of 6 percent has been proposed, also taking into account increase in number of properties (4452) that the municipality will be providing service for 2018/19.

An increase of 6 per cent would be counter-productive and will result in affordability, as it will also substantiate providing this service in a surplus.

Increase in number of households from 11705 to 23 700 has taken into consideration additional properties through the Inyoni housing (low cost housing) that has been added and it contributes to the free basic services, as these are indigent beneficiaries.

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

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 at 6 per cent.

Table 7 MBRR Table SA14 – Household bills

KZN291 Mandeni - Supporting Table SA14 Household bills								
Description	Ref	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Rand/cent</b>								
<b>Monthly Account for Household - 'Middle Income Range'</b>	1							
<b>Rates and services charges:</b>								
Property rates		375.67	375.67	375.67	6.0%	1,008.54	1,063.00	1,121.47
Electricity: Basic levy		441.05	441.05	441.05	6.8%	471.22	496.66	523.98
Electricity: Consumption		2,003.43	2,003.43	2,003.43	6.8%	2,140.46	2,256.05	2,380.13
Water: Basic levy								
Water: Consumption								
Sanitation								
Refuse removal		121.57	121.57	121.57	6.0%	134.32	141.58	149.36
Other								
<b>sub-total</b>		<b>2,941.72</b>	<b>2,941.72</b>	<b>2,941.72</b>	<b>27.6%</b>	<b>3,754.55</b>	<b>3,957.29</b>	<b>4,174.94</b>
VAT on Services								
<b>Total large household bill:</b>		<b>2,941.72</b>	<b>2,941.72</b>	<b>2,941.72</b>	<b>27.6%</b>	<b>3,754.55</b>	<b>3,957.29</b>	<b>4,174.94</b>
<b>% increase/-decrease</b>		<b>-</b>	<b>-</b>	<b>-</b>		<b>27.6%</b>	<b>5.4%</b>	<b>5.5%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>	2							
<b>Rates and services charges:</b>								
Property rates		69.47	69.47	69.47	6.0%	546.14	575.63	607.29
Electricity: Basic levy		258.14	258.14	258.14	6.8%	275.80	290.69	306.68
Electricity: Consumption		398.19	398.19	398.19	6.8%	425.43	448.40	473.06
Water: Basic levy								
Water: Consumption								
Sanitation								
Refuse removal		121.59	121.59	121.59	6.0%	128.89	135.85	143.32
Other								
<b>sub-total</b>		<b>847.39</b>	<b>847.39</b>	<b>847.39</b>	<b>62.4%</b>	<b>1,376.25</b>	<b>1,450.57</b>	<b>1,530.35</b>
VAT on Services								
<b>Total small household bill:</b>		<b>847.39</b>	<b>847.39</b>	<b>847.39</b>	<b>62.4%</b>	<b>1,376.25</b>	<b>1,450.57</b>	<b>1,530.35</b>
<b>% increase/-decrease</b>		<b>-</b>	<b>-</b>	<b>-</b>		<b>62.4%</b>	<b>5.4%</b>	<b>5.5%</b>
<b>Monthly Account for Household - 'Indigent' Household receiving</b>	3							
<b>Rates and services charges:</b>								
Property rates								
Electricity: Basic levy								
Electricity: Consumption								
Water: Basic levy								
Water: Consumption								
Sanitation								
Refuse removal								
Other								
<b>sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
VAT on Services								
<b>Total small household bill:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase/-decrease</b>		<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>

## 1.9 Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;  
Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;  
The capital 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; and  
Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

**Table 8 Summary of operating expenditure by standard classification item**

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Re	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Expenditure By Type</b>											
Employee related costs	2	60,211	68,601	72,958	72,961	72,961	72,961	72,961	84,109	88,650	93,526
Remuneration of councillors		9,644	10,159	10,990	13,700	13,700	13,700	13,700	13,442	14,481	15,278
Debt impairment	3	20,109	4,026	36,634	3,862	3,862	3,862	3,862	5,800	11,651	14,947
Depreciation & asset impairment	2	21,457	22,976	24,278	23,000	25,764	25,764	25,764	29,097	35,669	39,630
Finance charges		2,347	1,853	2,912	2,150	1,900	1,900	1,900	920	1,319	1,392
Bulk purchases	2	8,112	8,972	10,984	14,596	16,149	16,149	16,149	17,331	18,250	18,341
Other materials	8	11,763	14,017	10,530	18,288	17,756	17,756	17,756	33,070	35,744	41,334
Contracted services		21,270	23,933	18,241	13,594	20,609	20,609	20,609	16,133	17,004	17,940
Transfers and subsidies		–	6,824	15,696	10,650	13,199	13,199	13,199	8,329	10,626	8,716
Other expenditure	4, 5	41,394	56,346	44,226	45,903	38,608	38,608	38,608	39,670	44,846	48,963
Loss on disposal of PPE		13	80								
<b>Total Expenditure</b>		<b>196,320</b>	<b>217,788</b>	<b>247,450</b>	<b>218,704</b>	<b>224,508</b>	<b>224,508</b>	<b>224,508</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>

The budgeted allocation for employee related costs for the 2018/19 financial year totals R97.6 million, which equals 39.4 per cent of the total operating expenditure. An annual increase of 5.8 and 5.5 per cent has been included in the two outer years of the MTREF. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

Employee related costs increased from R72, 7 million to R84.1 million which reflects an increase of 15.3 percent. As part of the planning assumptions and interventions, increase has taken into consideration the current status of the positions filled as per the approved organogram and one position which has been prioritized for 2018/19 financial year. Increase in Employee related cost has taken into consideration the proposed increase of 7% as proposed for Salary wage agreement between SALGA, and we have also considered the notch increase that is effected on an annual basis according to the wage agreement.

Increase in employee related costs has considered salaries that are grant funded from the following: Finance Management Grant (FMG) for 5 finance interns, Library Grant for the appointment of Cyber cadets and Municipal infrastructure grant (MIG) that relates to the Project Management Unit, 5 per cent top slice for the appointment of PMU staff and interns.

Increase in the number of position for other municipal staff increased from 278 as per 2017/18 actual personnel numbers to 279 in the 2018/19 financial year, reflects 1 position which have been prioritized in 2018/19 financial year.

Employee related costs and remuneration of Councilors have been budgeted at percentage of 39.4 percent of the total operating expenditure, which is within the norm range of 25 percent to 40 percent as per MFMA Circular No.71.

The cost associated with the remuneration of councilors 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) and is within the limits noted in Government Gazette No.41335 issued on the 15<sup>th</sup> December 2017. The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. This includes the provision for medical aid and cellphone allowance for Councilors.

Remuneration of Councilors has decreased from R13, 7 million to R13.4 million which reflects a decrease of 1.9 per cent. Decrease in remuneration of Councilors has considered the current year's performance as per Adjustment budget 2017/18 as we have taken into consideration the latest Notice of upper limits for Councilors as issued by COGTA.

The provision of debt impairment was determined based on an annual collection rate of 68 per cent and the Debt Write-off Policy of the Municipality. For the 2018/19 financial year this amount equates to R5.8 million and increases to R11.7 million by 2019/20. 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 Debt impairment budget allocated has also considered write off, due to Ingonyama Trust debt as well as the 60/40 incentive in the historic debt wherein our first point of write offs will be the interest on outstanding debtors. We took legal actions against Ingonyama Trust and the court ruled not in our favour. So for prudent principle purposes we agreed that we should start considering Ingonyama trust debt as irrecoverable including its interest debt.

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 R29.1 million for the 2018/19 financial and equates to 11.8 per cent of the total operating expenditure. The implementation of GRAP 17 accounting standard has also been considered in determining budget for provision for depreciation.

Finance Charges consists primarily of the repayment of interest on long-term borrowing (cost of capital) R920 thousand has been allocated for 2018/19 financial year, current year actual performance has been considered in determining the allocated budget. Finance charges increases to 1.3 million in 2018/19 and increases to 1.4 million in 2020/21 financial year.

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. Bulk purchases have taken into consideration 7.32 as proposed in NERSA guideline for 2018/19 financial year. Bulk purchases have increased from 16.1 million to 17.3 million in 2018/19, which is due to proposed increase of 7.32 and implementation of bulk supply for water within Mandeni.

Other materials comprise of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the Municipality's infrastructure. For 2018/19 the appropriation against this group of expenditure has been increased by 86.3 per cent (R33.1 million) and continues to grow by 25 per cent for the two outer years of which budget allocation is in excess of R41.3 million by 2020/21.

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. Budget allocated for other materials in 2018/19 financial year is sufficient to cover the repairs and maintenance as the budget estimate for this item has considered the repairs and maintenance plan that is annually reviewed by the municipality.

Contracted Services have been identified as a cost saving area for the municipality. As part of the compilation of the 2018/2019 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced as the municipality is trying to reduce the outsourcing of services. The municipality took a resolution to perform some of these contracted services internally as assessments were done and reports reflected that the municipality can be capable of delivering these services.

For 2018/19 the appropriation against this group of expenditure has been decreased by 21.8 per cent (R16.1 million) and it has grown by 11.2 for the two outer years of which budget allocation is in excess of R17.9 million by 2020/21.

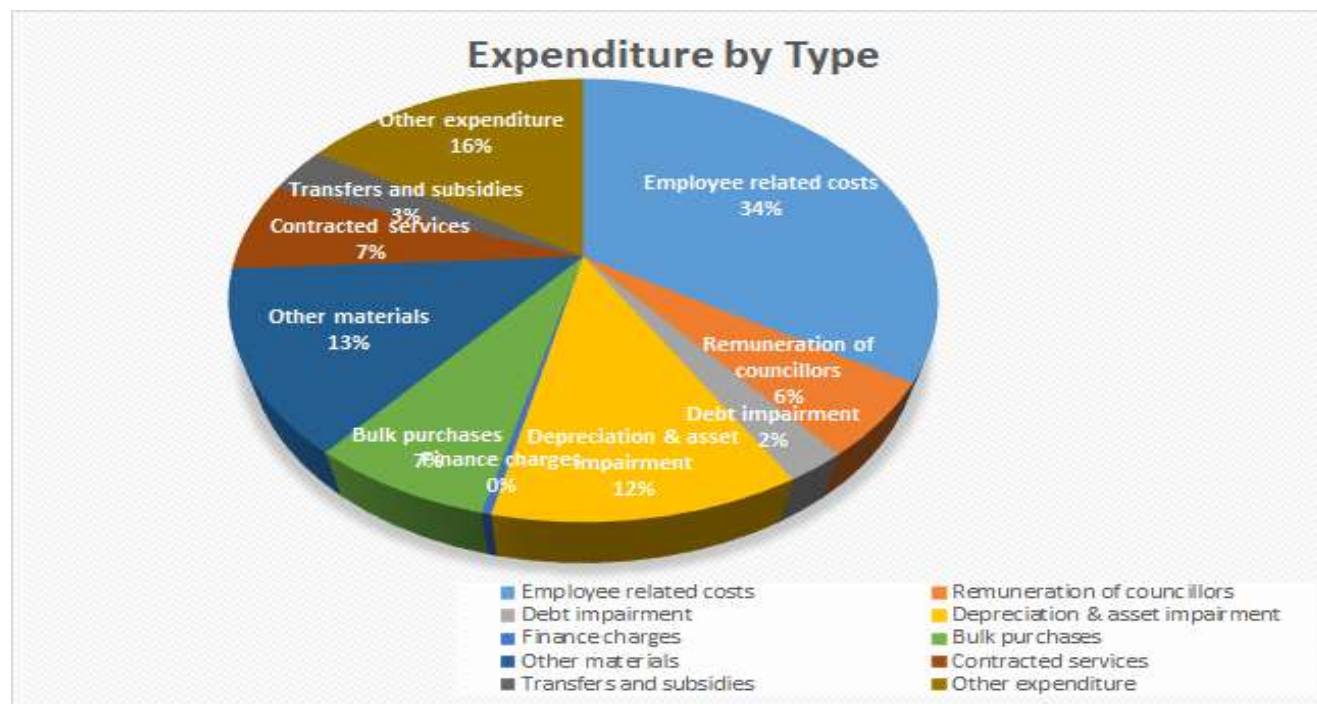
As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2018/19 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into this budget cycle and it is envisaged that additional cost savings will be implemented.

As part of compilation of the 2018/19 MTREF this group of expenditure for Transfers and Subsidies was critically evaluated and operational efficiencies were enforced. In the 2018/19 financial year, this group of expenditure totals R8.3 million and has decreased by 36.9 per cent; decrease in this item is due to reduction in the allocation of INEP. Transfers and Subsidies have also considered provision of Free Basic Services for Electricity and Refuse to indigent beneficiaries.

Budget allocated for free basic electricity has considered the current years actual performance and has considered the proposed increase of 6.84% by NERSA and the number of beneficiaries qualifying for free basic electricity of 1876, free basic refuse has also considered the current year's actual performance and also we have effected 6 per cent, increase of 405 per cent from free basic refuse has considered the additional beneficiaries through the inyoni housing (low housing) as the number of indigent beneficiaries has increased to 23700.

Other expenditure comprises of various line items relating to the daily operations of the municipality. Other expenditure has been increased from R38.6 million to R39.7 million with an increase of 2.8 per cent. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved, as the municipality has identified areas in which cost cutting can be implemented, without disturbing operations of the municipality. Budget allocated for this item has considered cost cutting measures as per Circular 82.

The following table gives a breakdown of the main expenditure categories for the 2018/19 financial year.



**Figure 1 Main operational expenditure categories for the 2018/19 financial year**

### 1.9.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2018/19 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs & maintenance plan of the Municipality. 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 9 Operational repairs and maintenance**

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'								
Description	Re	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand								
Repairs and Maintenance	8							
Employee related costs		12,403	12,403	12,403	12,403	25,233	26,595	28,058
Other materials		18,288	17,756	17,756	17,756	33,310	27,999	29,538
Contracted Services								
Other Expenditure								
Total Repairs and Maintenance Expenditure	9	30,691	30,159	30,159	30,159	58,542	54,594	57,596

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. To this end, repairs and maintenance for roads was substantially increased by 94.1 per cent in the 2018/19 financial year, from R30.2 million to R58.5 million. The total allocation for 2018/19 equates to R33.3 million an increase of 16.4 per cent in relation to the Adjustment Budget and continues to grow at 7.2 and 5.5 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 87.7 and 83.9 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 10 Repairs and maintenance per asset class**

KZN291 Mandeni - Table A9 Asset Management									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation</b>	7	22,976,348	24,278	23,000	25,764	25,764	29,097	35,669	39,630
<b>Repairs and Maintenance by Asset Class</b>	3	<b>14,017</b>	<b>10,530</b>	<b>30,691</b>	<b>30,159</b>	<b>30,159</b>	<b>33,070</b>	<b>35,744</b>	<b>41,334</b>
Roads Infrastructure		5,363	1,475	10,797	10,797	10,797	8,128	11,267	14,686
Storm water Infrastructure		2,077	1,766	5,601	5,601	5,601	5,000	6,270	7,115
Electrical Infrastructure		-	635	5,272	5,272	5,272	9,580	5,685	5,435
Water Supply Infrastructure		-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>7,440</b>	<b>3,876</b>	<b>21,670</b>	<b>21,670</b>	<b>21,670</b>	<b>22,708</b>	<b>23,222</b>	<b>27,236</b>
Community Facilities		3,745	3,746	3,500	3,500	3,500	3,700	4,100	5,212
Sport and Recreation Facilities		278	50	358	358	358	300	616	650
<b>Community Assets</b>		<b>4,023</b>	<b>3,796</b>	<b>3,858</b>	<b>3,858</b>	<b>3,858</b>	<b>4,000</b>	<b>4,716</b>	<b>5,862</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-
Operational Buildings		534	410	1,772	1,772	1,772	850	1,046	1,103
Housing		-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>534</b>	<b>410</b>	<b>1,772</b>	<b>1,772</b>	<b>1,772</b>	<b>850</b>	<b>1,046</b>	<b>1,103</b>
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-
Computer Equipment		-	349	909	509	509	-	-	-
Furniture and Office Equipment		388	1,701	2,481	2,349	2,349	912	961	1,014
Machinery and Equipment		1,631	399	-	-	-	4,600	5,799	6,118
Transport Assets		-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>22,990,365</b>	<b>34,809</b>	<b>53,691</b>	<b>55,923</b>	<b>55,923</b>	<b>62,167</b>	<b>71,414</b>	<b>80,964</b>

For the 2018/19 financial year 8.4 per cent or R33.1 million of total repairs and maintenance will be spent on infrastructure assets. Infrastructure assets have been allocated R22.7 million of total repairs and maintenance equating to 68.7 per cent, Community assets have been allocated R4 million of total repairs and maintenance equating to 12.1 per cent and other assets have been allocated R6.4million of total repairs and maintenance equating to 19.4 per cent.

### 1.10 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. The target is to register 500 or more indigent households during the 2018/19 financial year, a process is reviewed annually to benefit in Free Basic Services offered by the municipality. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR 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.

### 1.11 Capital expenditure

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

**Table 11 2018/19 Medium-term capital budget per vote**

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding								
Vote Description R thousand	Re	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework				
		Adjusted Budget	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21
<b>Capital expenditure - Vote</b>								
<b>Capital multi-year expenditure sub-total</b>	7	—	0%	—		—		—
<b>Single-year expenditure to be appropriated</b>	2							
Vote 1 - Executive Council		—	—	—		—		—
Vote 2 - Budget & Treasury		—	—	—		—		—
Vote 3 - Corporate Services		200	0%	300	0%	—		—
Vote 4 - Planning and Development		16,378	32%	9,139	16%	35,369	95%	37,202
Vote 5 - Health		—	—	—		—		—
Vote 6 - Community & Social		—	—	7,116	13%	—		—
Vote 7 - Housing		—	—	—		—		—
Vote 8 - Public Safety		1,000	2%	1,000	2%	2,000	5%	—
Vote 9 - Sports & Recreation		—	—	—		—		—
Vote 10 - Environment		—	—	—		—		—
Vote 11 - Waste Management		—	—	—		—		—
Vote 12 - Electricity		—	—	3,295	6%	—		—
Vote 13 - Roads & Stormwater		34,143	66%	35,697	63%	—		—
Vote 14 -		—	—	—		—		—
Vote 15 -		—	—	—		—		—
<b>Capital single-year expenditure sub-total</b>		<b>51,721</b>	<b>100%</b>	<b>56,547</b>	<b>100%</b>	<b>37,369</b>	<b>100%</b>	<b>37,202</b>
<b>Total Capital Expenditure - Vote</b>		<b>51,721</b>	<b>100%</b>	<b>56,547</b>	<b>100%</b>	<b>37,369</b>	<b>100%</b>	<b>37,202</b>

For 2018/19 an amount of R35.7 Million has been appropriated for the development of infrastructure which represents 63 per cent of the total capital budget. In the outer years this amount totals R35.4 million and increases to R37.2 million respectively for each of the financial years. Transport and roads receives the highest allocation of R35.7 million in 2018/19 which equates to 63 per cent followed by Community & Social at 13 per cent or R9.1 million.

Total new assets represent 29.2 per cent or R16.5 million of the total capital budgets while renewal of existing assets represents 47.3 per cent or 26.7 million and upgrading of existing assets equates to 23.7 per cent or R13.4 million.

## 1.12 Annual Budget Tables - Parent Municipality

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 2018/19 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 12 MBRR Table A1 - Budget Summary**

<b>KZN291 Mandeni - Table A1 Budget Summary</b>										
<b>Description</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Current Year 2017/18</b>				<b>2018/19 Medium Term Revenue &amp; Expenditure Framework</b>		
	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Full Year Forecast</b>	<b>Pre-audit outcome</b>	<b>Budget Year 2018/19</b>	<b>Budget Year +1 2019/20</b>	<b>Budget Year +2 2020/21</b>
<b>R thousands</b>										
<b><u>Financial Performance</u></b>										
Property rates	29,125	27,408	30,557	30,789	30,789	30,789	30,789	47,732	50,056	52,475
Service charges	18,253	19,525	21,150	25,665	27,484	27,484	27,484	28,787	37,842	43,982
Investment revenue	3,306	3,627	2,961	3,000	3,000	3,000	3,000	2,900	3,057	3,225
Transfers recognised - operational	155,443	177,133	181,232	152,744	156,797	156,797	156,797	161,481	179,910	192,602
Other own revenue	21,138	22,992	43,565	6,506	6,438	6,438	6,438	6,999	7,377	7,783
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>227,265</b>	<b>250,685</b>	<b>279,465</b>	<b>218,704</b>	<b>224,507</b>	<b>224,507</b>	<b>224,507</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
Employee costs	60,211	68,601	72,958	72,961	72,961	72,961	72,961	84,109	88,650	93,526
Remuneration of councillors	9,644	10,159	10,990	13,700	13,700	13,700	13,700	13,442	14,481	15,278
Depreciation & asset impairment	21,457	22,976	24,278	23,000	25,764	25,764	25,764	29,097	35,669	39,630
Finance charges	2,347	1,853	2,912	2,150	1,900	1,900	1,900	920	1,319	1,392
Materials and bulk purchases	19,875	22,990	21,514	32,884	33,905	33,905	33,905	50,401	53,994	59,675
Transfers and grants	—	6,824	15,696	10,650	13,199	13,199	13,199	8,329	10,626	8,716
Other expenditure	82,786	84,385	99,102	63,359	63,078	63,078	63,078	61,603	73,502	81,849
<b>Total Expenditure</b>	<b>196,320</b>	<b>217,788</b>	<b>247,450</b>	<b>218,704</b>	<b>224,508</b>	<b>224,508</b>	<b>224,508</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
<b>Surplus/(Deficit)</b>	<b>30,945</b>	<b>32,897</b>	<b>32,014</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>
Transfers and subsidies - capital (monetary allocation)	—	—	34,326	45,321	45,321	45,321	45,321	45,373	35,369	37,202
Contributions recognised - capital & contributed as	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>30,945</b>	<b>32,897</b>	<b>66,340</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>30,945</b>	<b>32,897</b>	<b>66,340</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
<b><u>Capital expenditure &amp; funds sources</u></b>										
<b>Capital expenditure</b>	<b>69,677</b>	<b>59,552</b>	<b>81,257</b>	<b>57,721</b>	<b>51,721</b>	<b>51,721</b>	<b>51,721</b>	<b>56,547</b>	<b>37,369</b>	<b>37,202</b>
Transfers recognised - capital	50,533	43,886	34,326	45,321	45,321	45,321	45,321	45,373	35,369	37,202
Public contributions & donations	—	—	31,044	—	—	—	—	—	—	—
Borrowing	—	—	4,050	—	—	—	—	—	—	—
Internally generated funds	19,144	15,666	11,838	12,400	6,400	6,400	6,400	11,174	2,000	—
<b>Total sources of capital funds</b>	<b>69,677</b>	<b>59,552</b>	<b>81,257</b>	<b>57,721</b>	<b>51,721</b>	<b>51,721</b>	<b>51,721</b>	<b>56,547</b>	<b>37,369</b>	<b>37,202</b>
<b><u>Financial position</u></b>										
Total current assets	66,441	74,969	61,369	74,865	88,533	88,533	88,533	82,370	90,873	99,849
Total non current assets	355,536	386,589	443,409	457,640	443,409	443,409	443,409	490,862	505,868	524,914
Total current liabilities	26,316	29,026	37,642	33,487	66,285	66,285	66,285	84,323	39,725	20,442
Total non current liabilities	15,479	19,379	21,882	19,150	20,404	20,404	20,404	20,520	28,500	38,500
Community wealth/Equity	380,182	413,154	445,253	479,869	445,253	445,253	445,253	468,388	528,515	565,822
<b><u>Cash flows</u></b>										
Net cash from (used) operating	37,932	57,640	64,957	52,319	60,312	60,312	60,312	52,556	46,232	49,593
Net cash from (used) investing	(69,677)	(59,552)	(81,258)	(57,721)	(51,721)	(51,721)	(51,721)	(56,547)	(38,939)	(37,202)
Net cash from (used) financing	(103)	604	3,709	(2,795)	(2,074)	(2,074)	(2,074)	(2,666)	—	—
<b>Cash/cash equivalents at the year end</b>	<b>29,057</b>	<b>27,749</b>	<b>15,157</b>	<b>6,547</b>	<b>21,674</b>	<b>18,774</b>	<b>19,774</b>	<b>13,117</b>	<b>20,410</b>	<b>32,801</b>
<b><u>Cash backing/surplus reconciliation</u></b>										
Cash and investments available	29,057	27,749	15,156	6,547	6,547	6,547	6,547	9,459	7,546	7,961
Application of cash and investments	14,247	10,265	31,375	(989)	(6,624)	(6,624)	(6,624)	(2,232)	(8,813)	(3,893)
<b>Balance - surplus (shortfall)</b>	<b>14,810</b>	<b>17,484</b>	<b>(16,219)</b>	<b>7,536</b>	<b>13,171</b>	<b>13,171</b>	<b>13,171</b>	<b>11,691</b>	<b>16,359</b>	<b>11,854</b>
<b><u>Asset management</u></b>										
Asset register summary (WDV)	355,535	386,589	443,409	410,696	410,696	410,696		500,977	524,051	548,820
Depreciation	21,457,492	22,976,348	24,278	23,000	25,764	25,764		29,097	35,669	39,630
Renewal of Existing Assets	21,051	12,464	31,056	19,478	16,378	16,378		26,711	—	—
Repairs and Maintenance	11,763	14,017	10,530	30,691	30,159	30,159		33,070	35,744	41,334
<b><u>Free services</u></b>										
Cost of Free Basic Services provided	—	—	—	—	—	—	505	505	533	562
Revenue cost of free services provided	15	15	15	1,642	1,642	1,642	15,873	15,873	16,729	17,648
<b><u>Households below minimum service level</u></b>										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sew erage:	0	0	0	0	0	0	0	0	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—	—

## Explanatory notes to MBRR Table A1 - Budget Summary

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).

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.

Financial management reforms emphasises 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.

The operating surplus/deficit (after Total Expenditure) is positive over the MTREF Capital expenditure is balanced by capital funding sources, of which Transfers recognised are reflected on the Financial Performance Budget.

Borrowing is incorporated in the net cash from financing on the Cash Flow Budget Internally generated funds are financed from accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.

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 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 will be achieved by 2018/19, when a small surplus as reflected.

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.

**Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

KZN291 Mandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Re	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>										
<b>Governance and administration</b>	1	147,001	181,362	201,775	168,106	172,091	172,091	212,794	239,541	257,544
Executive and council		20	204	—	6,902	6,902	6,902	7,251	7,609	7,968
Finance and administration		146,981	181,157	201,775	161,204	165,189	165,189	205,543	231,932	249,576
Internal audit		—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		3,352	3,105	3,672	4,265	4,265	4,265	6,128	6,408	6,764
Community and social services		2,518	1,979	2,196	2,729	2,729	2,729	4,092	4,322	4,566
Sport and recreation		12	13	—	6	6	6	64	7	7
Public safety		822	1,112	1,476	1,530	1,530	1,530	1,972	2,078	2,191
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		51,098	39,850	34,887	2,137	2,137	2,137	159	1,417	176
Planning and development		51,098	39,850	562	2,137	2,137	2,137	159	1,417	176
Road transport		—	—	34,326	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		25,814	26,367	39,131	44,195	46,014	46,014	28,819	30,874	35,582
Energy sources		19,550	20,028	31,380	30,800	32,618	32,618	20,426	21,495	25,687
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		6,264	6,339	7,750	13,395	13,395	13,395	8,394	9,379	9,895
<b>Other</b>	4	—	—	—	—	—	—	—	—	—
<b>Total Revenue - Functional</b>	2	227,265	250,684	279,465	218,704	224,507	224,507	247,900	278,241	300,067
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		115,923	112,931	134,809	103,589	106,468	106,468	116,850	135,718	138,177
Executive and council		31,592	39,950	36,260	37,785	39,420	39,420	27,944	27,552	29,168
Finance and administration		84,330	72,981	98,548	65,804	67,048	67,048	88,906	108,165	109,009
Internal audit		—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		25,776	28,523	30,650	31,603	33,265	33,265	31,177	32,861	34,668
Community and social services		10,294	9,021	10,377	10,042	10,954	10,954	11,212	11,818	12,467
Sport and recreation		686	901	963	1,511	861	861	788	831	876
Public safety		14,514	18,600	19,310	20,050	21,450	21,450	19,177	20,213	21,324
Housing		—	—	—	—	—	—	—	—	—
Health		282	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		39,941	47,183	46,752	48,248	45,229	45,229	59,230	81,221	94,048
Planning and development		24,666	30,173	29,987	27,476	25,314	25,314	33,418	35,224	37,161
Road transport		8,662	10,101	8,209	14,457	13,600	13,600	16,456	36,669	47,047
Environmental protection		6,613	6,909	8,557	6,315	6,315	6,315	9,356	9,328	9,841
<b>Trading services</b>		26,971	29,149	35,239	35,264	39,546	39,546	40,643	28,441	33,172
Energy sources		19,521	21,675	31,789	30,892	34,994	34,994	32,417	20,398	24,687
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		7,450	7,474	3,450	4,372	4,552	4,552	8,226	8,043	8,485
<b>Other</b>	4	—	—	—	—	—	—	—	—	—
<b>Total Expenditure - Functional</b>	3	208,611	217,787	247,450	218,704	224,507	224,507	247,900	278,241	300,066
<b>Surplus/(Deficit) for the year</b>		18,654	32,897	32,015	(0)	0	0	0	(0)	0

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

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 enable the National Treasury to compile 'whole of government' reports.

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.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget & Treasury Office.

**Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

KZN291 Mandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Re	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>	<b>1</b>									
Vote 1 - Executive Council		20	204	–	6,902	6,902	6,902	7,251	7,609	7,968
Vote 2 - Budget & Treasury		146,981	181,157	201,630	161,204	164,689	164,689	205,543	231,933	249,575
Vote 3 - Corporate Services		–	–	145	410	910	910	–	–	–
Vote 4 - Planning and Development		51,098	39,850	562	–	–	–	159	1,417	176
Vote 5 - Health		–	–	–	–	–	–	–	–	–
Vote 6 - Community & Social		2,518	1,979	2,196	2,729	2,729	2,729	4,092	4,322	4,566
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Public Safety		822	1,112	1,476	1,530	1,530	1,530	1,972	2,078	2,193
Vote 9 - Sports & Recreation		12	13	–	6	6	6	64	7	7
Vote 10 - Environment		–	–	–	–	–	–	–	–	–
Vote 11 - Waste Management		6,264	6,339	7,750	13,395	13,395	13,395	8,394	9,379	9,895
Vote 12 - Electricity		19,550	20,028	31,380	30,800	32,618	32,618	20,426	21,495	25,687
Vote 13 - Roads & Stormwater		–	–	34,326	1,728	1,728	1,728	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>	<b>2</b>	<b>227,265</b>	<b>250,684</b>	<b>279,465</b>	<b>218,704</b>	<b>224,507</b>	<b>224,507</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
<b>Expenditure by Vote to be approved</b>	<b>1</b>									
Vote 1 - Executive Council		31,592	39,950	36,260	37,785	39,420	39,420	27,944	27,552	29,168
Vote 2 - Budget & Treasury		67,105	55,761	80,183	47,455	49,969	49,969	66,357	83,239	82,712
Vote 3 - Corporate Services		17,234	17,220	18,365	18,349	17,079	17,079	22,549	23,767	25,074
Vote 4 - Planning and Development		24,666	30,173	29,987	27,476	25,314	25,314	33,418	35,223	37,160
Vote 5 - Health		–	–	–	–	–	–	–	–	–
Vote 6 - Community & Social		10,294	9,021	10,377	10,042	10,954	10,954	11,212	11,818	12,467
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Public Safety		14,514	18,600	19,310	20,050	21,450	21,450	19,177	20,213	21,324
Vote 9 - Sports & Recreation		686	901	963	1,511	861	861	788	831	876
Vote 10 - Environment		6,895	6,909	8,557	6,315	6,315	6,315	9,356	9,861	10,403
Vote 11 - Waste Management		7,441	7,474	3,450	4,372	4,552	4,552	8,226	8,670	9,147
Vote 12 - Electricity		19,521	21,675	31,789	30,892	34,994	34,994	32,417	20,398	24,687
Vote 13 - Roads & Stormwater		8,662	10,101	8,209	14,457	13,600	13,600	16,456	36,669	47,047
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>208,611</b>	<b>217,787</b>	<b>247,450</b>	<b>218,704</b>	<b>224,507</b>	<b>224,507</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>18,654</b>	<b>32,897</b>	<b>32,015</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>1</b>



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

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

**Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

<b>KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)</b>										
<b>Description</b>	<b>Re</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Current Year 2017/18</b>				<b>2018/19 Medium Term Revenue &amp; Expenditure</b>		
		<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Full Year Forecast</b>	<b>Pre-audit outcome</b>	<b>Budget Year 2018/19</b>	<b>Budget Year +1 2019/20</b>	<b>Budget Year +2 2020/21</b>
<b>R thousand</b>	<b>1</b>									
<b>Revenue By Source</b>										
Property rates	2	27,408	30,557	30,789	30,789	30,789	30,789	47,732	50,056	52,475
Service charges - electricity revenue	2	13,186	13,399	17,270	19,088	19,088	19,088	20,394	28,995	34,649
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	6,339	7,750	8,395	8,395	8,395	8,395	8,393	8,847	9,333
Service charges - other										
Rental of facilities and equipment		286	241	325	256	256	256	271	286	302
Interest earned - external investments		3,627	2,961	3,000	3,000	3,000	3,000	2,900	3,057	3,225
Interest earned - outstanding debtors		9,766	9,864	4,160	4,160	4,160	4,160	4,400	4,638	4,893
Dividends received										
Fines, penalties and forfeits		32	350	505	505	505	505	500	527	556
Licences and permits		1,123	1,175	1,000	1,000	1,000	1,000	1,472	1,552	1,637
Agency services										
Transfers and subsidies		177,133	181,232	152,744	156,797	156,797	156,797	161,481	179,910	192,602
Other revenue	2	11,785	31,935	517	517	517	517	356	375	396
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>250,685</b>	<b>279,465</b>	<b>218,704</b>	<b>224,507</b>	<b>224,507</b>	<b>224,507</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
<b>Expenditure By Type</b>										
Employee related costs	2	68,601	72,958	72,961	72,961	72,961	72,961	84,109	88,650	93,526
Remuneration of councillors		10,159	10,990	13,700	13,700	13,700	13,700	13,442	14,481	15,278
Debt impairment	3	4,026	36,634	3,862	3,862	3,862	3,862	5,800	11,651	14,947
Depreciation & asset impairment	2	22,976	24,278	23,000	25,764	25,764	25,764	29,097	35,669	39,630
Finance charges		1,853	2,912	2,150	1,900	1,900	1,900	920	1,319	1,392
Bulk purchases	2	8,972	10,984	14,596	16,149	16,149	16,149	17,331	18,250	18,341
Other materials	8	14,017	10,530	18,288	17,756	17,756	17,756	33,070	35,744	41,334
Contracted services		23,933	18,241	13,594	20,609	20,609	20,609	16,133	17,004	17,940
Transfers and subsidies		6,824	15,696	10,650	13,199	13,199	13,199	8,329	10,626	8,716
Other expenditure	4, 5	56,346	44,226	45,903	38,608	38,608	38,608	39,670	44,846	48,963
Loss on disposal of PPE		80								
<b>Total Expenditure</b>		<b>217,788</b>	<b>247,450</b>	<b>218,704</b>	<b>224,508</b>	<b>224,508</b>	<b>224,508</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
<b>Surplus/(Deficit)</b>		<b>32,897</b>	<b>32,014</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>
Transfers and subsidies - capital (monetary allocations) (National / Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Transfers and subsidies - capital (in-kind - all)	6	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>32,897</b>	<b>66,340</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>		<b>32,897</b>	<b>66,340</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>32,897</b>	<b>66,340</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
Share of surplus/ (deficit) of associate	7									
<b>Surplus/(Deficit) for the year</b>		<b>32,897</b>	<b>66,340</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>

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

Total revenue is R247.9 million in 2018/19 and escalates to R300.1 million by 2020/21. This represents a year-on-year increase of 10.4 per cent for the 2020/21 financial year and 21.0 per cent for the 2020/21 financial year.

Revenue to be generated from property rates is R47.7 million in the 2018/19 financial year and increases to R52.5 million by 2020/21 which represents 19.3 per cent of the operating revenue base of the Municipality. This represents a change due to implementation of the New General Valuation Roll. Although the Council decided to increase rates tariff, additional properties and market value of those properties had an effect of an increase in rates.

Services charges relating to electricity and refuse removal constitutes the component of the revenue basket of the Municipality totaling R28.8 million for the 2018/19 financial year and increasing to R43.9 million by 2020/21. For the 2018/19 financial year services charges amount to 11.6 per cent of the total revenue base and grows by 52.8 per cent per annum over the medium-term. This growth has mainly been attributed by effecting 6.84 per cent increase for electricity and 6 per cent for refuse. The municipality has also considered the agreement between the Municipality and Umngeni water for the Thukela water works project for the supply of bulk electricity.

Rental of facilities and equipment have been increased in the 2018/19 financial year from R256 thousand to R271 thousand with an increase of 6 %. Budget amount has also considered the increase on rental tariffs for the utilization of municipal properties and the municipality has two additional new halls which contribute towards demand for utilization of municipal facilities.

Interest on external investments have been decreased from R3.0 million to R2.9 million for 2018/19 financial year, decrease of 3.4 per cent has considered the projected closing balance for investments and the 2018/19 Gazzeted Grants which will be transferred as publicized.

Interest on Outstanding have been increased from R4.2 million to R4.4 million for 2018/19; increase of 5.8 per cent is due to a possible write off for Ingonyama Trust debt as well as the 60/40 incentive in the historic debt wherein our first point of write offs will be the interest on outstanding debtors. We took legal actions against Ingonyama Trust and the court ruled not in our favour. So for prudent principle purposes we agreed that we should start considering Ingonyama trust debt as irrecoverable including its interest debt.

Fines have been decreased from R505 million to R500 thousands; decrease of 1 percent, proposed budget for fines is based on the current year's actual performance for 2017/18 billing. This is the level in which the municipality anticipates to recover/collect fines once it has also determined the analysis for the implementation of GRAP 1

Licenses & Permits have been increased from R1 million to R1.5 million for 2018/19 financial year; increase of 47.2 percent is based on the current year's actual performance and demand. The budget allocated has also considered the percentage increase of 6 per cent for various license & Permits tariffs for (Traffic and Business license Department) which has been considered in the budget.

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that the grants receipts from national government have been increased over the MTREF by 3 per cent and then increases by 11.4 per cent to 7.1 per cent for the two outer years.

Bulk purchases have significantly increased over the 2017/18 adjustment budget to 2018/19 period escalating from R16.1 million to R17.3 million. This increase is attributed to the substantial increase in the cost bulk electricity from Eskom; the municipality has effected proposed increase of 7.32 per cent for bulk purchases by NERSA.

Employee related costs and other expenditure 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 other expenditure increases in future years.

**Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	Re	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	<b>1</b>									
<b>Single-year expenditure to be ap</b>	<b>2</b>									
Vote 1 - Executive Council		157	—	—	10	—	—	—	—	—
Vote 2 - Budget & Treasury		—	—	2,810	—	—	—	—	—	—
Vote 3 - Corporate Services		1,553	550	1,034	400	200	200	300	—	—
Vote 4 - Planning and Development		10377782	3159643	8102825	19,608	16,378	16,378	9,139	35,369	37,202
Vote 5 - Health		—	—	—	—	—	—	—	—	—
Vote 6 - Community & Social		17,157	12,841	557	—	—	—	7,116	—	—
Vote 7 - Housing		—	—	—	—	—	—	—	—	—
Vote 8 - Public Safety		—	816	—	2,500	1,000	1,000	1,000	2,000	—
Vote 9 - Sports & Recreation		683	—	87	—	—	—	—	—	—
Vote 10 - Environment		—	—	—	—	—	—	—	—	—
Vote 11 - Waste Management		—	419	—	560	—	—	—	—	—
Vote 12 - Electricity		—	2,102	31,044	—	—	—	3,295	—	—
Vote 13 - Roads & Stormwater		39,749	39,665	37,623	34,443	34,143	34,143	35,697	—	—
Vote 14 -		—	—	—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—	—	—
<b>Capital single-year expenditure sub-</b>		<b>69,677</b>	<b>59,552</b>	<b>81,257</b>	<b>57,521</b>	<b>51,721</b>	<b>51,721</b>	<b>56,547</b>	<b>37,369</b>	<b>37,202</b>
<b>Total Capital Expenditure - Vote</b>		<b>69,677</b>	<b>59,552</b>	<b>81,257</b>	<b>57,521</b>	<b>51,721</b>	<b>51,721</b>	<b>56,547</b>	<b>37,369</b>	<b>37,202</b>
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>		<b>2,106</b>	<b>796</b>	<b>3,843</b>	<b>410</b>	<b>200</b>	<b>200</b>	<b>300</b>	<b>—</b>	<b>—</b>
Executive and council		157	—	—	10	—	—	—	—	—
Finance and administration		395	246	3,843	—	—	—	300	—	—
Internal audit		1,553	550	—	400	200	200	—	—	—
<b>Community and public safety</b>		<b>17,840</b>	<b>16,516</b>	<b>644</b>	<b>2,700</b>	<b>1,000</b>	<b>1,000</b>	<b>8,316</b>	<b>2,000</b>	<b>—</b>
Community and social services		17,157	15,701	557	—	—	—	7,316	—	—
Sport and recreation		683	—	87	200	—	—	—	—	—
Public safety		—	816	—	2,500	1,000	1,000	1,000	2,000	—
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental servi</b>		<b>49,732</b>	<b>39,718</b>	<b>45,726</b>	<b>54,051</b>	<b>50,521</b>	<b>50,521</b>	<b>44,636</b>	<b>35,369</b>	<b>37,202</b>
Planning and development		10,378	3,160	8,103	19,608	18,078	18,078	2,560	—	—
Road transport		39,354	36,559	37,623	34,443	32,443	32,443	42,076	35,369	37,202
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		<b>—</b>	<b>2,521</b>	<b>31,044</b>	<b>560</b>	<b>—</b>	<b>—</b>	<b>3,295</b>	<b>—</b>	<b>—</b>
Energy sources		—	2,102	31,044	—	—	—	3,295	—	—
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		—	419	—	560	—	—	—	—	—
<b>Other</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Capital Expenditure - Funct</b>	<b>3</b>	<b>69,677</b>	<b>59,552</b>	<b>81,257</b>	<b>57,721</b>	<b>51,721</b>	<b>51,721</b>	<b>56,547</b>	<b>37,369</b>	<b>37,202</b>
<b>Funded by:</b>										
National Government		50,533	43,886	34,326	45,321	45,321	45,321	45,373	35,369	37,202
Provincial Government		—	—	—	—	—	—	—	—	—
District Municipality		—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—	—
<b>Transfers recognised - capital</b>	<b>4</b>	<b>50,533</b>	<b>43,886</b>	<b>34,326</b>	<b>45,321</b>	<b>45,321</b>	<b>45,321</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
<b>Public contributions &amp; donation</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>31,044</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Borrowing</b>	<b>6</b>	<b>—</b>	<b>—</b>	<b>4,050</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Internally generated funds</b>	<b>7</b>	<b>19,144</b>	<b>15,666</b>	<b>11,838</b>	<b>12,400</b>	<b>6,400</b>	<b>6,400</b>	<b>11,174</b>	<b>2,000</b>	<b>—</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>69,677</b>	<b>59,552</b>	<b>81,257</b>	<b>57,721</b>	<b>51,721</b>	<b>51,721</b>	<b>56,547</b>	<b>37,369</b>	<b>37,202</b>

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 source necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

**Table 17 MBRR Table A6 - Budgeted Financial Position**

KZN291 Mandeni - Table A6 Budgeted Financial Position											
Description	Re	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		936	293	2,635	6,547	6,547	6,547	6,547			
Call investment deposits	1	28,122	27,456	12,521	—	—	—	—	9,459	7,546	7,961
Consumer debtors	1	28,563	43,352	33,178	64,818	78,586	78,586	78,586	69,410	79,626	87,788
Other debtors		3,838	1,655	997	3,000	3,000	3,000	3,000	3,000	3,200	3,500
Current portion of long-term receivables		4,345	1,791	11,701							
Inventory	2	638	422	336	500	400	400	400	500	500	600
<b>Total current assets</b>		<b>66,441</b>	<b>74,969</b>	<b>61,369</b>	<b>74,865</b>	<b>88,533</b>	<b>88,533</b>	<b>88,533</b>	<b>82,370</b>	<b>90,873</b>	<b>99,849</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property		46,606	46,606	46,606	46,606	46,606	46,606	46,606	46,606	46,606	46,606
Investment in Associate											
Property, plant and equipment	3	308,592	339,609	395,196	410,696	395,196	395,196	395,196	442,456	457,361	476,308
Agricultural											
Biological											
Intangible		338	374	1,607	338	1,607	1,607	1,607	1,800	1,900	2,000
Other non-current assets											
<b>Total non current assets</b>		<b>355,536</b>	<b>386,589</b>	<b>443,409</b>	<b>457,640</b>	<b>443,409</b>	<b>443,409</b>	<b>443,409</b>	<b>490,862</b>	<b>505,868</b>	<b>524,914</b>
<b>TOTAL ASSETS</b>		<b>421,977</b>	<b>461,559</b>	<b>504,777</b>	<b>532,505</b>	<b>531,942</b>	<b>531,942</b>	<b>531,942</b>	<b>573,232</b>	<b>596,740</b>	<b>624,764</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	194	263	1,181	1,210	1,210	1,210	1,210	1,350	1,300	1,500
Consumer deposits		1,650	1,585	864	1,585	864	864	864	750		
Trade and other payables	4	18,672	27,178	35,598	24,700	35,598	35,598	35,598	25,445	15,000	13,000
Provisions		5,801			5,992	28,613	28,613	28,613	56,778	23,425	5,942
<b>Total current liabilities</b>		<b>26,316</b>	<b>29,026</b>	<b>37,642</b>	<b>33,487</b>	<b>66,285</b>	<b>66,285</b>	<b>66,285</b>	<b>84,323</b>	<b>39,725</b>	<b>20,442</b>
<b>Non current liabilities</b>											
Borrowing		212	671	3,378	2,150	1,900	1,900	1,900	2,016	3,500	3,500
Provisions		15,267	18,708	18,504	17,000	18,504	18,504	18,504	18,504	25,000	35,000
<b>Total non current liabilities</b>		<b>15,479</b>	<b>19,379</b>	<b>21,882</b>	<b>19,150</b>	<b>20,404</b>	<b>20,404</b>	<b>20,404</b>	<b>20,520</b>	<b>28,500</b>	<b>38,500</b>
<b>TOTAL LIABILITIES</b>		<b>41,795</b>	<b>48,404</b>	<b>59,524</b>	<b>52,637</b>	<b>86,689</b>	<b>86,689</b>	<b>86,689</b>	<b>104,843</b>	<b>68,225</b>	<b>58,942</b>
<b>NET ASSETS</b>	5	<b>380,182</b>	<b>413,154</b>	<b>445,253</b>	<b>479,868</b>	<b>445,253</b>	<b>445,253</b>	<b>445,253</b>	<b>468,388</b>	<b>528,515</b>	<b>565,822</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		378,398	411,294	443,309	478,069	443,309	443,309	443,309	466,378	526,396	563,586
Reserves	4	1,784	1,859	1,944	1,800	1,944	1,944	1,944	2,011	2,119	2,236
<b>TOTAL COMMUNITY WEALTH</b>	5	<b>380,182</b>	<b>413,154</b>	<b>445,253</b>	<b>479,869</b>	<b>445,253</b>	<b>445,253</b>	<b>445,253</b>	<b>468,388</b>	<b>528,515</b>	<b>565,822</b>

## Explanatory notes to Table A6 - Budgeted Financial Position

1. 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).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes 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 18 MBRR Table A7 - Budgeted Cash Flow Statement**

KZN291 Mandeni - Table A7 Budgeted Cash Flows									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates		29,548	47,784	22,383	22,383	22,383	32,458	34,211	36,092
Service charges		28,682	20,993	18,659	22,329	22,329	21,003	22,137	23,355
Other revenue			—	1,846	5,156	5,156	2,124	2,239	2,362
Government - operating	1	133,247	146,907	152,744	156,797	156,797	161,481	179,910	192,602
Government - capital	1	42,778	31,517	45,321	45,321	45,321	45,373	35,369	37,202
Interest		3,627	2,961	3,208	3,208	3,208	3,120	3,288	3,469
Dividends							—	—	—
<b>Payments</b>									
Suppliers and employees		(178,389)	(182,292)	(179,042)	(179,782)	(179,782)	(203,754)	(218,977)	(235,382)
Finance charges		(1,853)	(2,912)	(2,150)	(1,900)	(1,900)	(920)	(1,319)	(1,392)
Transfers and Grants	1			(10,650)	(13,199)	(13,199)	(8,329)	(10,626)	(8,716)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>57,640</b>	<b>64,957</b>	<b>52,319</b>	<b>60,312</b>	<b>60,312</b>	<b>52,556</b>	<b>46,232</b>	<b>49,593</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE							—	—	—
Decrease (Increase) in non-current debtors							—	—	—
Decrease (increase) other non-current receivables							—	—	—
Decrease (increase) in non-current investments							—	—	—
<b>Payments</b>									
Capital assets		(59,552)	(81,258)	(57,721)	(51,721)	(51,721)	(56,547)	(38,939)	(37,202)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(59,552)</b>	<b>(81,258)</b>	<b>(57,721)</b>	<b>(51,721)</b>	<b>(51,721)</b>	<b>(56,547)</b>	<b>(38,939)</b>	<b>(37,202)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans							—	—	—
Borrowing long term/refinancing							—	—	—
Increase (decrease) in consumer deposits				(1,585)	(864)	(864)	(650)	—	—
<b>Payments</b>									
Repayment of borrowing		604	3,709	(1,210)	(1,210)	(1,210)	(2,016)	—	—
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>604</b>	<b>3,709</b>	<b>(2,795)</b>	<b>(2,074)</b>	<b>(2,074)</b>	<b>(2,666)</b>	<b>—</b>	<b>—</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>									
Cash/cash equivalents at the year begin:	2	29,057	27,749	14,744	15,157	13,256	19,774	13,117	20,410
Cash/cash equivalents at the year end:	2	27,749	15,157	6,547	21,674	19,774	13,117	20,410	32,801

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Increases (decrease) in consumer deposits have been reduced from R864 thousand to R650 thousand from 2017/18 adjustment budget, reduction is due to deposits that are refunded to customers for conversion to prepaid metering system. The municipality has converted the electricity to prepaid metering system; therefore deposits are being refunded to the debtors.
4. Repayment of borrowing for 2.0 million has considered an existing financial lease obligation which the municipality has entered into an agreement of leasing of printers and as disclosed in the 2016/17 audited AFS, budget allocated has also considered Wesbank lease for the municipal fleet which has been entered in the 2017/18 financial year.



5. Rental of facilities and equipment the municipality anticipates a 100 percent collection rate as rentals are collected prior the event and lease of municipal properties to employee are deducted on their salaries.
6. Interest on outstanding debtors a collection rate of 5 per cent has been applied, taking into consideration the implementation of prepaid system for electricity as the consumers are expected to clear the accounts before they convert to pre-paid metering system.
7. Fines a collection rate of 5 per cent has been applied, as we have taken into consideration the current year performance as we have also considered implementation of GRAP 1.
8. Licenses and permits a 100 percent collection rate has been applied due to their actual performance and performance of the business licenses and traffic department.

**Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>									
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	1	27,749	15,157	6,547	21,674	18,774	13,117	20,410	32,801
Other current investments > 90 days		0	(1)	—	(15,127)	(12,226)	(3,658)	(12,864)	(24,840)
Non current assets - Investments	1	—	—	—	—	—	—	—	—
<b>Cash and investments available:</b>		<b>27,749</b>	<b>15,156</b>	<b>6,547</b>	<b>6,547</b>	<b>6,547</b>	<b>9,459</b>	<b>7,546</b>	<b>7,961</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers		11,271	8,463	13,700	8,463	8,463	11,706	5,000	5,000
Unspent borrowing		—	—	—	—	—	—	—	—
Statutory requirements	2	18,708	18,504	18,708	18,708	18,708	18,504	25,000	35,000
Other working capital requirements	3	(21,574)	2,464	(35,197)	(35,738)	(35,738)	(34,453)	(40,932)	(46,129)
Other provisions		—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—
Reserves to be backed by cash/inve	5	1,859	1,944	1,800	1,944	1,944	2,011	2,119	2,236
<b>Total Application of cash and investm</b>		<b>10,265</b>	<b>31,375</b>	<b>(989)</b>	<b>(6,624)</b>	<b>(6,624)</b>	<b>(2,232)</b>	<b>(8,813)</b>	<b>(3,893)</b>
<b>Surplus(shortfall)</b>		<b>17,484</b>	<b>(16,219)</b>	<b>7,536</b>	<b>13,171</b>	<b>13,171</b>	<b>11,691</b>	<b>16,359</b>	<b>11,854</b>

## Notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

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

Table 20 MBRR Table A9 - Asset Management

KZN291 Mandeni - Table A9 Asset Management									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	1	<b>47,089</b>	<b>50,201</b>	<b>38,043</b>	<b>35,343</b>	<b>35,343</b>	<b>16,474</b>	<b>37,369</b>	<b>37,202</b>
Roads Infrastructure		29,217	44,407	34,143	34,143	34,143	1,855	35,369	37,202
Storm water Infrastructure		—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	1,800	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—
<b>Infrastructure</b>		<b>29,217</b>	<b>44,407</b>	<b>34,143</b>	<b>34,143</b>	<b>34,143</b>	<b>3,655</b>	<b>35,369</b>	<b>37,202</b>
Community Facilities		15,001	—	2,500	1,000	1,000	7,573	2,000	—
Sport and Recreation Facilities		—	—	—	—	—	263	—	—
<b>Community Assets</b>		<b>15,001</b>	<b>—</b>	<b>2,500</b>	<b>1,000</b>	<b>1,000</b>	<b>7,836</b>	<b>2,000</b>	<b>—</b>
<b>Intangible Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Computer Equipment		—	—	190	100	100	100	—	—
Furniture and Office Equipment		—	1,133	300	100	100	341	—	—
Machinery and Equipment		—	998	910	—	—	542	—	—
Transport Assets		2,871	3,663	—	—	—	4,000	—	—
Libraries		—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—
<b>Total Renewal of Existing Assets</b>	2	<b>12,464</b>	<b>31,056</b>	<b>19,478</b>	<b>16,378</b>	<b>16,378</b>	<b>26,711</b>	<b>—</b>	<b>—</b>
Roads Infrastructure		10,396	13,210	11,278	11,178	11,178	24,231	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—
Electrical Infrastructure		—	4,735	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	200	200	200	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—
<b>Infrastructure</b>		<b>10,396</b>	<b>17,945</b>	<b>11,478</b>	<b>11,378</b>	<b>11,378</b>	<b>24,231</b>	<b>—</b>	<b>—</b>
Community Facilities		—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—
<b>Investment properties</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Operational Buildings		2,068	13,112	8,000	5,000	5,000	2,480	—	—
Housing		—	—	—	—	—	—	—	—
<b>Other Assets</b>		<b>2,068</b>	<b>13,112</b>	<b>8,000</b>	<b>5,000</b>	<b>5,000</b>	<b>2,480</b>	<b>—</b>	<b>—</b>
<b>Total Upgrading of Existing Assets</b>	6	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>13,362</b>	<b>—</b>	<b>—</b>
Roads Infrastructure		—	—	—	—	—	10,667	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	1,495	—	—
<b>Infrastructure</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>12,162</b>	<b>—</b>	<b>—</b>
Community Facilities		—	—	—	—	—	200	—	—
Sport and Recreation Facilities		—	—	—	—	—	1,000	—	—
<b>Community Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,200</b>	<b>—</b>	<b>—</b>
<b>Total Capital Expenditure</b>	4	<b>39,613</b>	<b>57,617</b>	<b>45,421</b>	<b>45,321</b>	<b>45,321</b>	<b>36,753</b>	<b>35,369</b>	<b>37,202</b>
Roads Infrastructure		—	—	—	—	—	—	—	—
Storm water Infrastructure		—	4,735	—	—	—	1,495	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	200	200	200	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	1,800	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—
<b>Infrastructure</b>		<b>39,613</b>	<b>62,352</b>	<b>45,621</b>	<b>45,521</b>	<b>45,521</b>	<b>40,048</b>	<b>35,369</b>	<b>37,202</b>
Community Facilities		15,001	—	2,500	1,000	1,000	7,773	2,000	—
Sport and Recreation Facilities		—	—	—	—	—	1,263	—	—
<b>Community Assets</b>		<b>15,001</b>	<b>—</b>	<b>2,500</b>	<b>1,000</b>	<b>1,000</b>	<b>9,036</b>	<b>2,000</b>	<b>—</b>
<b>Heritage Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Revenue Generating		—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—
<b>Investment properties</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Operational Buildings		2,068	13,112	8,000	5,000	5,000	2,480	—	—
Housing		—	—	—	—	—	—	—	—
<b>Other Assets</b>		<b>2,068</b>	<b>13,112</b>	<b>8,000</b>	<b>5,000</b>	<b>5,000</b>	<b>2,480</b>	<b>—</b>	<b>—</b>
<b>Biological or Cultivated Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Servitudes		—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—
<b>Intangible Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Computer Equipment		—	—	190	100	100	100	—	—
Furniture and Office Equipment		—	1,133	300	100	100	341	—	—
Machinery and Equipment		—	998	910	—	—	542	—	—
Transport Assets		2,871	3,663	—	—	—	4,000	—	—
Libraries		—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—
<b>TOTAL CAPITAL EXPENDITURE - Asset clas</b>		<b>59,552</b>	<b>81,257</b>	<b>57,521</b>	<b>51,721</b>	<b>51,721</b>	<b>56,547</b>	<b>37,369</b>	<b>37,202</b>

KZN291 Mandeni - Table A9 Asset Management									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>									
<b>ASSET REGISTER SUMMARY - PPE (WD)</b>	<b>5</b>								
<i>Roads Infrastructure</i>		256,316	299,506	273,730	273,730	273,730	362,435	382,006	403,016
<i>Storm water Infrastructure</i>		1,215	1,215	800	800	800	800	843	890
<i>Electrical Infrastructure</i>		18,548	20,899	7,260	7,260	7,260	7,260	7,652	8,073
<i>Water Supply Infrastructure</i>									
<i>Sanitation Infrastructure</i>									
<i>Solid Waste Infrastructure</i>									
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infrastructure</i>									
<b>Infrastructure</b>		<b>276,079</b>	<b>321,619</b>	<b>281,790</b>	<b>281,790</b>	<b>281,790</b>	<b>370,495</b>	<b>390,501</b>	<b>411,979</b>
Community Facilities		45,988	50,289	59,962	59,962	59,962	56,789	59,856	63,148
Sport and Recreation Facilities									
<b>Community Assets</b>		<b>45,988</b>	<b>50,289</b>	<b>59,962</b>	<b>59,962</b>	<b>59,962</b>	<b>56,789</b>	<b>59,856</b>	<b>63,148</b>
<b>Heritage Assets</b>									
Revenue Generating									
Non-revenue Generating									
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		46,606	46,606	46,606	46,606	46,606	46,606	46,606	46,606
Housing		17,542	23,288	22,000	22,000	22,000	25,288	25,288	25,288
<b>Other Assets</b>		<b>64,149</b>	<b>69,894</b>	<b>68,606</b>	<b>68,606</b>	<b>68,606</b>	<b>71,894</b>	<b>71,894</b>	<b>71,894</b>
<b>Biological or Cultivated Assets</b>									
Servitudes									
Licences and Rights									
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Computer Equipment</b>		<b>374</b>	<b>1,607</b>	<b>338</b>	<b>338</b>	<b>338</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>
<b>Furniture and Office Equipment</b>									
<b>Machinery and Equipment</b>									
<b>Transport Assets</b>									
<b>Libraries</b>									
<b>Zoo's, Marine and Non-biological Animals</b>									
<b>TOTAL ASSET REGISTER SUMMARY - P</b>	<b>5</b>	<b>386,589</b>	<b>443,409</b>	<b>410,696</b>	<b>410,696</b>	<b>410,696</b>	<b>500,977</b>	<b>524,051</b>	<b>548,820</b>

## Explanatory notes to Table A9 - Asset Management

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. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The budget for renewal and existing assets is below 40 per cent as per National Treasury guideline, the municipality has budgeted for 49 percent. An amount budgeted for the renewal of existing assets is based from the results of analysis of the municipal cash flows and available reserves; and the results have determined budget to be allocated based on our affordability in ensure realistic estimates against this item.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

KZN291 Mandeni - Table A10 Basic service delivery measurement									
Description	Ref	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>	1								
<b>Water:</b>									
Piped water inside dwelling		9,851	9,851	10,501	10,501	10,501	11,152	11,810	12,460
Piped water inside yard (but not in dwelling)		10,902	10,902	11,622	11,622	11,622	12,385	13,116	13,837
Using public tap (at least min.service level)	2	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	4	17,482	17,482	18,636	18,636	18,636	19,791	20,821	21,966
<i>Minimum Service Level and Above sub-total</i>		38,235	38,235	40,759	40,759	40,759	43,329	45,746	48,262
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>38,235</b>	<b>38,235</b>	<b>40,759</b>	<b>40,759</b>	<b>40,759</b>	<b>43,329</b>	<b>45,746</b>	<b>48,262</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)		11,313	11,313	12,060	12,060	12,060	12,807	13,563	14,309
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—
Chemical toilet		8,587	8,587	9,154	9,154	9,154	9,721	10,295	10,861
Pit toilet (ventilated)		15,173	15,173	16,174	16,174	16,174	17,177	18,191	19,191
Other toilet provisions (> min.service level)		2,690	2,690	2,868	2,868	2,868	3,045	3,255	3,434
<i>Minimum Service Level and Above sub-total</i>		37,763	37,763	40,255	40,255	40,255	42,751	45,304	47,795
Bucket toilet		472	472	472	472	472	300	—	—
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—
No toilet provisions		—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		472	472	472	472	472	300	—	—
<b>Total number of households</b>	5	<b>38,235</b>	<b>38,235</b>	<b>40,727</b>	<b>40,727</b>	<b>40,727</b>	<b>43,051</b>	<b>45,304</b>	<b>47,795</b>
<b>Energy:</b>									
Electricity (at least min.service level)		1,040	1,040	1,040	1,040	1,040	389	389	389
Electricity - prepaid (min.service level)		—	—	—	—	—	574	574	574
<i>Minimum Service Level and Above sub-total</i>		1,040	1,040	1,040	1,040	1,040	963	963	963
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	<b>1,040</b>	<b>1,040</b>	<b>1,040</b>	<b>1,040</b>	<b>1,040</b>	<b>963</b>	<b>963</b>	<b>963</b>
<b>Refuse:</b>									
Removed at least once a week		11,705	11,705	11,705	11,705	11,705	23,700	23,700	23,700
<i>Minimum Service Level and Above sub-total</i>		11,705	11,705	11,705	11,705	11,705	23,700	23,700	23,700
Removed less frequently than once a week		—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—
Other rubbish disposal		—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—
<b>Total number of households</b>	5	<b>11,705</b>	<b>11,705</b>	<b>11,705</b>	<b>11,705</b>	<b>11,705</b>	<b>23,700</b>	<b>23,700</b>	<b>23,700</b>

KZN291 Mandeni - Table A10 Basic service delivery measurement									
Description	Ref	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Households receiving Free Basic Service</b>	7								
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	1,876	1,876	1,876
Refuse (removed at least once a week)		-	-	-	-	-	23,700	23,700	23,700
<b>Cost of Free Basic Services provided - Formal Settlements</b>	8								
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	505	533	562
<b>Cost of Free Basic Services provided - Informal Formal Settlements</b>		-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	-	-	505	533	562
<b>Highest level of free service provided per household</b>									
Property rates (R value threshold)									
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									
<b>Revenue cost of subsidised services provided (R'000)</b>	9								
Property rates (tariff adjustment) ( impermissable values per section 17 of MPRA)		15	15	15	15	15	15	15	15
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA		-	-	1,627	1,627	1,627	15,858	16,714	17,633
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other	6								
<b>Total revenue cost of subsidised services provided</b>		15	15	1,642	1,642	1,642	15,873	16,729	17,648

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

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

The Municipality continues to make good progress with the eradication of backlogs in the area as it is estimated approximately 18 611 households:

**Electricity services – backlog will be reduced by 1 792 households.** As indicated in the IDP, the emphasis in the electricity sector is on addressing urgent network upgrades.

Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 4500 households budgeted to be electrified in 2018/19.

Free basic electricity is provided by Eskom on behalf of the municipality to its registered beneficiaries within Mandeni as per the approved indigent register. Budget allocated of R1 million has considered Eskom invoices for providing the service.

Transfers and subsidies have increased with a budget amount of R488 thousand from 2017/18 adjusted budget to 2018/19 financial year; this is due to the current years actual performance and the proposed increase of 8 per cent by NERSA for electricity basic electricity through local government and the municipality has also considered annually review its indigent register as per the indigent policy. Therefore it becomes possible that the number of beneficiaries on our indigent register varies over the years depending on their status.

Refuse services – backlog will be reduced by 1107 households in 2018/19, and a further 87 households in the outer two years of the MTREF. However it should be noted that this function is being reviewed with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.

The budget provides for 500 households to be registered as indigent in 2018/19, and therefore entitled to receiving Free Basic Services. The number is set to increase to 1500 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.

It is anticipated that these Free Basic Services will cost the municipality R 1.5 million in 2018/19, increasing to R1.7 million in 2020/21. This is covered by the municipality's equitable share allocation from national government; the municipality has in place an indigent register which is reviewed quarterly, currently the indigent list has 1876 households which are receiving 50kw.

In addition to the Free Basic Services, the Municipality also 'gives' households R6.8 million in free basic service electricity through an electrification programme in 2018/19, and it increases to R7 million in 2020/21. 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 about 3.4 per cent of total operating revenue.

## **Part 2 – Supporting Documentation**

## 2.1 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 the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Committee for Finance.

The primary aims of the Budget Steering Committee are 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.

Budget Steering Committee meetings were convened during the process of compiling the 2018/19 budget and MTREF.

## 2.2 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 2017) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 31 August 2017. Key dates applicable to the process were:

**August 2017** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2018/19 MTREF; IDP/BUDGET/PMS Technical Committee Meeting to discuss Process Plan

**September 2017** – Review of National Policies and budget plans and potential price increase of bulk resources with function and department officials

**December 2017** - Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

**3 to 7 January 2018** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;

**January 2018** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

**25 January 2018** - Council considers the 2017/18 Mid-year Review;



**February 2018** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The 2017/18 MTREF is revised accordingly;

**28 February 2018** – Council considers the 2017/18 Adjustment Budget

**February 2018** - Finalize and submit to the Mayor proposed budget and plans for next three year budget taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for previous years audited AFS and AR

**28 May 2018** - Tabling in Council of the 2018/19 IDP and Budget MTREF for public consultation;

**April 2018** – Public consultation;

**29<sup>th</sup> April 2018** - Closing date for written comments;

**01 April to 07 May 2018** – finalization of the 2018/19 IDP and 2018/19 & MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and

**30<sup>th</sup> May 2018** - Tabling of the 2018/19 & MTREF before Council for consideration and approval.

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

This is the fourth generation of the municipal IDP, as this is the new (Integrated Development Plan) IDP which has been adopted by Council in May 2018. It started in September 2017 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2018/19 MTREF in August.

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. The Process Plan applicable to the third generation included the following key IDP processes and deliverables:

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 2018/19 MTREF, based on the approved 2017/18 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 2018/19 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 2017/18 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.

### 2.3.1 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2018/19 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 2018/19 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 2017/18 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  
Dashboard imperatives  
Disaster management mandate  
Traffic Department  
Vacant positions  
Indigent customers  
Job evaluation result

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58, 59, 66 and 67,70,71,72, 74,75,78,79,82,85,86,89 and 91 have been taken into consideration in the planning and prioritisation process.

### 2.3.2 Community Consultation

The Budget 2018/19 MTREF was tabled before Council on 30<sup>th</sup> May 2018 for community consultation and it has been published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback were communicated on the Municipality's website, and the Municipality's call centre was engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) were 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 from 01 April to 30 April 2018, and include 8 public briefing sessions. The applicable dates and venues were published in all the local newspapers. This has then be compared to the previous year's process. This then attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

## 2.4 Overview of alignment of annual budget with IDP

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

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

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

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

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

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Development Plan (NDP).

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 strategic objectives for the 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 22 IDP Strategic Objectives**

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
GGPP 01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	TO FOSTER A CULTURE OF COMMUNITY INVOLVEMENT AND GOOD GOVERNANCE IN THE AFFAIRS OF THE MUNICIPALITY	2.3 Ensure a participative, transparent and accountable governance		2.3.1 Improve the public participation processes	Community services	
GGPP 02						OMM	
GGPP 03						2.3.2 Ensure the existence and functionality of the public participation structures	OMM
GGPP 04						2.3.3 Ensure functional municipal structures	Corporate services
GGPP 05							Office of the MM
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT							
BSD 01	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Providing equal access to high quality sustainable basic infrastructure and services	1.1. To improve access to basic services		1.1.1. Facilitate the reduction of water and sanitation infrastructure and service backlogs.	TSD	
BSD 03					1.1.2 Facilitate access to electricity for all targeted	TSD	
BSD 04					1.1.3 Reduce the road and storm-water infrastructure	TSD	
BSD 05					1.1.4 Facilitate the reduction of the housing backlog	TSD	
BSD 18					1.1.5 Provide efficient waste collection and	TSD	
BSD 19					1.1.6 Maintain a functional Infrastructure Development	TSD	
BSD 22					1.1.7 To prepare a 3 year capital infrastructure funding plan	TSD	

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC STRATEGIES	RESPONSIBLE DEPARTMENT	
FINANCIAL VIABILITY AND MANAGEMENT						
FVM 01	FINANCIAL VIABILITY AND MANAGEMENT	TO DEVELOP A SUSTAINABLE AND EFFICIENT MUNICIPALITY BASED ON SOUND FINANCIAL MANAGEMENT	2.2 Ensure a financially viable municipality.	2.2.1 Improve the audit opinion	OMM	
FVM 03				2.2.2 Ensure the IDP aligned financial planning	BTO	
FVM 04				2.2.3 Effectively and efficiently manage the expenditure of the municipality	BTO	
FVM 09				2.2.4 Manage and increase the municipal revenue base	BTO	
FVM 13				2.2.5 Ensure that the municipality acquires	BTO	
FVM 14				2.2.6 Ensure a constant and accurate financial reporting.	BTO	
FVM 16					BTO	
COMMUNITY AND SOCIAL SERVICES DEVELOPMENT						
CSD 01	COMMUNITY AND SOCIAL SERVICES DEVELOPMENT	Providing and facilitating access to social services and facilities.	5.1 Ensure that our people have access to community facilities and services	5.1.1 Provide the library services 5.1.2 Facilitate the provision of new community facilities	CSPS	
CSD 02			5.2 Aspire to a healthy, safe and crime free area	5.2.1 Facilitate the provision of the community health facilities	CSPS	
CSD 03				5.2.2 Ensure the municipal contribution to HIV/AIDS	CSPS	
CSD 04				5.2.3 Improve on road safety	CSPS	
CSD 05				5.2.4 Ensure the municipal contribution to community	CSPS	
CSD 06				5.3.2 Design and implement sports, arts and	CSPS	
LOCAL ECONOMIC DEVELOPMENT						

LED 01	LOCAL ECONOMIC DEVELOPMENT	3. Promoting and facilitating human development	3.1 Achieve a holistic human development and capacitation for the realisation of skilled and employable workforce	3.1.1 Improve the community skills base	EDPHS
LED 03		4. Facilitate the creation of job opportunities		3.1.2 Ensure the empowerment of youth, women and people living with disabilities	EDPHS
LED 04			4.1 Facilitating the creation of employment opportunities for skilled and employable people	4.1.1 Implement the EPWP programme	EDPHS
LED 06				4.1.2 Strategically plan for the local economic development	EDPHS
				4.1.3 facilitate the implementation of the CWP	
LED 07				4.1.4 Coordinate the fight against poverty	EDPHS
				4.1.5 Unlock the agricultural potential	
				4.1.6 Promote the manufacturing sector activities	
				4.1.7 Facilitate SMME development	
				4.1.8 Promote Mandeni to be a tourist destination.	

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION						
IDT 01	MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	2. Provision of effective, efficient, transparent and accountable leadership	2.1 Creating a conducive working environment	2.1.1 Maintain and improve the municipal policies	CSD	
IDT 02				2.1.2 Ensure effective and efficient human resource management	CSD	
IDT 03				2.1.3 Ensure effective and efficient human resource development	CSD	
IDT 04				2.1.4 Improve performance	CSD	
IDT 05				2.1.5 Improve information technology and document management systems	CSD	
IDT 06				2.1.6 Improve on customer care	CSD	
IDT 07				2.1.7 Maintain and improve municipal	CSD	
IDT 08						
BACK TO BASICS –Cross cutting measures						
SDF 01	SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT	Promoting and facilitating environmental protection and sustainable spatial planning.	6.1 Realise a completely protected environment	6.1.1 Improve community awareness on environmental protection 6.1.2 Implement the coastal management plan	EDPHS	
			6.2 Facilitate a creation of a disaster ready community	6.2.1 Develop and adopt the disaster management plan 6.2.2 Create a community disaster awareness		
SDF 02			6.3 Ensure an integrated and aligned development planning	6.3.1 Implement the SDF 6.3.2 Implement the Dokodweni Local Area Development Plan	EDPHS	

SDF 03				6.3.3 Implement the Tugela Mouth Local Area Development Plan	EDPH
				6.3.4 Ensure the existence of the municipal land use guideline	
				6.3.5 Promote the municipal integrated planning	

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:

Provide electricity;

Provide housing;

Provide roads and storm water;

Provide Municipality planning services; and

Maintaining the infrastructure of the Municipality.

Economic growth and development that leads to sustainable job creation by:

Ensuring there is a clear structural plan for the Municipality;

Ensuring planning processes function in accordance with set timeframes;

Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

### **3.1. Fight poverty and build clean, healthy, safe and sustainable communities:**

Effective implementation of the Indigent Policy;

Working with the provincial department of health to provide primary health care services;

Extending waste removal services and ensuring effective Municipality cleansing;

Working with strategic partners such as SAPS to address crime;

Ensuring safe working environments by effective enforcement of building and health regulations;

Promote viable, sustainable communities through proper zoning; and

Promote environmental sustainability by protecting wetlands and key open spaces.

### **3.2 Integrated Social Services for empowered and sustainable communities**

Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinate with the informal settlements upgrade programme



**3.3** Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service by:

Optimising effective community participation in the ward committee system; and  
Implementing batho pele in the revenue management strategy.

**3.4** Promote sound governance through:

Publishing the outcomes of all tender processes on the municipal website

**3.5** Ensure financial sustainability through:

Reviewing the use of contracted services, continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

**3.6** Optimal institutional transformation to ensure capacity to achieve set objectives

Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

Developing dormant areas;

Enforcing hard development lines – so as to direct private investment;

Maintaining existing urban areas;

Strengthening key economic clusters;

Building social cohesion;

Strong developmental initiatives in relation to the municipal institution as a whole; and

Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the third generation IDP, including:

Strengthening the analysis and strategic planning processes of the Municipality;

Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;

Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and  
Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2018/19 MTREF has therefore been directly informed by the IDP development process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

KZN291 Mandeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)												
Strategic Objective	Goal	Goal I	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure			
				Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand												
Sustainable Services	Electricity			20,028	31,380	30,800	32,618	32,618	20,426	21,495	25,687	
Sustainable Services	Waste Management			6,339	7,750	13,395	13,395	13,395	8,394	9,379	9,895	
Sustainable Services	Health									–	–	
Sustainable Services	Community			1,979	2,196	2,729	2,729	2,729	4,092	4,322	4,566	
Infrastructure	Roads & Stormwater					1,728	1,728	1,728				
Infrastructure	Cemeteries									–	–	
Infrastructure	Housing									–	–	
Infrastructure	Public Amenities				145							
Good Governance	Support Services											
Good Governance	Integrated Planning			39,850	562	410	910	910				
Good Governance	Financial Management			181,157	201,630	161,204	164,689	164,689	205,543	231,933	249,575	
Good Governance	Human Resources Management									–	–	
Good Governance	Executive and Council			204	–	6,902	6,902	6,902	7,251	7,609	7,968	
Environmental Management	Land Management									–	–	
Economic Development	Local Economic Development								159	1,417	176	
Social Development	Culture & Sport			13	–	6	6	6	64	7	7	
Social Development	Public Participation									–	–	
Safety & Security	Security			1,112	1,476	1,530	1,530	1,530		–	–	
Safety & Security	Disaster Management									–	–	
Safety & Security	Road Safety				34,326				1,972	2,078	2,193	
Allocations to other priorities				2								
Total Revenue (excluding capital transfers)				1	250,684	279,465	218,704	224,507	224,507	247,900	278,241	300,067

**Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

KZN291 Mandeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)												
Strategic Objective	Goal	Goal Cod	Ref	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure			
				Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand												
Sustainable Services	Electricity			21,675	31,789	30,892	34,994	34,994	32,417	20,398	24,687	
Sustainable Services	Waste Management			7,474	3,450	4,372	4,552	4,552	8,731	9,202	9,709	
Sustainable Services	Health			—	—							
Sustainable Services	Community			8,902	10,377	10,042	10,954	10,954	11,212	11,818	12,467	
Infrastructure	Roads & Stormwater			10,101	8,209	14,457	13,600	13,600	16,456	36,669	47,047	
Infrastructure	Cemeteries			119								
Infrastructure	Housing			—	—							
Infrastructure	Public Amenities											
Good Governance	Support Services			14,060	18,365	18,349	17,079	17,079	22,549	23,767	25,074	
Good Governance	Integrated Planning			30,173	26,027	27,476	25,314	25,314	33,418	35,223	37,160	
Good Governance	Financial Management			55,761	77,680	47,455	49,969	49,969	66,357	83,239	82,712	
Good Governance	Human Resources Management			3,160	2,503							
Good Governance	Executive and Council			39,950	36,260	37,785	39,420	39,420	27,944	27,552	29,168	
Environmental Management	Land Management			6,909	8,557	6,315	6,315	6,315	8,851	9,329	9,842	
Economic Development	Local Economic Development				3,960							
Social Development	Culture & Sport			901	963	1,511	861	861	788	831	876	
Social Development	Public Participation											
Safety & Security	Security			18,600	19,310	20,050	21,450	21,450	19,177	20,212	21,324	
Safety & Security	Road Safety											
Allocations to other priorities												
Total Expenditure				1	217,788	247,450	218,704	224,507	224,507	247,900	278,241	300,067

**Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

KZN291 Mandeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure			
				Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand												
Sustainable Services	Electricity	A		2,102	31,044				3,295			
Sustainable Services	Waste Management	B		419	–	560	–	–				
Sustainable Services	Health	C										
Sustainable Services	Community	D		12,841	557				6,822			
Infrastructure	Roads & Stormwater	E				34,443	34,143	34,143	36,341	35,369	37,202	
Infrastructure	Cemeteries	F										
Infrastructure	Housing	G										
Infrastructure	Public Amenities	H							1,794			
Good Governance	Support Services	I		550	1,034	400	200	200				
Good Governance	Integrated Planning	J		3,160	8,103	19,608	16,378	16,378	1,815			
Good Governance	Financial Management	K		–	2,810							
Good Governance	Human Resources Management	L							300			
Good Governance	Executive and Council	M		–	–	10	–	–	4,980			
Environmental Management	Land Management	N										
Economic Development	Local Economic Development	O							200			
Social Development	Culture & Sport	p		–	87	200						
Social Development	Public Participation											
Safety & Security	Security			816	–	2,500	1,000	1,000				
Safety & Security	Road Safety			39,665	37,623				1,000	2,000		
Allocations to other priorities				3								
Total Capital Expenditure				1	59,552	81,257	57,721	51,721	51,721	56,547	37,369	37,202

## 2.5 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 target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's 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:

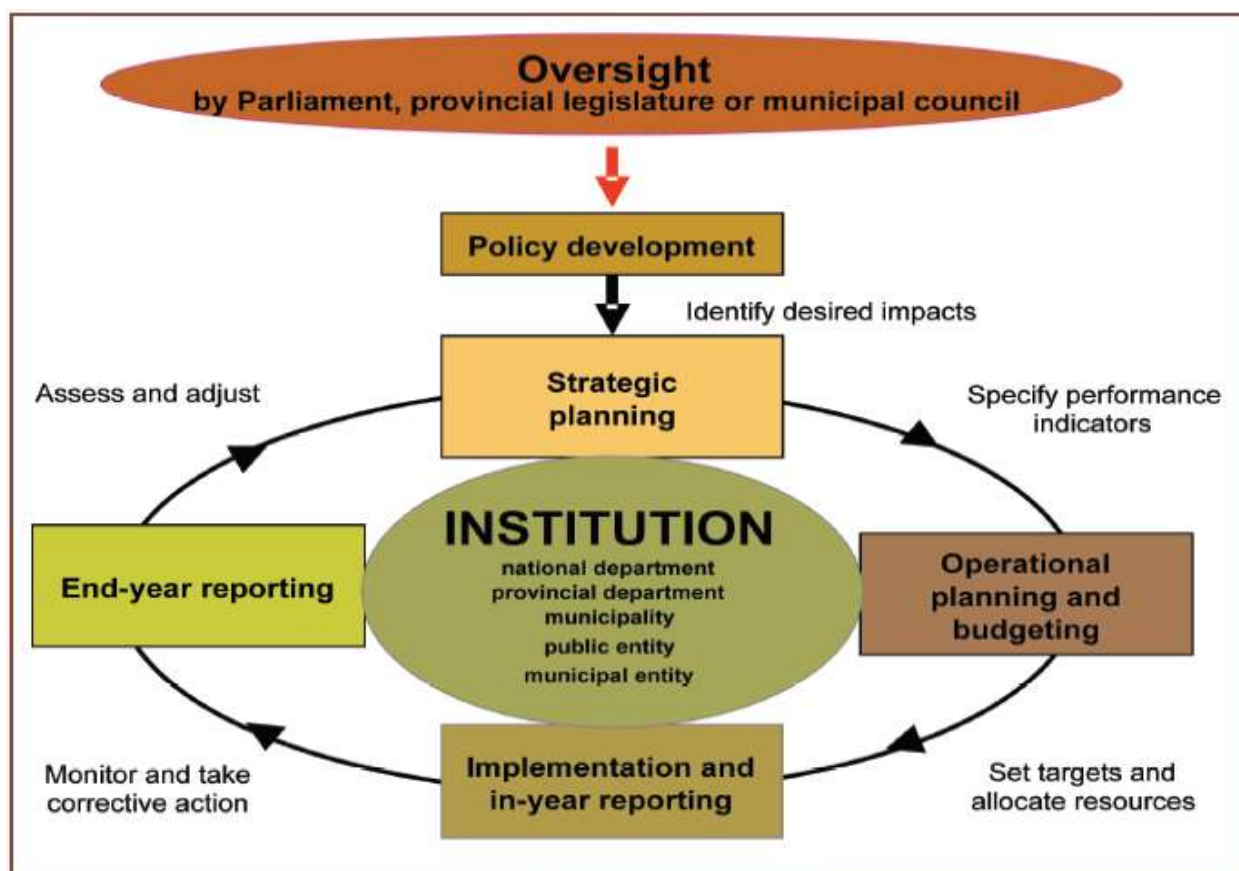
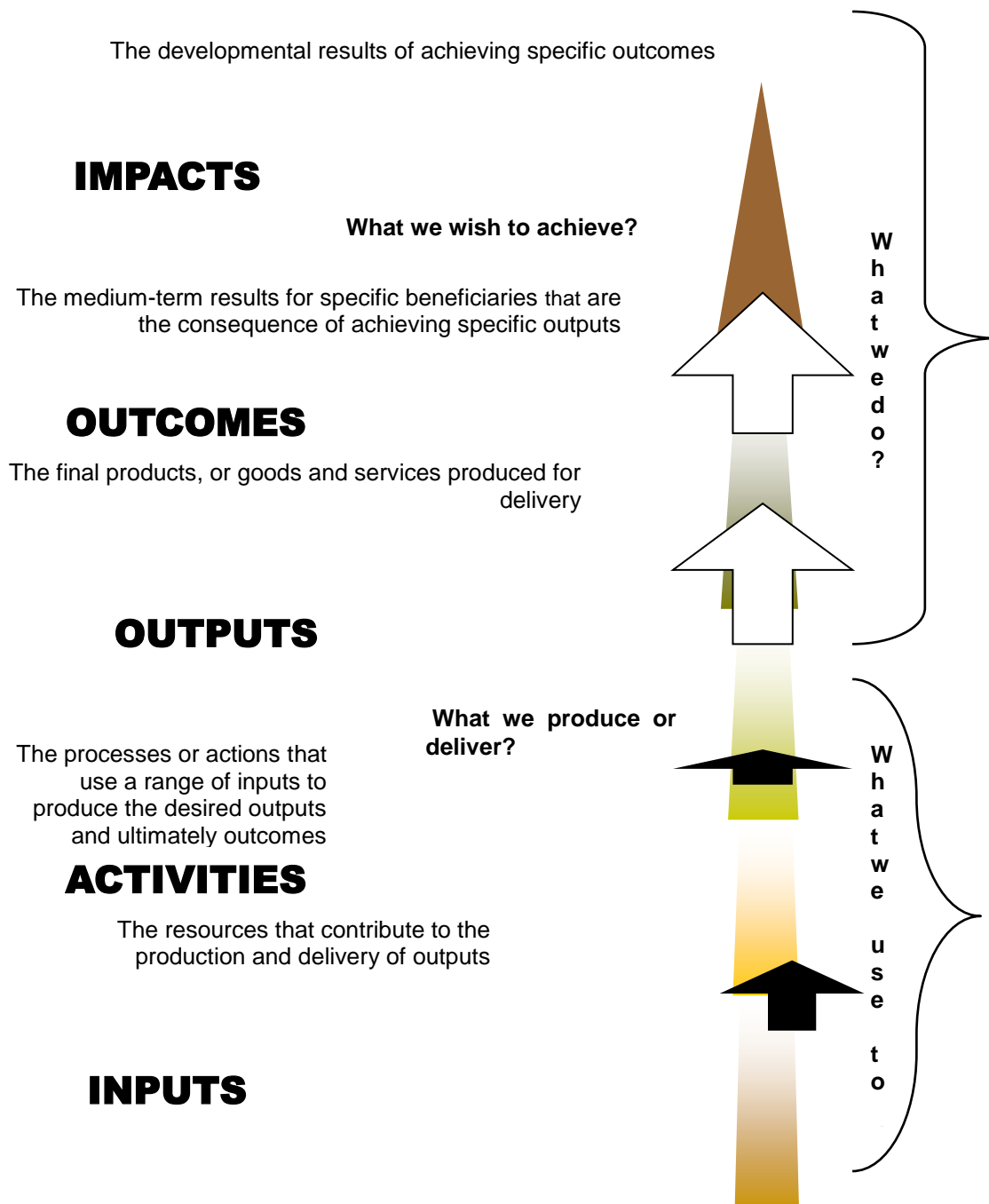


Figure 2 Planning, budgeting and reporting cycle

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 3 Definition of performance information concepts**

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

**Table 26 MBRR Table SA7 - Measurable performance objectives**

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives						
Description	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Vote 1 - Roads &amp;</b>						
<b>Function 1 - Roads</b>						
<b>Sub-function 1 -</b>	30,800	4,102	4,102			
<i>Reduce backlogs</i>				55.0%	57.0%	57.0%
<b>Sub-function 2 - Roads</b>	13,395					
<i>Roads</i>				60.0%	62.0%	65.0%
<b>Sub-function 3 - Roads</b>	65					
<i>Stormwater</i>				15.0%	20.0%	25.0%
<b>Function 2 - Energy &amp;</b>						
<b>Sub-function 1 -</b>	2,664	911	911			
<i>Household Electrified to</i>				13.0%	15.0%	20.0%
<b>Sub-function 2 - New</b>	11,418					
<i>Completed and occupied</i>				263.0%		
<b>Sub-function 3 - Maintan</b>	150	500	500			
<i>Electricity &amp; repairs</i>						
<b>Sub-function 4 - Provide</b>	149,386	3,997	3,997			
<i>New Streetlight as per ward</i>				540.0%	600.0%	650.0%
<b>Vote 2 - vote name</b>						
<b>Function 1 - (name)</b>						
<b>Sub-function 1 - (name)</b>	149,386	3,997	3,997			
<i>Insert measure/s description</i>						
<b>Sub-function 2 - (name)</b>	6,902					
<i>Insert measure/s description</i>						
<b>Sub-function 3 - (name)</b>	6					
<i>Insert measure/s description</i>						
<b>Function 2 - (name)</b>						
<b>Sub-function 1 - (name)</b>	1,530					
<i>Insert measure/s description</i>						
<b>Sub-function 2 - (name)</b>		93	93			
<i>Insert measure/s description</i>						

The following table sets out the municipalities main performance objectives and benchmarks for the 2018/19 MTREF.

**Table 27 MBRR Table SA8 - Performance indicators and benchmarks**

KZN291 Mandeni - Supporting Table SA8 Performance indicators and benchmarks										
Description of financial indicator	Basis of calculation	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b><u>Borrowing Management</u></b>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.6%	-0.3%	1.5%	1.4%	1.4%	1.4%	1.4%	0.8%	0.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.7%	-0.8%	5.1%	4.6%	4.6%	4.6%	4.0%	2.4%	2.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>										
Gearing	Long Term Borrowing/ Funds & Reserves	36.1%	173.8%	119.4%	97.7%	97.7%	97.7%	174.1%	165.1%	156.5%
<b><u>Liquidity</u></b>										
Current Ratio	Current assets/current liabilities	2.6	1.6	2.2	1.3	1.3	1.3	2.4	5.9	7.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.6	1.6	2.2	1.3	1.3	1.3	2.4	5.9	7.6
Liquidity Ratio	Monetary Assets/Current Liabilities	1.0	0.4	0.2	0.1	0.1	0.1	0.2	0.2	0.2
<b><u>Revenue Management</u></b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	95.7%	124.1%	133.0%	72.7%	76.7%	76.7%	76.7%	69.9%	69.9%
Current Debtors Collection Rate (Cash receipts % of Outstanding Debtors to Revenue)		124.1%	133.0%	72.7%	76.7%	76.7%	76.7%	69.9%	69.9%	69.9%
Longstanding Debtors Recovered	Total Outstanding Debtors to Annual Revenue Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	18.7%	16.4%	31.0%	36.3%	36.3%	36.3%	29.9%	33.8%	36.9%
<b><u>Creditors Management</u></b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))									
Creditors to Cash and Investments		57.3%	179.0%	168.0%	125.2%	125.2%	125.2%	159.1%	68.5%	40.2%
<b><u>Other Indicators</u></b>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)									
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated									
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)	27.4%	26.1%	33.4%	32.5%	32.5%	32.5%	33.3%	32.1%	31.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.4%	30.0%	39.6%	38.6%	38.6%		38.7%	36.8%	36.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.6%	3.8%	14.0%	13.4%	13.4%		13.3%	10.2%	10.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.9%	9.7%	11.5%	12.3%	12.3%	12.3%	12.1%	11.6%	11.5%
<b><u>IDP regulation financial viability indicators</u></b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	(98.3)	22.2	14.9	14.9	14.9	14.8	25.5	25.5	26.9
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	99.1%	88.3%	119.4%	139.4%	139.4%	139.4%	96.1%	112.6%	124.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.3	1.0	0.5	1.7	1.7	1.7	0.9	1.0	1.2

## **2.6 Performance indicators and benchmarks**

### **2.6.1.1 Borrowing Management**

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, Mandeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The Municipality has raised mainly amortising loans over the past fifteen years, hence effectively 'front-loading' its debt service costs

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.

### **2.6.1.2 Liquidity**

*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 2017/18 MTREF the current ratio is 1.3 in the 2018/19 financial year and 2.9 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

*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 2017/18 financial year the ratio was 1.3 and as part of the financial planning strategy it has been maintained at 2.9 in the 2018/19 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.

### **2.6.1.3 Revenue Management**

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.

#### **2.6.1.4 Creditors Management**

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of no concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable 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.

#### **2.6.1.5 Other Indicators**

Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the review of organogram and low tariff increase which has direct relationship with low billing level.

Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing owing directly to cost drivers such as assets maintenance plans 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.

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

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. With the exception of water, only registered indigents qualify for the free basic services.

For the 2018/19 financial year 500 registered indigents have been provided for in the budget with this figured increasing to 1500 by 2018/19. In terms of the Municipality's indigent policy registered households are entitled to, 50 kwh of electricity 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 MBRR A10 (Basic Service Delivery Measurement) on page 64.

Note that the number of households in informal areas that receive free services and the cost of these services are not taken into account in the table noted above.

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

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

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

The Collection Policy has been currently reviewed and it has been approved by Council in May 2018. The policy is credible, sustainable, manageable and informed by affordability and value for money there has been 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, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks 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 2018/19 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 68 per cent on current billings, current year collection rate of 65 per cent has determined the 2018/19 collection rate. 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.

### **2.7.2 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. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### **2.7.3 Supply Chain Management Policy**

The Supply Chain Management Policy has been amended and adopted by Council on the 30<sup>th</sup> May 2018. A reviewed policy has been considered by Council of which the amendments will extensively be consulted on.

#### **2.7.4 Budget and Virement Policy**

The Budget and Virement 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. The Budget and Virement Policy is currently has been reviewed and adopted by Council in May 2018.

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

The Municipality's Cash Management and Investment Policy have been currently reviewed and adopted by Council in May 2018. 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 cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

#### **2.7.6 Tariff Policies**

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.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

Property Rates Policy;  
Funding and Reserves Policy;  
Borrowing Policy;  
Budget Policy; and  
Basic Social Services Package (Indigent Policy).  
Corporate Social Fund Policy  
Unauthorized, Irregular, Fruitless & wasteful Expenditure policy  
Long-term Financial Planning Policy  
Related Parties Policy

### **2.8 Overview of budget assumptions**

#### **2.8.1 External factors**

The 2018 Budget Review emphasised that, although global risk factors remain elevated, the world economy continues to provide a supportive platform for South Africa to expend trade and investments. The world economic growth is at a highest since 2014 and continues to gather pace with Gross Domestic Product (GDP) Growth increasing across all major economies.

GDP growth rate is forecasted to increase by 1.5 per cent in 2018 and to improve moderately over the medium term with to 1.8 per cent and 2.1 per cent in 2019 and 2020 respectively. This forecast is supported by marginally higher global growth, stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations. The positive trajectory marks a shift from several years of declining growth however; this is still not high enough to markedly reduce unemployment, poverty and inequality.

The unemployment rate which remains stubbornly high at 26.7 per cent in the fourth quarter of 2017. In aggregate mining and manufacturing employment declined by 90 306 jobs in 2017 while the services sector created 119 189 jobs during the same period. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap. Notable the anticipated improvements, employment opportunities and business recovery have not materialised hence the economy remains unstable. The impact of the decline in mining growth and the struggle in the agriculture sector because of the persistent drought influence the low economic growth. These economic challenges will continue to pressurise municipal revenue generation and collection levels hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

### **2.8.2 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 2018/19 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 city and water; and

The increase in the cost of remuneration. Employee related costs comprise 39.4 per cent of total operating expenditure in the 2018/19 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

### **2.8.3 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 (68 per cent) of annual billings for property rates. Cash flow is assumed to be 68 per cent 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.

Service Charges on electricity and refuse removal are billed simultaneously, therefore an average collection rate of 72% is assumed for service charged due to controls that are in place as per the credit control policy.



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

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's 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.

#### **2.8.5 Salary increases**

The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2018 to 30 June 2020. The agreement reached is as follows:

The SALGA leadership has mandated its negotiators to negotiate for a multi-year salary and wage collective agreement and the salary increases should be inflation linked. Indeed, the 4.6% SALGA offered, with sweetened outer years, was recorded as the year on year CPI for November 2017. At the third round of negotiations held from 05-06 May 2018, SALGA tabled its revised offer of 7% to the trade unions and this included an improvement factor to the outer years of a multi-year agreement.

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

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.

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

It is estimated that a spending rate of at least 85 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2018/19 & MTREF of which performance has been factored into the cash flow budget.

## 2.9 Overview of budget funding

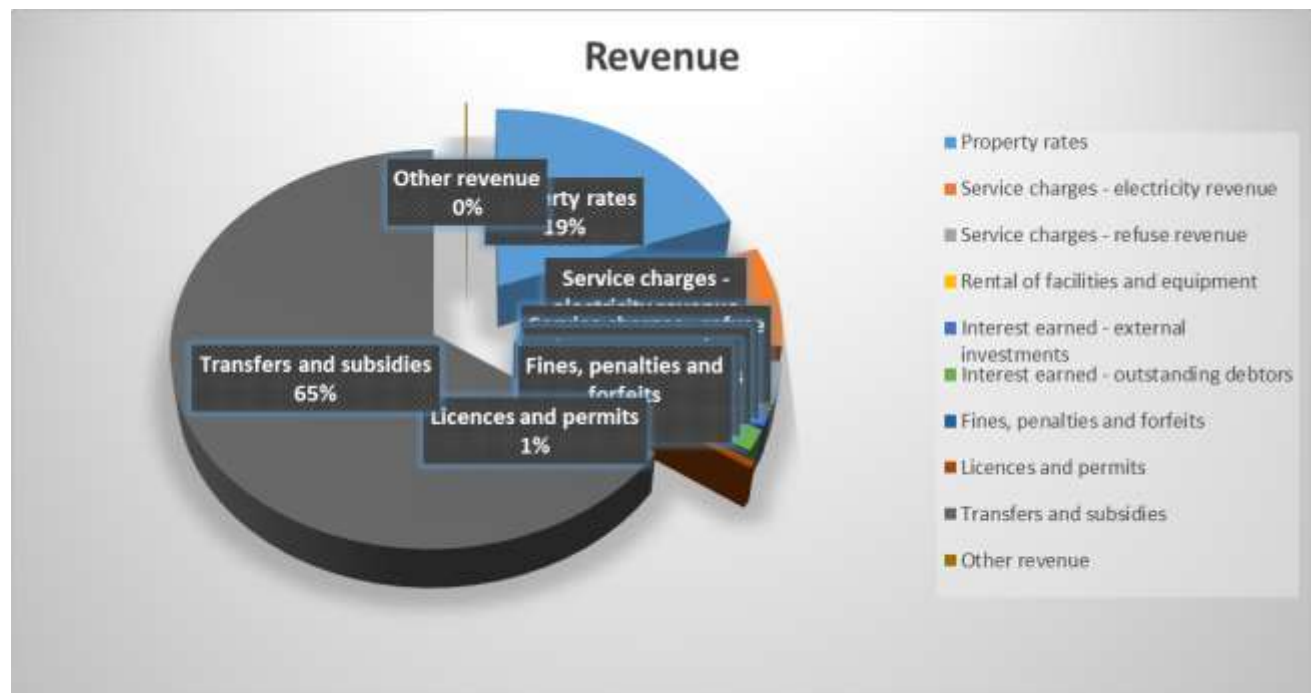
### 2.9.1 Medium-term outlook: operating revenue

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

**Table 28 Breakdown of the operating revenue over the medium-term**

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description	Re	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	<b>1</b>							
<b>Revenue By Source</b>								
Property rates	2	30,557	30,789	30,789	30,789	47,732	50,056	52,475
Service charges - electricity revenue	2	13,399	17,270	19,088	19,088	20,394	28,995	34,649
Service charges - water revenue	2	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—
Service charges - refuse revenue	2	7,750	8,395	8,395	8,395	8,393	8,847	9,333
Service charges - other				—	—			
Rental of facilities and equipment		241	325	256	256	271	286	302
Interest earned - external investments		2,961	3,000	3,000	3,000	2,900	3,057	3,225
Interest earned - outstanding debtors		9,864	4,160	4,160	4,160	4,400	4,638	4,893
Dividends received			—	—	—			
Fines, penalties and forfeits		350	505	505	505	500	527	556
Licences and permits		1,175	1,000	1,000	1,000	1,472	1,552	1,637
Agency services			—	—	—			
Transfers and subsidies		181,232	152,744	156,797	156,797	161,481	179,910	192,602
Other revenue	2	31,935	517	517	517	356	375	396
Gains on disposal of PPE								
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>279,465</b>	<b>218,704</b>	<b>224,507</b>	<b>224,507</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>

The following graph is a breakdown of the operational revenue per main category for the 2018/19 financial year.



**Figure 4 Breakdown of operating revenue over the 2018/19 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, 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 a 68 per cent annual collection rate for consumer revenue;

National Treasury guidelines;

Electricity tariff increases within the National Energy 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

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 2018/19 MTREF on the different revenue categories are:

**Table 29 Proposed tariff increases over the medium-term**

Description	Ref	2018/19 Proposed Increase	2019/20 Proposed Increase	2020/21 Proposed Increase	2018/19 Additional Revenue owing for each 1 % tariff increase	2018/19 Additional Revenue owing for each % tariff increase	2018/19 Total Budgeted Revenue
Rand/Per cent		%	%	%	R000	R000	R000
Property rates		6%	5.4%	5.5%	28,639	2,863,941	47,732,353
Electricity		6.84%	5.4%	6.8%	13,949	1,394,940	20,393,853
Refuse removal		6%	5.4%	6.0%	6,087	608,671	8,898,700
<b>Total</b>					<b>49,146.74</b>	<b>4,868,048.47</b>	<b>77,025,430.06</b>

Revenue to be generated from property rates is R47.7 million in the 2018/19 financial year and increases to R52.5 million by 2020/21 which represents 19.3 per cent 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.

The municipality has currently undertaken a project of general valuation roll that will be implemented in 2018/19. This project started in 2016 and it was meant to be implemented on year 2017/18 but it was deferred with condonation for non-compliance in terms of sec 80 of the Municipal Property Rates Act no. 6 of 2004 which was endorsed by the MEC.

Currently the municipality is in the process of dealing with the objection and appeals thereto on the outcome of the General valuation roll. The life span of the valuation will roll over a period of 4 years with supplementary valuation rolls updated throughout annually over the period. The rates tariff for 2018/19 is proposed to be increased taking into consideration the rates shock

Services charges relating to electricity and refuse removal constitutes the third largest component of the revenue basket of the Municipality totaling R28.8 million for the 2018/19 financial year and increasing to R43.9 million by 2020/21. For the 2018/19 financial year services charges amount to 11.6 per cent of the total revenue base and grows by 52.8 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R161.5 million, R179.9 million and R192.6 million for each of the respective financial years of the MTREF, or 65, 66 and 67 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government have increased in 2018/19 financial year and in the two outer years its grows rapidly over the MTREF by 11.4 per cent and 9.3 per cent.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R2.9 million, R3.1 million and R3.2 million for the respective three financial years of the 2018/19 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 municipality have adjusted budget from the adjustment budget of 2017/18 of R2.9 million, this is due to reduction in the allocation of Grants as per DORA.

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

**Table 30 MBRR SA15 – Detail Investment Information**

KZN291 Mandeni - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
<b>Parent municipality</b>										
Securities - National Government Listed Corporate Bonds										
Deposits - Bank		54,000	68,000	5,038	6,547	14,744	19,774	19,774	19,872	19,972
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>54,000</b>	<b>68,000</b>	<b>5,038</b>	<b>6,547</b>	<b>14,744</b>	<b>19,774</b>	<b>19,774</b>	<b>19,872</b>	<b>19,972</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>54,000</b>	<b>68,000</b>	<b>5,038</b>	<b>6,547</b>	<b>14,744</b>	<b>19,774</b>	<b>19,774</b>	<b>19,872</b>	<b>19,972</b>

**Table 31 MBRR SA16 – Investment particulars by maturity**

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity												
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee	Variable or Fixed interest rate	Interest Rate %	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
name of institution & investment	1	Yrs/Months										
Parent municipality												
Standard Bank '068637527		12 Months	Deposits - Bank (03)	No	Variable	0.09	32 Days Notice	1,461	8	-		1,469
Nedbank 23581136/9998		5 Yrs	Deposits - Bank (03)	No	Variable	0.09	32 Days Notice	1,613	7	-		1,621
First National Bank		12 Months	Main Account	No	Variable		On Call	-				
First National Bank		12 Months	Call Account	No	Variable	0.09	32 Days Notice		-			
First National Bank(Asset Revaluation)		12 Months	Call Account	No	Variable	0.09	32 Days Notice	93				
First National Bank(TMT Traffic)		12 Months	Call Account	No	Variable	0.09	32 Days Notice	61	-	-		61
First National Bank (Call 1)		12 Months	Call Account	No	Variable	0.09	32 Days Notice	4,840	1,291	(203,535)	202,695	5,291
First National Bank(INEP)		12 Months	Call Account	No	Variable	0.09	32 Days Notice	2,424	534	(10,786)	6,786	(1,042)
First National Bank(MIG)		12 Months	Call Account	No	Variable	0.11	32 Days Notice	4,000	365	(36,706)	34,706	2,365
First National Bank(NDPG)		12 Months	Call Account	No	Variable	0.09	32 Days Notice	5,281	695	(15,948)	10,667	695
Municipality sub-total								19,774		(266,975)	254,854	10,459
Entities												
												-
												-
												-
												-
												-
Entities sub-total								-		-	-	-
TOTAL INVESTMENTS AND INTEREST								19,774		(266,975)	254,854	10,459

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R13.1 million, R20.4million and R32.8 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

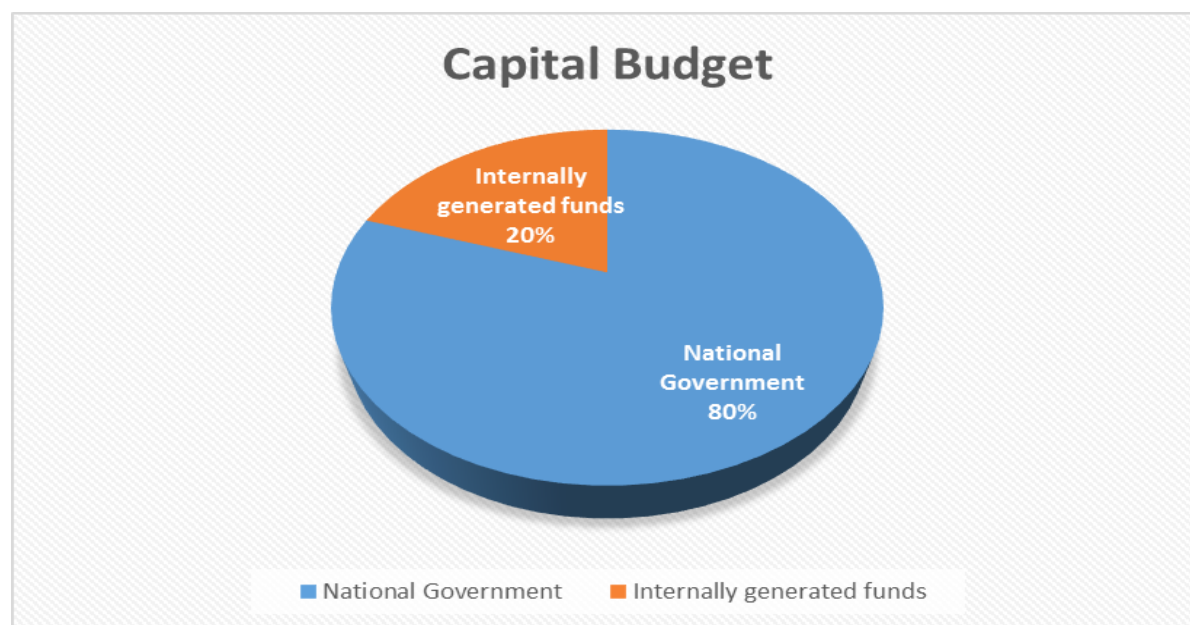
## 2.9.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

**Table 32 Sources of capital revenue over the MTREF**

Vote Description R thousand	ReCurrent Year 2017/18 1	2018/19 Medium Term Revenue & Expenditure Framework							
		Adjusted Budget	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
<b>Capital expenditure - Vote</b>									
<b>Funded by:</b>									
National Government		45,321	87.6%	45,373	80.2%	35,369	94.6%	37,202	100%
Provincial Government									
District Municipality									
Other transfers and grants									
<b>Transfers recognised - capital</b>	4	45,321		45,373		35,369		37,202	
<b>Public contributions &amp; donations</b>	5								
<b>Borrowing</b>	6								
<b>Internally generated funds</b>		6,400	12.4%	11,174	19.8%	2,000	5%		
<b>Total Capital Funding</b>	7	51,721	100%	56,547	100%	37,369	100%	37,202	100%

The above table is graphically represented as follows for the 2018/19 financial year.



**Figure 5 Sources of capital revenue for the 2018/19 financial year**

Capital grants and receipts equates to 80.2 per cent of the total funding source which represents R45.4 million for the 2018/19 financial year and steadily decreases to R37.2 million or 100 per cent by 2020/21. Decline relating to grant receipts is 22. and -18 per cent over the medium-term.

**Table 33 MBRR Table SA 18 - Capital transfers and grant receipts**

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>									
<b>RECEIPTS:</b>	1, 2								
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>		<b>129,688</b>	<b>138,339</b>	<b>148,377</b>	<b>151,019</b>	<b>151,019</b>	<b>157,762</b>	<b>174,792</b>	<b>188,515</b>
Local Government Equitable Share		119,361	122,874	134,192	134,192	134,192	146,821	163,892	179,615
EPWP Incentive		1,755	1,944	2,285	2,378	2,378	2,255		
Finance Management		1,800	1,825	1,900	1,900	1,900	1,900	1,900	1,900
Integrated National Electrification Program		5,832	11,695	10,000	12,549	12,549	6,786	9,000	7,000
Municipal Systems Improvement		940							
Other transfers/grants [insert description]									
<b>Provincial Government:</b>		<b>3,559</b>	<b>8,568</b>	<b>2,639</b>	<b>4,050</b>	<b>4,050</b>	<b>3,719</b>	<b>3,868</b>	<b>4,087</b>
Provincialization of Libraries		1,560	2,006	1,545	1,545	1,545	2,514	2,640	2,772
Recapitalisation- Community Library				1,094	2,005	2,005	1,147	1,228	1,315
Sport and Recreation		275	43		500	500	58		
Schemes Support Programme								250	
Spatial Development Framework Support			322					1,000	
Massification		1,723	6,198						
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Total Operating Transfers and Grants</b>	5	<b>133,247</b>	<b>146,907</b>	<b>151,016</b>	<b>155,069</b>	<b>155,069</b>	<b>161,481</b>	<b>178,660</b>	<b>192,602</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>		<b>43,886</b>	<b>34,326</b>	<b>47,118</b>	<b>47,118</b>	<b>47,118</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
Municipal Infrastructure Grant (MIG)		34,263	25,757	35,940	35,940	35,940	34,706	35,369	37,202
Neighbourhood Development Partnership		9,623	8,569	11,178	11,178	11,178	10,667		
Small Town development Grant									
<b>Provincial Government:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other capital transfers/grants [insert description]									
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Total Capital Transfers and Grants</b>	5	<b>43,886</b>	<b>34,326</b>	<b>47,118</b>	<b>47,118</b>	<b>47,118</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>177,133</b>	<b>181,232</b>	<b>198,134</b>	<b>202,187</b>	<b>202,187</b>	<b>206,854</b>	<b>214,029</b>	<b>229,804</b>



### 2.9.3 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 understandability for councilors 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).

**Table 34 MBRR Table A7 - Budget cash flow statement**

KZN291 Mandeni - Table A7 Budgeted Cash Flows									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates		29,548	47,784	22,383	22,383	22,383	32,458	34,211	36,092
Service charges		28,682	20,993	18,659	22,329	22,329	21,003	22,137	23,355
Other revenue			—	1,846	5,156	5,156	2,124	2,239	2,362
Government - operating	1	133,247	146,907	152,744	156,797	156,797	161,481	179,910	192,602
Government - capital	1	42,778	31,517	45,321	45,321	45,321	45,373	35,369	37,202
Interest		3,627	2,961	3,208	3,208	3,208	3,120	3,288	3,469
Dividends							—	—	—
<b>Payments</b>									
Suppliers and employees		(178,389)	(182,292)	(179,042)	(179,782)	(179,782)	(203,754)	(218,977)	(235,382)
Finance charges		(1,853)	(2,912)	(2,150)	(1,900)	(1,900)	(920)	(1,319)	(1,392)
Transfers and Grants	1			(10,650)	(13,199)	(13,199)	(8,329)	(10,626)	(8,716)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>57,640</b>	<b>64,957</b>	<b>52,319</b>	<b>60,312</b>	<b>60,312</b>	<b>52,556</b>	<b>46,232</b>	<b>49,593</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE							—	—	—
Decrease (Increase) in non-current debtors							—	—	—
Decrease (increase) other non-current receivables							—	—	—
Decrease (increase) in non-current investments							—	—	—
<b>Payments</b>									
Capital assets		(59,552)	(81,258)	(57,721)	(51,721)	(51,721)	(56,547)	(38,939)	(37,202)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(59,552)</b>	<b>(81,258)</b>	<b>(57,721)</b>	<b>(51,721)</b>	<b>(51,721)</b>	<b>(56,547)</b>	<b>(38,939)</b>	<b>(37,202)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans							—	—	—
Borrowing long term/refinancing							—	—	—
Increase (decrease) in consumer deposits				(1,585)	(864)	(864)	(650)	—	—
<b>Payments</b>									
Repayment of borrowing		604	3,709	(1,210)	(1,210)	(1,210)	(2,016)	—	—
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>604</b>	<b>3,709</b>	<b>(2,795)</b>	<b>(2,074)</b>	<b>(2,074)</b>	<b>(2,666)</b>	<b>—</b>	<b>—</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(1,308)</b>	<b>(12,592)</b>	<b>(8,197)</b>	<b>6,517</b>	<b>6,517</b>	<b>(6,657)</b>	<b>7,293</b>	<b>12,391</b>
Cash/cash equivalents at the year begin:	2	<b>29,057</b>	<b>27,749</b>	<b>14,744</b>	<b>15,157</b>	<b>13,256</b>	<b>19,774</b>	<b>13,117</b>	<b>20,410</b>
Cash/cash equivalents at the year end:	2	<b>27,749</b>	<b>15,157</b>	<b>6,547</b>	<b>21,674</b>	<b>19,774</b>	<b>13,117</b>	<b>20,410</b>	<b>32,801</b>

The above table shows that cash and cash equivalents of the Municipality were slowly decreased between the 2017/18 and 2018/19 financial year moving from a positive cash balance of R13.1 to a surplus of R32.8 million with the approved 2020/21 MTREF. With the 2017/18 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 undertook an extensive debt collection process to boost cash levels.

These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R13.1 million by the financial year end. For the 2018/19 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 to R9.5 million by 2018/19 and steadily increases to R7.9 million by 2020/21. It should be noted the municipality's cash flow is improving towards the 2020/21.

## 2.9.4 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 is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that 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.

**Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	1	27,749	15,157	6,547	21,674	18,774	13,117	20,410	32,801
Other current investments > 90 days		0	(1)	—	(15,127)	(12,226)	(3,658)	(12,864)	(24,840)
Non current assets - Investments	1	—	—	—	—	—	—	—	—
<b>Cash and investments available:</b>		<b>27,749</b>	<b>15,156</b>	<b>6,547</b>	<b>6,547</b>	<b>6,547</b>	<b>9,459</b>	<b>7,546</b>	<b>7,961</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers		11,271	8,463	13,700	8,463	8,463	11,706	5,000	5,000
Unspent borrowing		—	—	—	—	—	—	—	—
Statutory requirements	2	18,708	18,504	18,708	18,708	18,708	18,504	25,000	35,000
Other working capital requirements	3	(21,574)	2,464	(35,197)	(35,738)	(35,738)	(34,453)	(40,932)	(46,129)
Other provisions		—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	1,859	1,944	1,800	1,944	1,944	2,011	2,119	2,236
<b>Total Application of cash and investments</b>		<b>10,265</b>	<b>31,375</b>	<b>(989)</b>	<b>(6,624)</b>	<b>(6,624)</b>	<b>(2,232)</b>	<b>(8,813)</b>	<b>(3,893)</b>
<b>Surplus(shortfall)</b>		<b>17,484</b>	<b>(16,219)</b>	<b>7,536</b>	<b>13,171</b>	<b>13,171</b>	<b>11,691</b>	<b>16,359</b>	<b>11,854</b>

From the above table it can be seen that the cash and investments available total 11.7 million in the 2018/19 financial year and increases to R11.9 million by 2020/21, 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.

Due to delays in implementing capital programs we foresee that unspent conditional transfer will be R11.7 million for 2018/19 financial year through the following grants (MIG, INEP and NDPG). In the past these have not been allowed to 'roll-over' and be spent in the ordinary course of business.

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. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

Provisions for statutory requirements include VAT owing to timing differences resulting from year-end obligations. The liability in this regard totaled (R18.5 million) for the 2018/19 financial year.

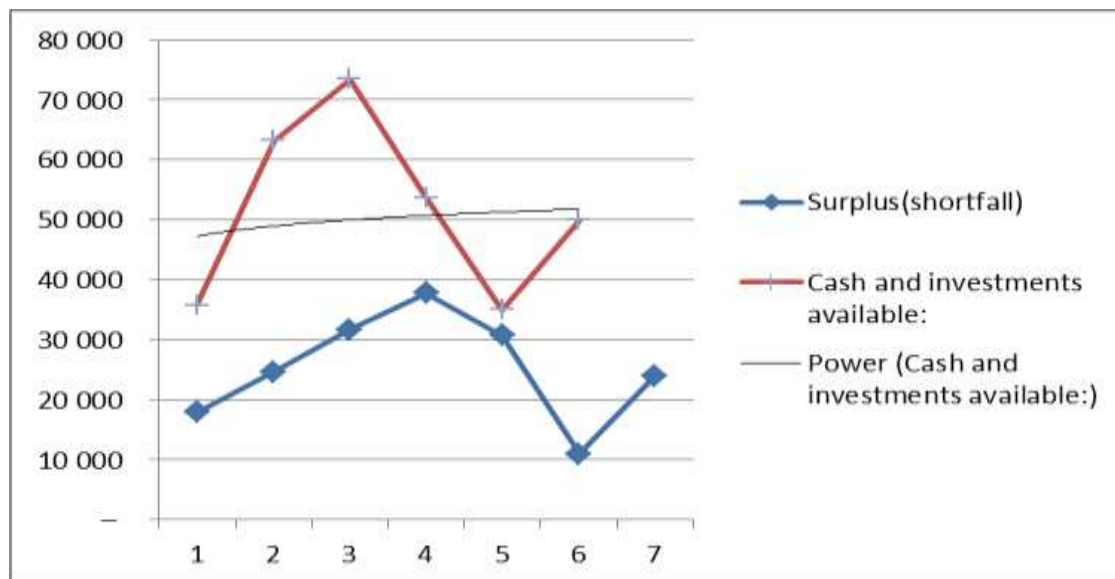
The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2017/18 resulting in cash flow challenges.

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.

Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. It needs to be noted that for all practical purposes the 2018/19 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2018/19 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. 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.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



**Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds**

### 2.9.5 Funding compliance measurement

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.

Table 36 MBRR SA10 – Funding compliance measurement

KZN291 Mandeni Supporting Table SA10 Funding measurement										
Description	MFMA section	Ref	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	1	27,749	15,157	6,547	21,674	18,774	13,117	20,410	32,801
Cash + investments at the yr end less applications - R'000	18(1)b	2	17,484	(16,219)	7,536	13,171	13,171	11,691	16,359	11,854
Cash year end/monthly employee/supplier payments	18(1)b	3	2.2	0.9	0.5	1.6	1.4	0.9	1.3	1.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	32,897	66,340	45,321	45,321	45,321	45,373	35,369	37,202
Service charge rev % change - macro CPI target excl. tax	18(1)a,(2)	5	(6.9%)	4.2%	3.2%	(2.8%)	(6.0%)	25.3%	8.9%	3.7%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	83.3%	72.2%	68.1%	77.1%	77.1%	66.6%	61.5%	59.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	8.6%	70.8%	6.8%	6.6%	6.6%	7.6%	13.3%	15.5%
Capital payments % of capital expenditure	18(1)c,(19)	8	100.0%	100.0%	100.3%	100.0%	100.0%	100.0%	104.2%	100.0%
Borrowing receipts % of capital expenditure (excl. tra	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10						0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	27.4%	(2.0%)	47.8%	20.3%	0.0%	(11.2%)	14.4%	10.2%
Long term receivables % change - incr(decr)	18(1)a	12	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.1%	2.7%	7.5%	7.6%	7.6%	7.5%	7.8%	8.7%
Asset renewal % of capital budget	20(1)(vi)	14	20.9%	38.2%	33.9%	31.7%	31.7%	47.2%	0.0%	0.0%

KZN291 Mandeni Supporting Table SA10 Funding measurement										
Description	MFMA section	Re f	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Supporting indicators</b>										
% incr <i>total service charges (incl prop rates)</i>	18(1)a		(0.9%)	10.2%	9.2%	3.2%	0.0%	31.3%	14.9%	9.7%
% incr Property Tax	18(1)a		(5.9%)	11.5%	0.8%	0.0%	0.0%	55.0%	4.9%	4.8%
% incr Service charges - electricity revenue	18(1)a		10.0%	1.6%	28.9%	10.5%	0.0%	6.8%	42.2%	19.5%
% incr Service charges - water revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a		1.2%	22.3%	8.3%	0.0%	0.0%	(0.0%)	5.4%	5.5%
% incr in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		46,933	51,707	56,454	58,272	58,272	76,520	87,897	96,457
Service charges			46,933	51,707	56,454	58,272	58,272	76,520	87,897	96,457
Property rates			27,408	30,557	30,789	30,789	30,789	47,732	50,056	52,475
Service charges - electricity revenue			13,186	13,399	17,270	19,088	19,088	20,394	28,995	34,649
Service charges - water revenue			—	—	—	—	—	—	—	—
Service charges - sanitation revenue			—	—	—	—	—	—	—	—
Service charges - refuse removal			6,339	7,750	8,395	8,395	8,395	8,393	8,847	9,333
Service charges - other			—	—	—	—	—	—	—	—
Rental of facilities and equipment			286	241	325	256	256	271	286	302
Capital expenditure excluding capital grant funding			15,666	46,932	12,200	6,400	6,400	11,174	2,000	—
Cash receipts from ratepayers	18(1)a		58,230	68,777	42,888	49,868	49,868	55,585	58,587	61,809
Ratepayer & Other revenue	18(1)a		69,925	95,272	62,960	64,710	64,710	83,519	95,275	104,240
Change in consumer debtors (current and non-current)			10,053	(922)	21,941	35,710	35,710	4,593	10,416	8,462
Operating and Capital Grant Revenue	18(1)a		177,133	215,558	198,065	202,118	202,118	206,854	215,279	229,804
Capital expenditure - total	20(1)(vi)		59,552	81,257	57,521	51,721	51,721	56,547	37,369	37,202
Capital expenditure - renewal	20(1)(vi)		12,464	31,056	19,478	16,378	16,378	26,711	—	—
<b>Supporting benchmarks</b>										
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			3.9%	4.6%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										
DoRA capital grants total MFY										
Provincial operating grants										
Provincial capital grants										
District Municipality grants										
Total gazetted/advised national, provincial and district grants								—	—	—
Average annual collection rate (arrears inclusive)										

KZN291 Mandeni Supporting Table SA10 Funding measurement										
Description	MFMA section	Ref	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Total Operating Revenue</b>			250,685	279,465	218,704	224,507	224,507	247,900	278,241	300,067
<b>Total Operating Expenditure</b>			217,788	247,450	218,704	224,508	224,508	247,900	278,241	300,067
<b>Operating Performance Surplus/(Deficit)</b>			32,897	32,014	(0)	(0)	(0)	(0)	(0)	0
<b>Cash and Cash Equivalents (30 June 2012)</b>								13,117		
<b>Revenue</b>										
% Increase in Total Operating Revenue			10.3%	11.5%	(21.7%)	2.7%	0.0%	10.4%	12.2%	7.8%
% Increase in Property Rates Revenue			(5.9%)	11.5%	0.8%	0.0%	0.0%	55.0%	4.9%	4.8%
% Increase in Electricity Revenue			10.0%	1.6%	28.9%	10.5%	0.0%	6.8%	42.2%	19.5%
% Increase in Property Rates & Services Charges			(0.9%)	10.2%	9.2%	3.2%	0.0%	31.3%	14.9%	9.7%
<b>Expenditure</b>										
% Increase in Total Operating Expenditure			10.9%	13.6%	(11.6%)	2.7%	0.0%	10.4%	12.2%	7.8%
% Increase in Employee Costs			13.9%	6.3%	0.0%	0.0%	0.0%	15.3%	5.4%	5.5%
% Increase in Electricity Bulk Purchases			10.6%	22.4%	32.9%	10.6%	0.0%	7.3%	5.3%	0.5%
Average Cost Per Budgeted Employee Position (Remuneration)				309142.07	300249.11			344707.1		
Average Cost Per Councillor (Remuneration)				323249.71	391438.48			384043.4		
R&M % of PPE			4.1%	2.7%	7.5%	7.6%	7.6%	7.5%	7.8%	8.7%
Asset Renewal and R&M as a % of PPE			7.0%	9.0%	12.0%	11.0%	11.0%	15.0%	7.0%	8.0%
Debt Impairment % of Total Billable Revenue			8.6%	70.8%	6.8%	6.6%	6.6%	7.6%	13.3%	15.5%
<b>Capital Revenue</b>										
Internally Funded & Other (R'000)			15,666	42,881	12,400	6,400	6,400	11,174	2,000	–
Borrowing (R'000)			–	4,050	–	–	–	–	–	–
Grant Funding and Other (R'000)			43,886	34,326	45,321	45,321	45,321	45,373	35,369	37,202
Internally Generated funds % of Non Grant Funding			100.0%	91.4%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
Borrowing % of Non Grant Funding			0.0%	8.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			73.7%	42.2%	78.5%	87.6%	87.6%	80.2%	94.6%	100.0%
<b>Capital Expenditure</b>										
Total Capital Programme (R'000)			59,552	81,257	57,721	51,721	51,721	56,547	37,369	37,202
Asset Renewal			12,464	31,056	19,478	16,378	16,378	26,711	–	–
Asset Renewal % of Total Capital Expenditure			20.9%	38.2%	33.7%	31.7%	31.7%	47.2%	0.0%	0.0%
<b>Cash</b>										
Cash Receipts % of Rate Payer & Other			83.3%	72.2%	68.1%	77.1%	77.1%	66.6%	61.5%	59.3%
Cash Coverage Ratio			0	0	0	0	0	0	0	0
<b>Borrowing</b>										
Credit Rating (2009/10)								0		
Capital Charges to Operating			0.6%	(0.3%)	1.5%	1.4%	1.4%	1.2%	0.5%	0.5%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>										
Surplus/(Deficit)			17,484	(16,219)	7,536	13,171	13,171	11,691	16,359	11,854
<b>Free Services</b>										
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%	0.3%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	2.5%	2.4%	2.4%	18.4%	17.0%	16.4%
<b>High Level Outcome of Funding Compliance</b>										
Total Operating Revenue			250,685	279,465	218,704	224,507	224,507	247,900	278,241	300,067
Total Operating Expenditure			217,788	247,450	218,704	224,508	224,508	247,900	278,241	300,067
Surplus/(Deficit) Budgeted Operating Statement			32,897	32,014	(0)	(0)	(0)	(0)	(0)	0
Surplus/(Deficit) Considering Reserves and Cash Backing			17,484	(16,219)	7,536	13,171	13,171	11,691	16,359	11,854
<b>MTREF Funded (1) / Unfunded (0)</b>		15	1	0	1	1	1	1	1	1
<b>MTREF Funded ü / Unfunded ü</b>		15	ü	ü	ü	ü	ü	ü	ü	ü

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

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 positive, 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 2018/19 MTREF shows R9.5 million, R7.5 million and R7.9 million for each respective financial year.

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

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 detail reconciliation of the cash backed reserves/surpluses is contained in Table 20, on page 39. 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.

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

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. Notably, the ratio has been increasing steadily for the period 2014/15 to 2020/21, moving from 3.4 to 6.0 with the adopted 2018/19 & MTREF. As part of the 2018/19 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.1 and then increase slightly to 8.1 for the outer years. 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.

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

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.



#### **2.9.5.5 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 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6, 0.6 and 0.2 per cent for the respective financial year of the 2018/19 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 6.84 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. 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.

#### **2.9.5.6 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 161, 146 and 151 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. 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.

#### **2.9.5.7 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 7.5, 5.4 and 5.5 per cent 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.

#### **2.9.5.8 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. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

**2.9.5.9 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 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 57.

**2.9.5.10 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 per cent 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.

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

The purposes of these measures are 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 debtor's accounts within 30 days.

**2.9.5.12 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. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 50 MBRR SA34C on page 100.

**2.9.5.13 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. Further details in this regard are contained in Table 49 MBRR SA34b on page 99.

## 2.10 Expenditure on grants and reconciliations of unspent funds

**Table 37 MBRR SA19 - Expenditure on transfers and grant programmes**

KZN291 Mandeni - Supporting Table SA19 Expenditure on transfers and grant programme									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>EXPENDITURE:</b>	1								
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>		<b>129,688</b>	<b>138,339</b>	<b>148,377</b>	<b>151,019</b>	<b>151,019</b>	<b>157,762</b>	<b>174,792</b>	<b>188,515</b>
Local Government Equitable Share		119,361	122,874	134,192	134,192	134,192	146,821	163,892	179,615
EPWP Incentive		1,755	1,944	2,285	2,378	2,378	2,255		
Finance Management		1,800	1,825	1,900	1,900	1,900	1,900	1,900	1,900
Integrated National Electrification Programme		5,832	11,695	10,000	12,549	12,549	6,786	9,000	7,000
Municipal Systems Improvement		940							
Other transfers/grants [insert description]									
<b>Provincial Government:</b>		<b>1,835</b>	<b>2,370</b>	<b>2,639</b>	<b>4,050</b>	<b>4,050</b>	<b>3,719</b>	<b>3,868</b>	<b>4,087</b>
Provincialization of Libraries		1,560	2,006	1,545	1,545	1,545	2,514	2,640	2,772
Recapitalisation- Community Library				1,094	2,005	2,005	1,147	1,228	1,315
Sport and Recreation		275	43				58		
Schemes Support Programme					500	500		250	
Spatial Development Framework Support			322					1,000	
Massification		1,723							
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Total operating expenditure of Transfers and</b>		<b>131,523</b>	<b>140,709</b>	<b>151,016</b>	<b>155,069</b>	<b>155,069</b>	<b>161,481</b>	<b>178,660</b>	<b>192,602</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>		<b>43,886</b>	<b>34,326</b>	<b>47,118</b>	<b>47,118</b>	<b>47,118</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
Municipal Infrastructure Grant (MIG)		34,263	25,757	35,940	35,940	35,940	34,706	35,369	37,202
Neighbourhood Development Partnership		9,623	8,569	11,178	11,178	11,178	10,667		
Small Town development Grant									
<b>Provincial Government:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other capital transfers/grants [insert									
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Total capital expenditure of Transfers and Gra</b>		<b>43,886</b>	<b>34,326</b>	<b>47,118</b>	<b>47,118</b>	<b>47,118</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND</b>		<b>175,409</b>	<b>175,034</b>	<b>198,134</b>	<b>202,187</b>	<b>202,187</b>	<b>206,854</b>	<b>214,029</b>	<b>229,804</b>

**Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

KZN291 Mandeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<b>Operating transfers and grants:</b>	1,3								
<b>National Government:</b>									
Balance unspent at beginning of the year		404	2,660						
Current year receipts		129,688	138,339	148,377	151,019	151,019	157,762	174,792	188,515
<b>Conditions met - transferred to revenue</b>		<b>130,092</b>	<b>140,999</b>	<b>148,377</b>	<b>151,019</b>	<b>151,019</b>	<b>157,762</b>	<b>174,792</b>	<b>188,515</b>
Conditions still to be met - transferred to liabilities									
<b>Provincial Government:</b>									
Balance unspent at beginning of the year		10,867	972						
Current year receipts		1,835	2,370	2,639	4,050	4,050	3,719	3,868	4,087
<b>Conditions met - transferred to revenue</b>		<b>12,703</b>	<b>3,342</b>	<b>2,639</b>	<b>4,050</b>	<b>4,050</b>	<b>3,719</b>	<b>3,868</b>	<b>4,087</b>
Conditions still to be met - transferred to liabilities									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Total operating transfers and grants revenue</b>		<b>142,795</b>	<b>144,340</b>	<b>151,016</b>	<b>155,069</b>	<b>155,069</b>	<b>161,481</b>	<b>178,660</b>	<b>192,602</b>
<b>Total operating transfers and grants - CTBM</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>	1,3								
<b>National Government:</b>									
Balance unspent at beginning of the year		-	4,831						
Current year receipts		43,886	34,326	47,118	47,118	47,118	45,373	35,369	37,202
<b>Conditions met - transferred to revenue</b>		<b>43,886</b>	<b>39,157</b>	<b>47,118</b>	<b>47,118</b>	<b>47,118</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
Conditions still to be met - transferred to liabilities									
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Total capital transfers and grants revenue</b>		<b>43,886</b>	<b>39,157</b>	<b>47,118</b>	<b>47,118</b>	<b>47,118</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
<b>Total capital transfers and grants - CTBM</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>186,681</b>	<b>183,497</b>	<b>198,134</b>	<b>202,187</b>	<b>202,187</b>	<b>206,854</b>	<b>214,029</b>	<b>229,804</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 2.11 Councilors and employee benefits

**Table 39 MBRR SA22 - Summary of councilor and staff benefits**

KZN291 Mandeni - Supporting Table SA22 Summary councillor and staff benefits									
Summary of Employee and Councillor remuneration	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
	1	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages		7,795	8,483	10,271	10,271	10,271	12,014	12,440	13,124
Pension and UIF Contributions		—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	712	712	712	—	—	—
Motor Vehicle Allowance		1,262	1,124	1,235	1,235	1,235	—	—	—
Cellphone Allowance		709	759	767	767	767	1,428	151	1,589
Housing Allowances		394	624	715	715	715	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—
<b>Sub Total - Councillors</b>		<b>10,159</b>	<b>10,990</b>	<b>13,700</b>	<b>13,700</b>	<b>13,700</b>	<b>13,442</b>	<b>12,591</b>	<b>14,713</b>
<b>% increase</b>	4	<b>5.3%</b>	<b>8.2%</b>	<b>24.7%</b>	<b>—</b>	<b>—</b>	<b>(1.9%)</b>	<b>(6.3%)</b>	<b>16.9%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	2	5,057	5,503	5,252	5,252	5,252	5,993	6,317	6,664
Pension and UIF Contributions		77	79	374	374	374	—	—	—
Medical Aid Contributions		—	—	161	161	161	—	—	—
Overtime		—	—	—	—	—	—	—	—
Performance Bonus		—	—	352	352	352	289	304	321
Motor Vehicle Allowance	3	1,356	1,066	933	933	933	—	—	—
Cellphone Allowance	3	—	—	80	80	80	186	196	207
Housing Allowances	3	—	—	88	88	88	—	—	—
Other benefits and allowances	3	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>		<b>6,491</b>	<b>6,648</b>	<b>7,241</b>	<b>7,241</b>	<b>7,241</b>	<b>6,468</b>	<b>6,817</b>	<b>7,192</b>
<b>% increase</b>	4	<b>5.1%</b>	<b>2.4%</b>	<b>8.9%</b>	<b>—</b>	<b>—</b>	<b>(10.7%)</b>	<b>5.4%</b>	<b>5.5%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages		44,407	49,102	55,756	55,756	55,756	60,324	63,582	67,079
Pension and UIF Contributions		7,058	1,112	3,094	3,094	3,094	7,864	8,288	8,744
Medical Aid Contributions		3,141	3,410	1,549	1,549	1,549	3,798	4,003	4,223
Overtime		844	1,314	155	155	155	850	896	945
Performance Bonus		—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	6,114	2,902	4,734	4,734	4,734	3,935	4,147	4,375
Cellphone Allowance	3	247	303	180	180	180	458	483	509
Housing Allowances	3	92	142	251	251	251	412	435	459
Other benefits and allowances	3	102	1,317	—	—	—	—	—	—
Payments in lieu of leave		106	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	6,708	—	—	—	—	—	—
<b>Sub Total - Other Municipal Staff</b>		<b>62,110</b>	<b>66,309</b>	<b>65,720</b>	<b>65,720</b>	<b>65,720</b>	<b>77,641</b>	<b>81,833</b>	<b>86,334</b>
<b>% increase</b>	4	<b>14.9%</b>	<b>6.8%</b>	<b>(0.9%)</b>	<b>—</b>	<b>—</b>	<b>18.1%</b>	<b>5.4%</b>	<b>5.5%</b>
<b>Total Parent Municipality</b>		<b>78,759</b>	<b>83,948</b>	<b>86,661</b>	<b>86,661</b>	<b>86,661</b>	<b>97,550</b>	<b>101,241</b>	<b>108,240</b>
		<b>12.7%</b>	<b>6.6%</b>	<b>3.2%</b>	<b>—</b>	<b>—</b>	<b>12.6%</b>	<b>3.8%</b>	<b>6.9%</b>
<b>TOTAL SALARY, % increase</b>	4	<b>12.7%</b>	<b>6.6%</b>	<b>3.2%</b>	<b>—</b>	<b>—</b>	<b>12.6%</b>	<b>3.8%</b>	<b>6.9%</b>
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>68,600</b>	<b>72,958</b>	<b>72,961</b>	<b>72,961</b>	<b>72,961</b>	<b>84,109</b>	<b>88,650</b>	<b>93,526</b>

**Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

KZN291 Mandeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	ons	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		674,936		40,800			715,736
Chief Whip			353,005		40,800			393,805
Executive Mayor			843,667		40,800			884,467
Deputy Executive Mayor			674,936		40,800			715,736
Executive Committee			1,971,524		163,200			2,134,724
Total for all other councillors			7,495,451		1,101,600			8,597,051
<b>Total Councillors</b>	8	#	<b>12,013,519</b>	-	<b>1,428,000</b>			<b>13,441,519</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1,133,711		36,000	55,937		1,225,648
Chief Finance Officer			930,201		30,000	44,435		1,004,636
Director Economic Development & Human Settlements			930,201		30,000	44,435		1,004,636
Director Corporate & Human Resources			990,201		30,000	44,435		1,064,636
Director Community & Public Safety			1,078,563		30,000	55,163		1,163,726
Director Technical & Infrastructure Services			930,201		30,000	44,435		1,004,636
List of each official with packages >= senior manager								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	#	<b>5,993,078</b>	-	<b>186,000</b>	<b>288,839</b>		<b>6,467,917</b>
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								-
								-
								-
<b>Total for municipal entities</b>	8,10	#	<b>-</b>	-	<b>-</b>	<b>-</b>		<b>-</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	#	<b>18,006,597</b>	-	<b>1,614,000</b>	<b>288,839</b>		<b>19,909,436</b>

**Table 41 MBRR SA24 – Summary of personnel numbers**

KZN291 Mandeni - Supporting Table SA24 Summary of personnel numbers										
Summary of Personnel Numbers		2016/17			Current Year 2017/18			Budget Year 2018/19		
Number	Ref	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Members of municipal entities)	4	34	3	31	35	5	30	35	5	30
<b>Municipal employees</b>										
Municipal Manager and Senior Managers	3	6		6	6		6	6		6
Other Managers	7	15	15		15	15		15	15	
Professionals		41	35	5	80	64	16	97	81	
Finance		24	19	5	27	22	5	27	22	5
Spatial/town planning		3	2		10	10		10	10	
Information Technology		4	4		2	2		2	2	
Roads		2	2		7	4	3	7	4	3
Electricity		1	1		5	5		5	5	
Water		1	1							
Sanitation										
Refuse					21	13	8	38	30	8
Other		6	6		8	8		8	8	
Technicians		20	20	–	20	20	–	19	19	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity		4	4		4	4		4	4	
Water										
Sanitation										
Refuse										
Other		16	16		16	16		15	15	
Clerks (Clerical and administrative)		39	39		39	39		24	24	
Service and sales workers		29	29							
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		21	22		21	21		21	21	
Elementary Occupations		65	65		62	62		62	62	
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>270</b>	<b>228</b>	<b>42</b>	<b>278</b>	<b>226</b>	<b>52</b>	<b>279</b>	<b>227</b>	<b>52</b>
<b>% increase</b>					3.0%	(0.9%)	23.8%	0.4%	0.4%	–
Total municipal employees headcount	3, 10									
Finance personnel headcount	3, 10									
Human Resources personnel headcount	3, 10									

## 2.12 Monthly targets for revenue, expenditure and cash flow

**Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure**

KZN291 Mandeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>																
Property rates		3,978	3,978	3,978	3,978	3,978	3,978	3,978	3,978	3,978	3,978	3,978	3,978	47,732	50,056	52,475
Service charges - electricity revenue		1,699	1,699	1,699	1,699	1,699	1,699	1,699	1,699	1,699	1,699	1,699	1,699	20,394	28,995	34,649
Service charges - water revenue														—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue													8,393	8,393	8,847	9,333
Service charges - other													—	—	—	—
Rental of facilities and equipment		23	23	23	23	23	23	23	23	23	23	23	23	271	286	302
Interest earned - external investments		242	242	242	242	242	242	242	242	242	242	242	242	2,900	3,057	3,225
Interest earned - outstanding debtors		367	367	367	367	367	367	367	367	367	367	367	367	4,400	4,638	4,893
Dividends received														—	—	—
Fines, penalties and forfeits		42	42	42	42	42	42	42	42	42	42	42	42	500	527	556
Licences and permits		123	123	123	123	123	123	123	123	123	123	123	123	1,472	1,552	1,637
Agency services														—	—	—
Transfers and subsidies		60,155					55,000			44,342			1,984	161,481	179,910	192,602
Other revenue		30	30	30	30	30	30	30	30	30	30	30	30	356	375	396
Gains on disposal of PPE														—	—	—
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>66,657</b>	<b>6,502</b>	<b>6,502</b>	<b>6,502</b>	<b>6,502</b>	<b>61,502</b>	<b>6,502</b>	<b>6,502</b>	<b>50,844</b>	<b>6,502</b>	<b>6,502</b>	<b>16,880</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
<b>Expenditure By Type</b>																
Employee related costs		7,009	7,009	7,009	7,009	7,009	7,009	7,009	7,009	7,009	7,009	7,009	7,009	84,109	88,650	93,526
Remuneration of councillors		1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	13,442	14,481	15,278
Debt impairment		483	483	483	483	483	483	483	483	483	483	483	483	5,800	11,651	14,947
Depreciation & asset impairment		2,425	2,425	2,425	2,425	2,425	2,425	2,425	2,425	2,425	2,425	2,425	2,425	29,097	35,669	39,630
Finance charges		77	77	77	77	77	77	77	77	77	77	77	77	920	1,319	1,392
Bulk purchases		1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	17,331	18,250	18,341
Other materials		2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	33,070	35,744	41,334
Contracted services		1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	16,133	17,004	17,940
Transfers and subsidies		694	694	694	694	694	694	694	694	694	694	694	694	8,329	10,626	8,716
Other expenditure		3,306	3,306	3,306	3,306	3,306	3,306	3,306	3,306	3,306	3,306	3,306	3,306	39,670	44,846	48,963
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Expenditure</b>		<b>20,658</b>	<b>20,658</b>	<b>20,658</b>	<b>20,658</b>	<b>20,658</b>	<b>20,658</b>	<b>20,658</b>	<b>20,658</b>	<b>20,658</b>	<b>20,658</b>	<b>20,658</b>	<b>20,658</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
<b>Surplus/(Deficit)</b>		<b>45,999</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>40,844</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>30,186</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>(3,779)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Transfers and subsidies - capital (in-kind - all))		25,667					10,000			7,971			1,735	45,373	35,369	37,202
<b>Surplus/(Deficit) after capital transfers and contributions</b>		<b>71,666</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>50,844</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>38,157</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>(2,044)</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>
Taxation														—	—	—
Attributable to minorities														—	—	—
Share of surplus/ (deficit) of associate														—	—	—
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>71,666</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>50,844</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>38,157</b>	<b>(14,156)</b>	<b>(14,156)</b>	<b>(2,044)</b>	<b>45,373</b>	<b>35,369</b>	<b>37,202</b>



**Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

KZN291 Mandeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)																
Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>																
Vote 1 - Executive Council		7,251											—	7,251	7,609	7,968
Vote 2 - Budget & Treasury													205,543	205,543	231,933	249,575
Vote 3 - Corporate Services													—	—	—	—
Vote 4 - Planning and Development		13	13	13	13	13	13	13	13	13	13	13	13	159	1,417	176
Vote 5 - Health													—	—	—	—
Vote 6 - Community & Social		341	341	341	341	341	341	341	341	341	341	341	341	4,092	4,322	4,566
Vote 7 - Housing													—	—	—	—
Vote 8 - Public Safety		164	164	164	164	164	164	164	164	164	164	164	164	1,972	2,078	2,193
Vote 9 - Sports & Recreation		5	5	5	5	5	5	5	5	5	5	5	5	64	7	7
Vote 10 - Environment													—	—	—	—
Vote 11 - Waste Management		699	699	699	699	699	699	699	699	699	699	699	699	8,394	9,379	9,895
Vote 12 - Electricity		1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	20,426	21,495	25,687
Vote 13 - Roads & Stormwater													—	—	—	—
Vote 14 -													—	—	—	—
Vote 15 -													—	—	—	—
<b>Total Revenue by Vote</b>		<b>10,176</b>	<b>2,925</b>	<b>2,925</b>	<b>2,925</b>	<b>2,925</b>	<b>2,925</b>	<b>2,925</b>	<b>2,925</b>	<b>2,925</b>	<b>2,925</b>	<b>2,925</b>	<b>208,469</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive Council		2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	27,944	27,552	29,168
Vote 2 - Budget & Treasury		5,530	5,530	5,530	5,530	5,530	5,530	5,530	5,530	5,530	5,530	5,530	5,530	66,357	83,239	82,712
Vote 3 - Corporate Services		1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	22,549	23,767	25,074
Vote 4 - Planning and Development		2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	33,418	35,223	37,160
Vote 5 - Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 6 - Community & Social		934	934	934	934	934	934	934	934	934	934	934	934	11,212	11,818	12,467
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 8 - Public Safety		1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	19,177	20,213	21,324
Vote 9 - Sports & Recreation		66	66	66	66	66	66	66	66	66	66	66	66	788	831	876
Vote 10 - Environment		738	738	738	738	738	738	738	738	738	738	738	738	8,851	9,329	9,842
Vote 11 - Waste Management		728	728	728	728	728	728	728	728	728	728	728	728	8,731	9,202	9,709
Vote 12 - Electricity		2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,702	32,417	20,398	24,687
Vote 13 - Roads & Stormwater		1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	16,456	36,669	47,047
Vote 14 -													—	—	—	—
Vote 15 -													—	—	—	—
<b>Total Expenditure by Vote</b>		<b>20,658</b>	<b>20,593</b>	<b>20,593</b>	<b>20,593</b>	<b>20,593</b>	<b>20,593</b>	<b>20,593</b>	<b>20,593</b>	<b>20,593</b>	<b>20,593</b>	<b>20,592</b>	<b>21,315</b>	<b>247,900</b>	<b>278,241</b>	<b>300,067</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>(10,482)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>187,153</b>	<b>0</b>	<b>(0)</b>	<b>1</b>
Taxation													—	—	—	—
Attributable to minorities													—	—	—	—
Share of surplus/ (deficit) of associate													—	—	—	—
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>(10,482)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>(17,667)</b>	<b>187,153</b>	<b>0</b>	<b>(0)</b>	<b>1</b>

**Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

KZN291 Mandeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)																
Description	Re	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Novemb er	Decemb er	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
<b>Revenue - Functional</b>																
<b>Governance and administration</b>		7,251	–	–	–	–	–	–	–	–	–	–	205,543	212,794	239,541	257,544
Executive and council	7,251												–	7,251	7,609	7,968
Finance and administration													205,543	205,543	231,932	249,576
Internal audit													–	–	–	–
<b>Community and public safety</b>		346	346	346	346	346	346	346	346	346	346	346	2,318	6,128	6,408	6,764
Community and social services	341	341	341	341	341	341	341	341	341	341	341	341	341	4,092	4,322	4,566
Sport and recreation	5	5	5	5	5	5	5	5	5	5	5	5	5	64	7	7
Public safety													1,972	1,972	2,078	2,191
Housing													–	–	–	–
Health													–	–	–	–
<b>Economic and environmental serv</b>		13	13	13	13	13	13	13	13	13	13	13	13	159	1,417	176
Planning and development	13	13	13	13	13	13	13	13	13	13	13	13	13	159	1,417	176
Road transport	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection													–	–	–	–
<b>Trading services</b>		2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	28,819	30,874	35,582
Energy sources	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	20,426	21,495	25,687
Water management													–	–	–	–
Waste water management													–	–	–	–
Waste management	699	699	699	699	699	699	699	699	699	699	699	699	699	8,394	9,379	9,895
<b>Other</b>													–	–	–	–
<b>Total Revenue - Functional</b>		10,012	2,761	2,761	2,761	2,761	2,761	2,761	2,761	2,761	2,761	2,761	210,277	247,900	278,241	300,067
<b>Expenditure - Functional</b>																
<b>Governance and administration</b>		9,738	9,738	9,738	9,738	9,738	9,738	9,738	9,738	9,738	9,738	9,738	9,738	116,850	135,718	138,177
Executive and council	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	27,944	27,552	29,168
Finance and administration	7,409	7,409	7,409	7,409	7,409	7,409	7,409	7,409	7,409	7,409	7,409	7,409	7,409	88,906	108,165	109,009
Internal audit													–	–	–	–
<b>Community and public safety</b>		2,598	2,598	2,598	2,598	2,598	2,598	2,598	2,598	2,598	2,598	2,598	2,598	31,177	32,861	34,668
Community and social services	934	934	934	934	934	934	934	934	934	934	934	934	934	11,212	11,818	12,467
Sport and recreation	66	66	66	66	66	66	66	66	66	66	66	66	66	788	831	876
Public safety	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	19,177	20,213	21,324
Housing													–	–	–	–
Health													–	–	–	–
<b>Economic and environmental serv</b>		4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	58,725	81,222	94,049
Planning and development	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	33,418	35,224	37,161
Road transport	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	16,456	36,669	47,047
Environmental protection	738	738	738	738	738	738	738	738	738	738	738	738	738	8,851	9,329	9,842
<b>Trading services</b>		3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	41,148	28,441	33,172
Energy sources	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	32,417	20,398	24,687
Water management													–	–	–	–
Waste water management													–	–	–	–
Waste management	728	728	728	728	728	728	728	728	728	728	728	728	728	8,731	8,043	8,485
<b>Other</b>													–	–	–	–
<b>Total Expenditure - Functional</b>		20,658	20,658	20,658	20,658	20,658	20,658	20,658	20,658	20,658	20,658	20,658	20,658	247,900	278,241	300,067
<b>Surplus/(Deficit) before assoc.</b>		(10,646)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	189,618	0	(1)	(0)
Share of surplus/ (deficit) of associate													–	–	–	–
<b>Surplus/(Deficit)</b>	1	(10,646)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	(17,897)	189,618	0	(1)	(0)

**Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

KZN291 Mandeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																	
Description		Re	Budget Year 2018/19											Medium Term Revenue and Expenditure			
R thousand			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Multi-year expenditure to be appropriated</b>		1															
Vote 1 - Executive Council														—	—	—	—
Vote 2 - Budget & Treasury														—	—	—	—
Vote 3 - Corporate Services														—	—	—	—
Vote 4 - Planning and Development														—	—	—	—
Vote 5 - Health														—	—	—	—
Vote 6 - Community & Social														—	—	—	—
Vote 7 - Housing														—	—	—	—
Vote 8 - Public Safety														—	—	—	—
Vote 9 - Sports & Recreation														—	—	—	—
Vote 10 - Environment														—	—	—	—
Vote 11 - Waste Management														—	—	—	—
Vote 12 - Electricity														—	—	—	—
Vote 13 - Roads & Stormwater														—	—	—	—
Vote 14 -														—	—	—	—
Vote 15 -														—	—	—	—
<b>Capital multi-year expenditure to be appropriated</b>		2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Single-year expenditure to be appropriated</b>																	
Vote 1 - Executive Council			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 2 - Budget & Treasury														—	—	—	—
Vote 3 - Corporate Services			25	25	25	25	25	25	25	25	25	25	25	25	300	—	—
Vote 4 - Planning and Development			762	762	762	762	762	762	762	762	762	762	762	762	9,139	35,369	37,202
Vote 5 - Health														—	—	—	—
Vote 6 - Community & Social			593	593	593	593	593	593	593	593	593	593	593	593	7,116	—	—
Vote 7 - Housing														—	—	—	—
Vote 8 - Public Safety			83	83	83	83	83	83	83	83	83	83	83	83	1,000	2,000	—
Vote 9 - Sports & Recreation														—	—	—	—
Vote 10 - Environment														—	—	—	—
Vote 11 - Waste Management			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 12 - Electricity			275	275	275	275	275	275	275	275	275	275	275	275	3,295	—	—
Vote 13 - Roads & Stormwater			2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	35,697	—	—
Vote 14 -														—	—	—	—
Vote 15 -														—	—	—	—
<b>Capital single-year expenditure</b>		2	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	56,547	37,369	37,202
<b>Total Capital Expenditure</b>		2	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	56,547	37,369	37,202

**Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)****KZN291 Mandeni - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)**

Description	Re	Budget Year 2018/19												Medium Term Revenue and Expenditure		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital Expenditure - Functional</b>	1															
<b>Governance and administration</b>		25	25	25	25	25	25	25	25	25	25	25	25	300	—	—
Executive and council		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Finance and administration		25	25	25	25	25	25	25	25	25	25	25	25	300	—	—
Internal audit														—	—	—
<b>Community and public safety</b>		693	693	693	693	693	693	693	693	693	693	693	693	8,316	2,000	—
Community and social services		610	610	610	610	610	610	610	610	610	610	610	610	7,316	—	—
Sport and recreation														—	—	—
Public safety		83	83	83	83	83	83	83	83	83	83	83	83	1,000	2,000	—
Housing														—	—	—
Health														—	—	—
<b>Economic and environmental serv</b>		3,720	3,720	3,720	3,720	3,720	3,720	3,720	3,720	3,720	3,720	3,720	3,720	44,636	35,369	37,202
Planning and development		213	213	213	213	213	213	213	213	213	213	213	213	2,560	—	—
Road transport		3,506	3,506	3,506	3,506	3,506	3,506	3,506	3,506	3,506	3,506	3,506	3,506	42,076	35,369	37,202
Environmental protection														—	—	—
<b>Trading services</b>		275	275	275	275	275	275	275	275	275	275	275	275	3,295	—	—
Energy sources		275	275	275	275	275	275	275	275	275	275	275	275	3,295	—	—
Water management														—	—	—
Waste water management														—	—	—
Waste management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Other</b>														—	—	—
<b>Total Capital Expenditure - Functional</b>	2	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	56,547	37,369	37,202
<b>Funded by:</b>																
National Government		3,781	3,781	3,781	3,781	3,781	3,781	3,781	3,781	3,781	3,781	3,781	3,781	45,373	35,369	37,202
Provincial Government														—	—	—
District Municipality														—	—	—
Other transfers and grants														—	—	—
<b>Transfers recognised - capital</b>		3,781	3,781	3,781	3,781	3,781	3,781	3,781	3,781	3,781	3,781	3,781	3,781	45,373	35,369	37,202
<b>Public contributions &amp; donations</b>														—	—	—
<b>Borrowing</b>														—	—	—
<b>Internally generated funds</b>		931	931	931	931	931	931	931	931	931	931	931	931	11,174	2,000	—
<b>Total Capital Funding</b>		4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	56,547	37,369	37,202

Table 47 MBRR SA30 - Budgeted monthly cash flow

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow																
MONTHLY CASH FLOWS		Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		R thousand	July	August	Sept.	October	Novemb er	Decemb er	January	Februar y	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20
<b>Cash Receipts By Source</b>														1		
Property rates		—	2,951	2,951	2,951	2,951	2,951	2,951	2,951	2,951	2,951	2,951	2,951	32,458	34,211	36,092
Service charges - electricity revenue		1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	15,295	16,121	17,008
Service charges - water revenue														—	—	—
Service charges - sanitation revenue														—	—	—
Service charges - refuse revenue		476	476	476	476	476	476	476	476	476	476	476	476	5,708	6,016	6,347
Service charges - other														—	—	—
Rental of facilities and equipment		23	23	23	23	23	23	23	23	23	23	23	23	271	286	302
Interest earned - external investments		242	242	242	242	242	242	242	242	242	242	242	242	2,900	3,057	3,225
Interest earned - outstanding debt		18	18	18	18	18	18	18	18	18	18	18	18	220	232	245
Dividends received														—	—	—
Fines, penalties and forfeits		2	2	2	2	2	2	2	2	2	2	2	2	25	26	28
Licences and permits		123	123	123	123	123	123	123	123	123	123	123	123	1,472	1,552	1,637
Agency services														—	—	—
Transfer receipts - operational		66,047					51,387			44,046			0	161,481	179,910	192,602
Other revenue		30	30	30	30	30	30	30	30	30	30	30	30	356	375	396
<b>Cash Receipts by Source</b>		<b>68,235</b>	<b>5,138</b>	<b>5,138</b>	<b>5,138</b>	<b>5,138</b>	<b>56,525</b>	<b>5,138</b>	<b>5,138</b>	<b>49,184</b>	<b>5,138</b>	<b>5,138</b>	<b>5,138</b>	<b>220,186</b>	<b>241,785</b>	<b>257,881</b>
<b>Other Cash Flows by Source</b>		25,667					10,000			9,706			—	45,373	35,369	37,202
Transfer receipts - capital transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Proceeds on disposal of PPE)														—	—	—
Short term loans														—	—	—
Borrowing long term/refinancing														—	—	—
Increase (decrease) in consumer deposits					(200)		(250)		(200)					(650)		
Decrease (Increase) in non-current debtors														—	—	—
Decrease (increase) other non-current receivables														—	—	—
Decrease (increase) in non-current investments														—	—	—
<b>Total Cash Receipts by Source</b>		<b>93,902</b>	<b>5,138</b>	<b>5,138</b>	<b>4,938</b>	<b>5,138</b>	<b>66,275</b>	<b>5,138</b>	<b>4,938</b>	<b>58,890</b>	<b>5,138</b>	<b>5,138</b>	<b>5,138</b>	<b>264,909</b>	<b>277,154</b>	<b>295,083</b>
<b>Cash Payments by Type</b>																
Employee related costs		7,009	7,009	7,009	7,009	7,009	7,009	7,009	7,009	7,009	7,009	7,009	7,009	84,109	88,650	93,526
Remuneration of councillors		1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	13,442	14,481	15,278
Finance charges		77	77	77	77	77	77	77	77	77	77	77	77	920	1,319	1,392
Bulk purchases - Electricity		1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	17,331	18,250	18,341
Bulk purchases - Water & Sewer														—	—	—
Other materials		2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	33,070	35,744	41,334
Contracted services		1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	16,133	17,004	17,940
Transfers and grants - other municipal		694	694	694	694	694	694	694	694	694	694	694	694	8,329	10,626	8,716
Transfers and grants - other														—	—	—
Other expenditure		3,306	3,306	3,306	3,306	3,306	3,306	3,306	3,306	3,306	3,306	3,306	3,306	39,670	44,846	48,963
<b>Cash Payments by Type</b>		<b>17,750</b>	<b>17,750</b>	<b>17,750</b>	<b>17,750</b>	<b>17,750</b>	<b>17,750</b>	<b>17,750</b>	<b>17,750</b>	<b>17,750</b>	<b>17,750</b>	<b>17,750</b>	<b>17,750</b>	<b>213,003</b>	<b>230,922</b>	<b>245,490</b>
<b>Other Cash Flows/Payments by Type</b>																
Capital assets		4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	56,547	38,939	37,202
Repayment of borrowing		168	168	168	168	168	168	168	168	168	168	168	168	2,016	—	—
Other Cash Flows/Payments														—	—	—
<b>Total Cash Payments by Type</b>		<b>22,631</b>	<b>22,631</b>	<b>22,631</b>	<b>22,631</b>	<b>22,631</b>	<b>22,631</b>	<b>22,631</b>	<b>22,631</b>	<b>22,631</b>	<b>22,631</b>	<b>22,631</b>	<b>22,631</b>	<b>271,566</b>	<b>269,861</b>	<b>282,692</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>71,271</b>	<b>(17,493)</b>	<b>(17,493)</b>	<b>(17,693)</b>	<b>(17,493)</b>	<b>43,644</b>	<b>(17,493)</b>	<b>(17,693)</b>	<b>36,260</b>	<b>(17,493)</b>	<b>(17,493)</b>	<b>(17,492)</b>	<b>(6,657)</b>	<b>7,293</b>	<b>12,391</b>
Cash/cash equivalents at the month end		19,774	91,045	73,552	56,060	38,367	20,875	64,519	47,027	29,334	65,594	48,101	30,609	19,774	13,117	20,410
Cash/cash equivalents at the month start		91,045	73,552	56,060	38,367	20,875	64,519	47,027	29,334	65,594	48,101	30,609	13,117	13,117	20,410	32,801

### **2.13 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.

### **2.14 Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Re	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>42,170</b>	<b>29,217</b>	<b>44,407</b>	<b>34,143</b>	<b>34,143</b>	<b>34,143</b>	<b>3,655</b>	<b>35,369</b>	<b>37,202</b>
Roads Infrastructure		42,164	29,217	44,407	34,143	34,143	34,143	1,855	35,369	37,202
Roads		39,831	29,217	44,407	34,143	34,143	34,143	1,735	35,369	37,202
Road Structures		2,334	—	—	—	—	—	120	—	—
Road Furniture		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		6	—	—	—	—	—	—	—	—
Power Plants		—	—	—	—	—	—	—	—	—
HV Substations		—	—	—	—	—	—	—	—	—
LV Networks		—	—	—	—	—	—	—	—	—
Capital Spares		6	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	1,800	—	—
Rail Lines		—	—	—	—	—	—	—	—	—
Rail Structures		—	—	—	—	—	—	—	—	—
Rail Furniture		—	—	—	—	—	—	—	—	—
Drainage Collection		—	—	—	—	—	—	—	—	—
Storm water Conveyance		—	—	—	—	—	—	—	—	—
Attenuation		—	—	—	—	—	—	—	—	—
MV Substations		—	—	—	—	—	—	—	—	—
LV Networks		—	—	—	—	—	—	1,800	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
<b>Community Assets</b>		<b>822</b>	<b>15,001</b>	<b>—</b>	<b>2,500</b>	<b>1,000</b>	<b>1,000</b>	<b>7,836</b>	<b>2,000</b>	<b>—</b>
Community Facilities		822	15,001	—	2,500	1,000	1,000	7,573	2,000	—
Halls		822	15,001	—	—	—	—	5,672	—	—
Centres		—	—	—	—	—	—	—	—	—
Crèches		—	—	—	—	—	—	—	—	—
Clinics/Care Centres		—	—	—	—	—	—	—	—	—
Fire/Ambulance Stations		—	—	—	—	—	—	—	—	—
Testing Stations		—	—	—	—	—	—	—	—	—
Museums		—	—	—	2,500	1,000	1,000	1,000	2,000	—
Galleries		—	—	—	—	—	—	—	—	—
Theatres		—	—	—	—	—	—	—	—	—
Libraries		—	—	—	—	—	—	—	—	—
Cemeteries/Crematoria		—	—	—	—	—	—	—	—	—
Police		—	—	—	—	—	—	—	—	—
Parks		—	—	—	—	—	—	901	—	—
Public Open Space		—	—	—	—	—	—	—	—	—
Nature Reserves		—	—	—	—	—	—	—	—	—
Public Ablution Facilities		—	—	—	—	—	—	—	—	—
Markets		—	—	—	—	—	—	—	—	—
Stalls		—	—	—	—	—	—	—	—	—
Abattoirs		—	—	—	—	—	—	—	—	—
Airports		—	—	—	—	—	—	—	—	—
Taxi Ranks/Bus Terminals		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	263	—	—
Indoor Facilities		—	—	—	—	—	—	—	—	—
Outdoor Facilities		—	—	—	—	—	—	263	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
<b>Other assets</b>		<b>2,806</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Operational Buildings		2,806	—	—	—	—	—	—	—	—
Municipal Offices		2,773	—	—	—	—	—	—	—	—
Pay/Enquiry Points		—	—	—	—	—	—	—	—	—
Building Plan Offices		—	—	—	—	—	—	—	—	—
Workshops		—	—	—	—	—	—	—	—	—
Yards		—	—	—	—	—	—	—	—	—
Stores		—	—	—	—	—	—	—	—	—
Laboratories		—	—	—	—	—	—	—	—	—
Training Centres		—	—	—	—	—	—	—	—	—
Manufacturing Plant		—	—	—	—	—	—	—	—	—
Depots		—	—	—	—	—	—	—	—	—
Capital Spares		33	—	—	—	—	—	—	—	—
<b>Computer Equipment</b>		<b>1,096</b>	<b>—</b>	<b>—</b>	<b>190</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>—</b>	<b>—</b>
Computer Equipment		1,096	—	—	190	100	100	100	—	—
<b>Furniture and Office Equipment</b>		<b>1,140</b>	<b>—</b>	<b>1,133</b>	<b>300</b>	<b>100</b>	<b>100</b>	<b>341</b>	<b>—</b>	<b>—</b>
Furniture and Office Equipment		1,140	—	1,133	300	100	100	341	—	—
<b>Machinery and Equipment</b>		<b>591</b>	<b>—</b>	<b>998</b>	<b>910</b>	<b>—</b>	<b>—</b>	<b>542</b>	<b>—</b>	<b>—</b>
Machinery and Equipment		591	—	998	910	—	—	542	—	—
<b>Transport Assets</b>		<b>—</b>	<b>2,871</b>	<b>3,663</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,000</b>	<b>—</b>	<b>—</b>
Transport Assets		—	2,871	3,663	—	—	—	4,000	—	—
<b>Libraries</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Libraries		—	—	—	—	—	—	—	—	—
<b>Zoo's, Marine and Non-biological</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>48,626</b>	<b>47,089</b>	<b>50,201</b>	<b>38,043</b>	<b>35,343</b>	<b>35,343</b>	<b>16,474</b>	<b>37,369</b>	<b>37,202</b>

**Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

KZN291 Mandeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
Description	Re 1	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		21,051	10,396	17,945	11,478	11,378	11,378	24,231	-	-
Roads Infrastructure		21,051	10,396	13,210	11,278	11,178	11,178	24,231	-	-
Roads		21,051	10,396	13,210	11,278	11,178	11,178	23,564		
Road Structures								668		
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	4,735	-	-	-	-	-	-
Power Plants										
HV Substations				4,735						
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Sanitation Infrastructure		-	-	-	200	200	200	-	-	-
Pump Station										
Reticulation					200	200	200			
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Community Assets		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Other assets		-	2,068	13,112	8,000	5,000	5,000	2,480	-	-
Operational Buildings		-	2,068	13,112	8,000	5,000	5,000	2,480	-	-
Municipal Offices			2,068	13,112	8,000	5,000	5,000	2,480		
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
Intangible Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment										
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets										
Libraries		-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on renewal of	1	21,051	12,464	31,056	19,478	16,378	16,378	26,711	-	-
Renewal of Existing Assets as % of total capital expenditure		0.0%	20.9%	38.2%	33.9%	31.7%	31.7%	47.2%	0.0%	0.0%
Renewal of Existing Assets as % of depreciation		0.1%	0.1%	127.9%	84.7%	63.6%	63.6%	91.8%	0.0%	0.0%



**Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class**

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Re 1	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Repairs and maintenance expenditure by Asset Class/Sub-class										
<b>Infrastructure</b>		<b>6,441</b>	<b>7,440</b>	<b>3,876</b>	<b>21,670</b>	<b>21,670</b>	<b>21,670</b>	<b>22,708</b>	<b>23,222</b>	<b>27,236</b>
Roads Infrastructure		5,485	5,363	1,475	10,797	10,797	10,797	8,128	11,267	14,686
Roads		5,485	5,363	1,475	10,336	10,336	10,336	7,325	10,221	12,783
Road Structures				—				803	1,046	1,904
Road Furniture				—						
Capital Spares				—	461	461	461			
Storm water Infrastructure		956	2,077	1,766	5,601	5,601	5,601	5,000	6,270	7,115
Drainage Collection				1,766	5,601	5,601	5,601	5,000	6,270	7,115
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		—	—	635	5,272	5,272	5,272	9,580	5,685	5,435
Power Plants										
HV Substations				635	5,272	5,272	5,272			
HV Switching Station										
HV Transmission Conductors								5,245	2,945	3,107
MV Substations								2,300	1,554	1,050
MV Switching Stations										
MV Networks								1,035	632	667
LV Networks								1,000	554	611
Capital Spares										
<b>Community Assets</b>		<b>3,084</b>	<b>4,023</b>	<b>3,796</b>	<b>3,858</b>	<b>3,858</b>	<b>3,858</b>	<b>4,000</b>	<b>4,716</b>	<b>5,862</b>
Community Facilities		3,084	3,745	3,746	3,500	3,500	3,500	3,700	4,100	5,212
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space		3,084	3,745	3,746	3,500	3,500	3,500	3,700	4,100	5,212
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		—	278	50	358	358	358	300	616	650
Indoor Facilities										
Outdoor Facilities		—	278	50	358	358	358	300	616	650
Capital Spares										
<b>Heritage assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
<b>Investment properties</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Revenue Generating		—	—	—	—	—	—	—	—	—
Improved Property										
Unimproved Property										
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Improved Property										
Unimproved Property										
<b>Other assets</b>		<b>510</b>	<b>534</b>	<b>410</b>	<b>1,772</b>	<b>1,772</b>	<b>1,772</b>	<b>850</b>	<b>1,046</b>	<b>1,103</b>
Operational Buildings		510	534	410	1,772	1,772	1,772	850	1,046	1,103
Municipal Offices		510	534	410	1,772	1,772	1,772	850	1,046	1,103
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
<b>Computer Equipment</b>		<b>—</b>	<b>—</b>	<b>349</b>	<b>909</b>	<b>509</b>	<b>509</b>	<b>—</b>	<b>—</b>	<b>—</b>
Computer Equipment				349	909	509	509			
<b>Furniture and Office Equipment</b>		<b>301</b>	<b>388</b>	<b>1,701</b>	<b>2,481</b>	<b>2,349</b>	<b>2,349</b>	<b>912</b>	<b>961</b>	<b>1,014</b>
Furniture and Office Equipment		301	388	1,701	2,481	2,349	2,349	912	961	1,014
<b>Machinery and Equipment</b>		<b>1,427</b>	<b>1,631</b>	<b>399</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,600</b>	<b>5,799</b>	<b>6,118</b>
Machinery and Equipment		1,427	1,631	399				4,600	5,799	6,118
<b>Transport Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Transport Assets										
<b>Libraries</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Libraries										
<b>Zoo's, Marine and Non-biological Animals</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Zoo's, Marine and Non-biological Animals										
<b>Total Repairs and Maintenance Exp</b>	<b>1</b>	<b>11,763</b>	<b>14,017</b>	<b>10,530</b>	<b>30,691</b>	<b>30,159</b>	<b>30,159</b>	<b>33,070</b>	<b>35,744</b>	<b>41,334</b>

**Table 51 MBRR SA35 - Future financial implications of the capital budget**

<b>KZN291 Mandeni - Supporting Table SA35 Future financial implications of the capital budget</b>								
<b>Vote Description</b>	<b>Re</b>	<b>2018/19 Medium Term Revenue &amp; Expenditure Framework</b>			<b>Forecasts</b>			
		<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Present</b>
		<b>Year</b>	<b>Year +1</b>	<b>Year +2</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>value</b>
<b>R thousand</b>		<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>				
<b>Capital expenditure</b>	1							
Vote 1 - Executive Council		—	—	—				
Vote 2 - Budget & Treasury		—	—	—				
Vote 3 - Corporate Services		300	—	—				
Vote 4 - Planning and Development		9,139	35,369	37,202	17,465	18,408	19,421	395,146
Vote 5 - Health		—	—	—				
Vote 6 - Community & Social		7,116	—	—				
Vote 7 - Housing		—	—	—				
Vote 8 - Public Safety		1,000	2,000	—	2,000	2,108		455
Vote 9 - Sports & Recreation		—	—	—				
Vote 10 - Environment		—	—	—				
Vote 11 - Waste Management		—	—	—				
Vote 12 - Electricity		3,295	—	—				
Vote 13 - Roads & Stormwater		35,697	—	—	25,000	26,350	27,799	70,457
Vote 14 -		—	—	—				
Vote 15 -		—	—	—				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>56,547</b>	<b>37,369</b>	<b>37,202</b>	<b>44,465</b>	<b>46,866</b>	<b>47,220</b>	<b>466,058</b>
<b>Future operational costs by vote</b>	2							
Vote 1 - Executive Council		27,944	27,552	29,168				
Vote 2 - Budget & Treasury		66,357	83,239	82,712				
Vote 3 - Corporate Services		22,549	23,767	25,074				
Vote 4 - Planning and Development		33,418	35,223	37,160				
Vote 5 - Health		—	—	—				
Vote 6 - Community & Social		11,212	11,818	12,467				
Vote 7 - Housing		—	—	—				
Vote 8 - Public Safety		19,177	20,213	21,324				
Vote 9 - Sports & Recreation		788	831	876				
Vote 10 - Environment		8,851	9,329	9,842				
Vote 11 - Waste Management		8,731	9,202	9,709				
Vote 12 - Electricity		32,417	20,398	24,687				
Vote 13 - Roads & Stormwater		16,456	36,669	47,047				
Vote 14 -		—	—	—				
Vote 15 -		—	—	—				
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		<b>247,900</b>	<b>278,241</b>	<b>300,067</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Future revenue by source</b>	3							
Property rates		47,732	50,056	52,475				
Service charges - electricity revenue		20,394	28,995	34,649				
Service charges - water revenue		—	—	—				
Service charges - sanitation revenue		—	—	—				
Service charges - refuse revenue		8,393	8,847	9,333				
Service charges - other		—	—	—				
Rental of facilities and equipment		271	286	302				
Transfers & Grants		161,481	179,910	192,602				
<i>List entity summary if applicable</i>		9,628	10,148	10,706				
<b>Total future revenue</b>		<b>247,900</b>	<b>278,241</b>	<b>300,067</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net Financial Implications</b>		<b>56,547</b>	<b>37,369</b>	<b>37,202</b>	<b>44,465</b>	<b>46,866</b>	<b>47,220</b>	<b>466,058</b>

Table 52 MBRR SA36 - Detailed capital budget per municipal vote

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget																
Municipal Vote/Capital project	Ref				Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4	Program/Project description	Project number	IDP Goal code 2	6	3	3	5		Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Parent municipality: List all capital projects grouped by Municipal Vote																
Vote 4 - Community and Social Services		Retention: Construct 1 multi-purpose Hall in Ward 13		CSSD01	No	Community Facilities	Halls	29°7'36.912"S ; 31°23'35.094"E				114			13	New
		Professional Fees: Construct 1 multi-purpose Hall in 5		CSSD02	No	Community Facilities	Halls	29°6'45.839"S ; 31°21'5.141"E				-			5	New
		Construction Fees: Construct 1 multi-purpose Hall in 5		CSSD03	No	Community Facilities	Halls	29°6'45.839"S ; 31°21'5.141"E				5,558			5	New
		Retention : Construction of the Chappies Sports field		CSSD04	No	Sport and Recreation Facilities	Outdoor Facilities	29°7'52.461"S ; 31°23'13.659"E			750	263			4	New
		Recreational Play Park Facilities for Children in Ward 4		CSSD05	No	Sport and Recreation Facilities	Outdoor Facilities	29°11'11.63"S ; 31°23'44.233"E			1,000	901			3	Upgrade
		Retention : Construction of Sidewalks in Ward 4		CSSD06	No	Roads Infrastructure	Roads	29°5'1.737"S ; 31°24'41.846"E			1,000	120			7, 13, 14, 15	Upgrade
		Retention : Upgrade of Hlomendlini Bus Route		CSSD07	No	Roads Infrastructure	Roads	29°11'28.176"S ; 31°24'39.972"E			2,728	676			10	New
Vote 11 - Road transport		Construction Fees : Upgrade of Roads in Highview Park, Tugela		BSD01	No	Roads Infrastructure	Roads	29°11'16.502"S ; 31°25'16.62"E			11,430	8,794	35,369	37,202	All Wards	New
		Construction Fees : Upgrade and Improvement of Enembe Road		BSD02	No	Roads Infrastructure	Roads	29°7'41.388"S ; 31°23'34.011"E				5,671			3	Upgrade
		Construction Fees : Nyoni Phase 3 - Construction of under-pass		BSD03	No	Roads Infrastructure	Roads	29°6'37.14"S ; 31°25'24.555"E				1,815			3	Upgrade
		Construction Fees : Nyoni Taxi Route Phase 4		BSD04	No	Roads Infrastructure	Roads	29°6'37.14"S ; 31°25'24.555"E			4,287	7,309			All Wards	New
		Construction Fees : Installation of Streetlights in Mandeni		BSD05	No	Electrical Infrastructure	HV Substations	29°7'40.583"S ; 31°23'46.937"E				1,750			All Wards	New
		Professional Fees : Package B - Civic Centre Upgrade		BSD06	No	Operational Buildings	Municipal Offices	29°9'11.916"S ; 31°24'33.442"E				1,058			3	Upgrade
		Construction Fees : Package B - Civic Centre Upgrade		BSD07	No	Operational Buildings	Municipal Offices	29°9'11.916"S ; 31°24'33.442"E			5,000	872			3	Upgrade
		PMU		BSD08	No	Roads Infrastructure	Roads					1,735				
		Installation of 463m of guardrails by 30 June 2019		BSD09	No	Roads Infrastructure	Road Furniture	29°13'13.013"S ; 31°30'24.289"E				200			Ward 2	New
		400 meters of concrete v-drains to be constructed by 30 June 2019		BSD10	No	Roads Infrastructure	Roads	29°10'29.058"S ; 31°30'53.025"E				288			Ward 4	Upgrade
		Package C - Civic Centre Upgrade		BSD11	No	Operational Buildings	Municipal Offices	29°9'11.916"S ; 31°24'33.442"E				550			3	Upgrade
		Retention : Internal Roads Phase 3		BSD12	No	Roads Infrastructure	Roads	29°8'46.624"S ; 31°24'8.773"E				300			7	Upgrade
		Recreational Play Park facilities		CSSD05			Sportsfields & stadia	29°5'1.737"S ; 31°24'41.846"E			1,000				All wards	New
		Upgrade and Improvement of Machibini Sports field		CSSD05			Sportsfields & stadia	29°6'41.652"S ; 31°23'24.364"E			2,000					Upgrade
		Planned Sportsfield at Enembe / Dendetu		CSSD05			Sportsfields & stadia	29°6'2.162"S ; 31°21'34.608"E			2,000					New
		Construct 1 multi-purpose Hall		CSSD05			Community halls	29°6'44.869"S ; 31°21'4.325"E			4,099					New
		Construct 1 multi-purpose Hall		CSSD05			Community halls	29°6'44.869"S ; 31°21'4.325"E			210					New
		Construction of a Swimming Pool		CSSD05			Swimming pools	29°8'8.836"S ; 31°23'55.974"E			300				3	New
		Relocation of the Sundumbili Plaza Sports field		CSSD05			Plant & equipment	29°8'42.87"S ; 31°24'25.073"E			300					Upgrade
		Extension of Hlomendlini Bus Route (Esiphephekeni)		BSD03	No	Infrastructure - Road transport	Roads, Pavements & Bridges	29°11'31.932"S ; 31°24'17.815"E	-		3,139				3	Upgrade
		Procurement of grader		BSD20	No	Machinery and Equipment	Plant & equipment					4,000				

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget																
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
R thousand	4				6	3	3	5								
Vote 13 - Electricity		Retention : Installation of 85 Streetlights in Various Wards in Mar		BSD13	No	Electrical Infrastructure	HV Substations	29°7'11.053"S ; 31°23'20.153"E				50			All Wards	New
		Fencing of substation in ward 3 (Patrys Rd)by 30 June 2019		BSD14	No	Electrical Infrastructure	HV Substations	29°5'1.737"S ; 31°24'41.846"E				345			3	Upgrade
		Replacement of RMU in ward 3(Patrys Rd)by 30 June 2019		BSD15	No	Electrical Infrastructure	HV Substations	29°5'1.737"S ; 31°24'41.846"E				1,150			3	Replacement
		Purchase of a Diagnostic Machine (Small Tools)		BSD16	No	Machinery and Equipment	Stores				230			Municipality	New	
		15 headwalls to be constructed by 30 June 2019		BSD17	No	Roads Infrastructure	Roads	29°7'22.825"S ; 31°29'40.727"E				180			1,2,3	New
		Purchase of a concrete Cuter Machine		BSD18	No	Machinery and Equipment	Capital Spares				92			Municipality	New	
		Neighborhood Development Grant		BSD19	No	Roads Infrastructure	Roads	29°8'46.624"S ; 31°24'8.773"E		11,178	10,667			4	Upgrade	
		Vote 9_Planning & Development	Upgrade of Ingwenya Nature Reserve		LED08	No	Marine and Non-biological Areas	Nature Reserves	29°9'13.476"S ; 31°24'33.042"E		200	200			Ward 3	Upgrade
		Procurement of ArcGIS Extension		SEM05	No	Furniture and Office Equipment					80			All Wards	New	
Vote 3 - Corporate Services	Laptops & Computers		MTD02	No	Computer Equipment	Computer Software and Applications			100	100			Municipal Staff	New		
	Furniture & Office Equipment		MTD02	No	Furniture and Office Equipment					200			Municipal Staff	New		
Vote 12 - Waste Management		Establishment of new Protection Services Centre		CSSD09	No	Revenue Generating	Testing Stations	29°10'14.453"S ; 31°25'54.917"E			1,000	1,000	2,000		Ward 03	New
Vote 4 - Community and Social Services		Procurement of brushcutting machines		CSSD10	No	Machinery and Equipment						100			Municipality	New
		Procurement of 300 Chairs at Isibusisiwe Hall		CSSD11	No	Furniture and Office Equipment		29°8'27.284"S ; 31°24'12.611"E				60			Ward 07	New
		Procurement of Isithebe Hall Furniture		CSSD12	No	Furniture and Office Equipment		29°5'0.569"S ; 31°24'42.539"E				100			Ward 15	New
		Procurement of Washing Machine for Community Facilities cloths		CSSD13	No	Furniture and Office Equipment					20			Municipality	New	
Parent Capital expenditure	1											56,547	37,369	37,202		
Entities:																
List all capital projects grouped by Entity																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										-	51,721	56,547	37,369	37,202		

## **2.15 Legislation compliance status**

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

### **In year reporting**

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

### **Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

### **Budget and Treasury Office**

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

### **Audit Committee**

An Audit Committee has been established and is fully functional.

### **Service Delivery and Implementation Plan**

The detail SDBIP document is at a stage and will be finalised after approval of the 2018/19 MTREF during June 2018 directly aligned and informed by the 2018/19 MTREF.

### **Annual Report**

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

### **MFMA Training**

The MFMA training module in electronic format is presented at the Municipality's internal center and training is ongoing.

### **Policies**

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 May 2009, was announced in Government Gazette 33016 on 05 September 2014. The ratios as prescribed in the Regulations have been complied with.

## 2.16 Other supporting documents

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
REVENUE ITEMS:									
<u>Property rates</u>	6								
Total Property Rates		27,408	30,557	32,415	32,415	32,415	63,590	66,769	70,108
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)				1,627	1,627	1,627	15,858	16,714	17,633
Net Property Rates		27,408	30,557	30,789	30,789	30,789	47,732	50,056	52,475
<u>Service charges - electricity revenue</u>	6								
Total Service charges - electricity revenue		13,186	13,399	17,270	19,088	19,088	20,394	28,995	34,649
less Revenue Foregone (in excess of 50 kwh per indigent household per month)									
less Cost of Free Basis Services (50 kwh per indigent household per month)		—	—	—	—	—	—	—	—
Net Service charges - electricity revenue		13,186	13,399	17,270	19,088	19,088	20,394	28,995	34,649
Net Service charges - sanitation revenue		—	—	—	—	—	—	—	—
<u>Service charges - refuse revenue</u>	6								
Total refuse removal revenue		6,339	7,750	8,395	8,395	8,395	8,899	9,379	9,895
Total landfill revenue									
less Revenue Foregone (in excess of one removal a week to indigent households)									
less Cost of Free Basis Services (removed once a week to indigent households)		—	—	—	—	—	505	533	562
Net Service charges - refuse revenue		6,339	7,750	8,395	8,395	8,395	8,393	8,847	9,333
<u>Other Revenue by source</u>									
Fuel Levy									
Other Revenue		23	24						
Tender fees		—		100	100	100	106	112	118
Town Planning Fees		17	16	100	100	100	106	112	118
Building Plan Fees		45	30	50	50	50	53	55	59
Photocopy Charges		41	51	20	20	20	21	22	24
Fire Services				30	30	30	32	34	35
Entrance Fees - Swimming Pool		13	—	6	6	6	6	7	7
Connection Fees		—	15	20	20	20	21	22	24
Reconnection Fees		19	73	10	10	10	11	11	12
Sundry Income		1,413	682	180	180	180			
Donatd assets income		10,214	31,044						
VAT Refund	3								
Total 'Other' Revenue	1	11,785	31,935	517	517	517	356	375	396

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	Re	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<b>EXPENDITURE ITEMS:</b>									
<b>Employee related costs</b>									
Basic Salaries and Wages	2	44,407	49,102	60,239	60,239	60,239	66,317	69,898	73,743
Pension and UIF Contributions		429	454	3,572	3,572	3,572	7,864	8,288	8,744
Medical Aid Contributions		3,142	3,410	1,824	1,824	1,824	3,798	4,003	4,223
Overtime		844	1,314	146	146	146	850	896	945
Performance Bonus		6,491	6,648	352	352	352	289	304	321
Motor Vehicle Allowance		2,528	2,902	6,234	6,234	6,234	3,935	4,147	4,375
Cellphone Allowance		247	303	260	260	260	644	679	716
Housing Allowances		92	142	333	333	333	412	435	459
Other benefits and allowances		622	658						
Payments in lieu of leave		3,688	1,317	—	—	—			
Long service awards		—	—	—	—	—			
Post-retirement benefit obligations	4	6,114	6,708	—	—	—			
<b>sub-total</b>	5	<b>68,601</b>	<b>72,958</b>	<b>72,961</b>	<b>72,961</b>	<b>72,961</b>	<b>84,109</b>	<b>88,650</b>	<b>93,526</b>
Less: Employees costs capitalised to PPE									
<b>Total Employee related costs</b>	1	<b>68,601</b>	<b>72,958</b>	<b>72,961</b>	<b>72,961</b>	<b>72,961</b>	<b>84,109</b>	<b>88,650</b>	<b>93,526</b>
<b>Contributions recognised - capital</b>									
<i>Municipal Infrastructure Grant (MIG)</i>									
<i>Neighbourhood Development Partnership</i>									
<b>Total Contributions recognised - capital</b>		—	—	—	—	—	—	—	—
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant & Equipment		22,976	24,278	23,000	25,764	25,764	29,097	35,669	39,630
Lease amortisation									
Capital asset impairment									
Depreciation resulting from revaluation	10								
<b>Total Depreciation &amp; asset impairment</b>	1	<b>22,976</b>	<b>24,278</b>	<b>23,000</b>	<b>25,764</b>	<b>25,764</b>	<b>29,097</b>	<b>35,669</b>	<b>39,630</b>
<b>Bulk purchases</b>									
Electricity Bulk Purchases		8,972	10,984	14,596	16,149	16,149	17,331	18,250	18,341
Water Bulk Purchases									
<b>Total bulk purchases</b>	1	<b>8,972</b>	<b>10,984</b>	<b>14,596</b>	<b>16,149</b>	<b>16,149</b>	<b>17,331</b>	<b>18,250</b>	<b>18,341</b>
<b>Transfers and grants</b>									
Cash transfers and grants		6,824	15,696	10,650	13,199	13,199	8,329	10,626	8,716
Non-cash transfers and grants		—	—	—	—	—	—	—	—
<b>Total transfers and grants</b>	1	<b>6,824</b>	<b>15,696</b>	<b>10,650</b>	<b>13,199</b>	<b>13,199</b>	<b>8,329</b>	<b>10,626</b>	<b>8,716</b>
<b>Contracted services</b>									
<i>Security - Alarms/Cash in Transit</i>				50	50	50	63	67	70
<i>Security Services Contractor</i>		7,403	8,217	5,900	6,400	6,400	6,200	6,535	6,894
<i>Disaster Management- Outsourced</i>		4,088	3,584	4,694	5,594	5,594	4,200	4,427	4,670
<i>Contractors - Valuation Roll</i>		705	339				400	422	445
<i>Contractors -Animal Pound</i>				696	696	696	720	759	801
<i>Contractors -Prepaid Metering System</i>		4,509	2,878	450	450	450	300	316	334
<i>Contractors -Refuse</i>		7,227	3,223	1,804	1,984	1,984	1,000	1,054	1,112
<i>Contractors - Landfill Site</i>							1,000	1,054	1,112
<i>Contractors - Debt Collection Services</i>							600	632	667
<i>Contractors - Lease Fleet Political officer Beares</i>							850	896	945
<i>Contractors - Insurance</i>							800	843	890
<i>Contractors -Communications</i>					1,300	1,300			
<i>Public Participation</i>					3,135	3,135			
<i>Community Upliftment Programmes</i>					1,000	1,000			
<i>Communications</i>									
<b>sub-total</b>	1	<b>23,933</b>	<b>18,241</b>	<b>13,594</b>	<b>20,609</b>	<b>20,609</b>	<b>16,133</b>	<b>17,004</b>	<b>17,940</b>
<b>Allocations to organs of state:</b>									
Electricity									
Water									
Sanitation									
Other									
<b>Total contracted services</b>		<b>23,933</b>	<b>18,241</b>	<b>13,594</b>	<b>20,609</b>	<b>20,609</b>	<b>16,133</b>	<b>17,004</b>	<b>17,940</b>



KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Re	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Other Expenditure By Type											
Collection costs		270	134	329					300	316	334
Contributions to 'other' provisions		4,281	3,441	(204)							
Consultant fees (Legal Fees)		3,976	6,122	7,835	4,735	4,269	4,269	4,269	750	791	834
Audit fees		1,435	1,612	1,674	2,310	2,310	2,310	2,310	2,200	2,319	2,446
General expenses	3	8,029	19,455	10,949	10,700	8,104	8,104	8,104	4,608	5,073	5,852
Grap Asset Register									150	158	167
SALGA Levies									800	843	1,090
Lease Office Rental									1,000	1,054	1,312
Ward Committees		1,808	2,009	1,017	2,600	2,600	2,600	2,600	2,600	3,040	3,208
Samples for Blue Flag Beaches									220	232	245
Public Participation		1,764	3,522	5,357	2,135	0	0	0	2,900	3,057	3,225
EAP, Wellness & Team Building									100	105	111
Training and Development		1,410	1,111	703	1,604	1,004	1,004	1,004	400	422	445
Tools of Trade									500	527	556
Telephone		1,560	893	516	1,792	2,592	2,592	2,592	1,500	1,581	1,868
Fuel & Oil		2,635	3,023	3,446	2,635	2,985	2,985	2,985	2,000	2,108	2,224
Subsistance & Travelling		2,952	1,449	3,628	2,264	2,764	2,764	2,764	1,450	1,528	1,612
Communications & Branding		1,730	3,883	795					760	801	845
Advertising - Statutory		490	676	506	527	327	327	327	361	380	401
Water Ilembe DM		443	354	624					600	632	667
Electricity Internal ( Municipal Building)		956	1,143	1,346					800	843	890
Printing & Stationery		493	582	440	1,441	641	641	641	660	696	734
Office Cleaning									450	474	500
Operation Sukuma Sakhe									260	474	500
Pauper burial support									175	184	195
Youth Programmes		287	332	407	555	555	555	555	960	1,012	1,067
Community Uplifment Programmes									1,000	1,054	1,112
Review of Organogram (Job evaluation)									70	74	78
Implementation of the Employment Equity Plan and Human resources Plan									100	105	111
Policy Review Session									100	105	111
Uniforms									300	516	545
Refuse Bags									1,150	1,512	1,595
Estuary Management Plan: Thukela and matikulu study area- Shared Services									300	316	334
Licences- Software					800	1,300	1,300	1,300	700	1,038	1,095
Review of the MLM SDF									150	158	167
Membership fee for Vuthela LED Ilembe Program									500	1,027	1,083
Wall to Wall Planning Scheme									250	264	278
EIA for Dokodweni Beach									—	—	—
Ingwenya Nature Reserve (laboures)									97	102	108
Strategic SMMEs Intervention Programme (Quick Wins)									800	1,043	1,101
SMME Capacity building									100	105	111
LED Summit		3,865	4,741	2,882	1,265	1,265	1,265	1,265	150	158	167
Registration Bursary for Matriculants and scholarship awards									120	126	133
Workmens Compensation		645	342	372					750	1,091	1,350
Entrepreneur Support Programme									250	264	278
Renewal of Vehicle Licences		1,691	745	1,008					300	334	353
Update of disaster Recovery site									200	211	222
Hardware equipement & Network Upgarde									150	158	167
Disaster Releif Aid									190	200	211
mSCOA Implementation									1,000	1,554	1,989
Financial Statement (Actuaries)									100	105	111
Financial Statement (Caseware Setup)									200	211	222
Master System Plan & ICT Strategy									250	264	278
Implementation of SCM Processes (CSD Update)									50	53	56
Postage of Billing Statements									400	422	445
Lease Office Equipment		672	778	597					500	527	556
Sports Development Programme									600	632	667
Ward Committees (Skill Development)									540	569	600
Drivers Licence Cards									150	158	167
Uniforms for Traffic Officers									149	157	166
Shared Service District Town Planning					500	500	500	500	—	—	—
Insurance					474	474	474	474	—	—	—
Plans and Frameworks					5,350	3,301	3,301	3,301	—	—	—
Traffic and Law Enforcement Programme					122	122	122	122	—	—	—
Community Uplifment Programmes		1,634	1,449	3,628	3,314	2,214	2,214	2,214	—	—	—
Lease Vehicles					779	1,279	1,279	1,279	—	—	—
Food for Waste programme									1,500	1,581	1,668
Total 'Other' Expenditure	1	41,394	56,346	44,226	45,903	38,608	38,608	38,608	39,670	44,846	48,963



**Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

KZN291 Mandeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																	
Description	Re	Vote 1 - Executi ve Council	Vote 2 - Budget & Treasury	Vote 3 - Corpora te Service	Vote 4 - Plannin g and Develop	Vote 5 - Health	Vote 6 - Communi ty & Social	Vote 7 - Housing	Vote 8 - Public Saftey	Vote 9 - Sports & Recreati	Vote 10 - Environ ment	Vote 11 - Waste Manage ment	Vote 12 - Electrici ty	Vote 13 - Roads & Stormw ater	Vote 14 -	Vote 15 -	Total
R thousand	1																
<b>Revenue By Source</b>																	
Property rates			47,732										20,394				47,732
Service charges - electricity revenue																	20,394
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue												8,393					8,393
Service charges - other																	-
Rental of facilities and equipment							271										271
Interest earned - external investments			2,900														2,900
Interest earned - outstanding debtors			4,400														4,400
Dividends received																	-
Fines, penalties and forfeits							50		450								500
Licences and permits							60		1,412								1,472
Agency services																	-
Other revenue			106		159		53			6			32				356
Transfers and subsidies		7,251	150,511		-		3,661			58							161,481
Gains on disposal of PPE																	-
Total Revenue (excluding capital tran		7,251	205,649	-	159	-	4,095	-	1,862	64	-	8,393	20,426	-	-	-	247,900
<b>Expenditure By Type</b>																	
Employee related costs		9,766	14,071	12,565	17,597		8,330		6,357	392	-	4,817	2,042	8,172			84,109
Remuneration of councillors		13,442															13,442
Debt impairment			5,800														5,800
Depreciation & asset impairment			29,097														29,097
Finance charges			920														920
Bulk purchases													17,331				17,331
Other materials				800	10,668		2,882			396	4,820		5,220	8,284			33,070
Contracted services		800	1,300	850					11,183			2,000					16,133
Transfers and subsidies												505	7,824				8,329
Other expenditure		3,936	15,169	8,334	5,154				1,637		4,536	903					39,669
Loss on disposal of PPE																	-
Total Expenditure		27,944	66,357	22,549	33,420	-	11,212	-	19,177	788	9,356	8,226	32,417	16,456	-	-	247,900
Surplus/(Deficit)		(20,693)	139,293	(22,549)	(33,261)	-	(7,117)	-	(17,315)	(723)	(9,356)	168	(11,991)	(16,456)	-	-	0
(monetary allocations) (National /					10,667		6,836						1,800	26,070			45,373
(monetary allocations) (National /																	-
kind - all)																	-
Surplus/(Deficit) after capital transfers & contributions		(20,693)	139,293	(22,549)	(22,594)	-	(280)	-	(17,315)	(723)	(9,356)	168	(10,191)	9,614	-	-	45,373

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN291 Mandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'										
Description	Re	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
<b>ASSETS</b>										
<b>Call investment deposits</b>										
Call deposits		28,122	27,456	12,521	–	–	–	9,459	7,546	7,961
Other current investments										
<b>Total Call investment deposits</b>	2	<b>28,122</b>	<b>27,456</b>	<b>12,521</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,459</b>	<b>7,546</b>	<b>7,961</b>
<b>Consumer debtors</b>										
Consumer debtors		104,526	121,353	147,814	140,000	183,099	183,099	179,445	190,212	197,821
Less: Provision for debt impairment		(75,963)	(78,001)	(114,636)	(75,182)	(104,513)	(104,513)	(110,035)	(110,586)	(110,032)
<b>Total Consumer debtors</b>	2	<b>28,563</b>	<b>43,352</b>	<b>33,178</b>	<b>64,818</b>	<b>78,586</b>	<b>78,586</b>	<b>69,410</b>	<b>79,626</b>	<b>87,788</b>
<b>Debt impairment provision</b>										
Balance at the beginning of the year		65,968	75,962	78,002	74,460	78,002	78,002	114,735	109,935	110,586
Contributions to the provision		20,109	1,821	36,634	3,219	36,634	36,634	5,800	11,651	11,447
Bad debts written off		(10,113)	218		(2,497)	(10,122)	(10,122)	(10,500)	(11,000)	(12,000)
<b>Balance at end of year</b>		<b>75,963</b>	<b>78,001</b>	<b>114,636</b>	<b>75,182</b>	<b>104,513</b>	<b>104,513</b>	<b>110,035</b>	<b>110,586</b>	<b>110,032</b>
<b>Property, plant and equipment (PPE)</b>										
PPE at cost/valuation (excl. finance leases)		330,169	367,898	419,224	536,973	419,224	419,224	471,553	493,030	515,939
Leases recognised as PPE	3					–	–			
Less: Accumulated depreciation		21,577	28,289	24,029	126,277	24,029	24,029	29,097	35,669	39,630
<b>Total Property, plant and equipment (PPE)</b>	2	<b>308,592</b>	<b>339,609</b>	<b>395,196</b>	<b>410,696</b>	<b>395,196</b>	<b>395,196</b>	<b>442,456</b>	<b>457,361</b>	<b>476,308</b>
<b>LIABILITIES</b>										
<b>Current liabilities - Borrowing</b>										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities		194	263	1,181	1,210	1,210	1,210	1,350	1,300	1,500
<b>Total Current liabilities - Borrowing</b>		<b>194</b>	<b>263</b>	<b>1,181</b>	<b>1,210</b>	<b>1,210</b>	<b>1,210</b>	<b>1,350</b>	<b>1,300</b>	<b>1,500</b>
<b>Trade and other payables</b>										
Trade and other creditors		11,354	15,906	27,135	11,000	27,135	27,135	13,739	10,000	8,000
Unspent conditional transfers		7,318	11,271	8,463	13,700	8,463	8,463	11,706	5,000	5,000
VAT		–	–	–	–	–	–	–	–	–
<b>Total Trade and other payables</b>	2	<b>18,672</b>	<b>27,178</b>	<b>35,598</b>	<b>24,700</b>	<b>35,598</b>	<b>35,598</b>	<b>25,445</b>	<b>15,000</b>	<b>13,000</b>
<b>Non current liabilities - Borrowing</b>										
Borrowing	4									
Finance leases (including PPP asset element)		212	671	3,378	2,150	1,900	1,900	2,016	3,500	3,500
<b>Total Non current liabilities - Borrowing</b>		<b>212</b>	<b>671</b>	<b>3,378</b>	<b>2,150</b>	<b>1,900</b>	<b>1,900</b>	<b>2,016</b>	<b>3,500</b>	<b>3,500</b>
<b>Provisions - non-current</b>										
Retirement benefits		15,267	18,708	18,504	17,000	18,504	18,504	18,504	25,000	35,000
List other major provision items										
Refuse landfill site rehabilitation										
Other										
<b>Total Provisions - non-current</b>		<b>15,267</b>	<b>18,708</b>	<b>18,504</b>	<b>17,000</b>	<b>18,504</b>	<b>18,504</b>	<b>18,504</b>	<b>25,000</b>	<b>35,000</b>
<b>CHANGES IN NET ASSETS</b>										
<b>Accumulated Surplus/(Deficit)</b>										
Accumulated Surplus/(Deficit) - opening balance		378,398	343,768	443,092	432,748	443,309	443,309	421,005	491,027	526,384
GRAP adjustments		–	–	–	–	–	–	–	–	–
Restated balance		378,398	343,768	443,092	432,748	443,309	443,309	421,005	491,027	526,384
Surplus/(Deficit)		30,945	32,897	66,340	45,321	45,321	45,321	45,373	35,369	37,202
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments										
<b>Accumulated Surplus/(Deficit)</b>	1	<b>409,343</b>	<b>376,665</b>	<b>509,432</b>	<b>478,069</b>	<b>488,630</b>	<b>488,630</b>	<b>466,378</b>	<b>526,395</b>	<b>563,586</b>
<b>Reserves</b>										
Housing Development Fund		1,784	1,859	1,944	1,800	1,944	1,944	2,011	2,119	2,236
Capital replacement										
Self-insurance										
Other reserves										
Revaluation										
<b>Total Reserves</b>	2	<b>1,784</b>	<b>1,859</b>	<b>1,944</b>	<b>1,800</b>	<b>1,944</b>	<b>1,944</b>	<b>2,011</b>	<b>2,119</b>	<b>2,236</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>411,127</b>	<b>378,525</b>	<b>511,375</b>	<b>479,869</b>	<b>490,574</b>	<b>490,574</b>	<b>468,388</b>	<b>528,515</b>	<b>565,822</b>

**Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

KZN291 Mandeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions										
Description of economic indicator	Re f.	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year	2018/19 Medium Term Revenue & Expenditure		
				Outcom	Outcom	Outcom	Original	Outcom	Outcom	Outcom
<b>Demographics</b>										
Population				138	138	138	134	134		
Females aged 5 - 14										
Males aged 5 - 14										
Females aged 15 - 34										
Males aged 15 - 34										
Unemployment				57	57	57	58	58		
<b>Monthly household income (no. of</b>	1,									
No income				55,739	55,739	55,739	55,740	55,740		
R1 - R1 600				2,071	2,071	2,071	33,612	33,612		
R1 601 - R3 200				3,971	3,971	3,971	3,971	3,971		
R3 201 - R6 400				9,818	9,818	9,818	9,818	9,818		
R6 401 - R12 800				8,735	8,735	8,735	8,735	8,735		
R12 801 - R25 600				4,414	4,414	4,414	4,414	4,414		
R25 601 - R51 200				2,135	2,135	2,135	516	516		
R52 201 - R102 400				1,220	1,220	1,220	—	—		
R102 401 - R204 800				616	616	616	616	616		
R204 801 - R409 600				88	88	88	88	88		
R409 601 - R819 200				34	34	34	34	34		
> R819 200				28	28	28	28	28		
<b>Poverty profiles (no. of</b>										
< R2 060 per household per month	13			17270.00	17270.00	17270.00	17270.00	17270.00		
Insert description	2									
<b>Household/demographics (000)</b>										
Number of people in municipal area				138	138	138	138	138		
Number of poor people in municipal				66	66	66	66	66		
Number of households in municipal				38	38	38	38	38		
Number of poor households in				25	25	25	25	25		
Definition of poor household (R per										
<b>Housing statistics</b>	3									
Formal				33,519	33,519	33,519	33,519	33,519		
Informal				4,716	4,716	4,716	4,716	4,716		
<b>Total number of households</b>		-	-	38,235	38,235	38,235	38,235	38,235	-	-
Dwellings provided by municipality	4									
Dwellings provided by province/s										
Dwellings provided by private sector	5									
<b>Total new housing dwellings</b>		-	-	-	-	-	-	-	-	-
<b>Economic</b>	6									
Inflation/inflation outlook (CPIX)										
Interest rate - borrowing										
Interest rate - investment										
Remuneration increases										
Consumption growth (electricity)										
Consumption growth (water)										
<b>Collection rates</b>	7									
Property tax/service charges										
Rental of facilities & equipment										
Interest - external investments										
Interest - debtors										
Revenue from agency services										

Detail on the provision of municipal services for A10											
Total municipal services	Ref.	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure			
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecas	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
	8 10 9 10	9,851	9,851	9,851	10,501	10,501	10,501	11,152	11,810	12,460	
		10,902	10,902	10,902	11,622	11,622	11,622	12,385	13,116	13,837	
		—	—	—	—	—	—	—	—	—	
		17,482	17,482	17,482	18,636	18,636	18,636	19,791	20,821	21,966	
		38,235	38,235	38,235	40,759	40,759	40,759	43,329	45,746	48,262	
		—	—	—	—	—	—	—	—	—	
		—	—	—	—	—	—	—	—	—	
		—	—	—	—	—	—	—	—	—	
		38,235	38,235	38,235	40,759	40,759	40,759	43,329	45,746	48,262	
		11,313	11,313	11,313	12,060	12,060	12,060	12,807	13,563	14,309	
		—	—	—	—	—	—	—	—	—	
		8,587	8,587	8,587	9,154	9,154	9,154	9,721	10,295	10,861	
		15,173	15,173	15,173	16,174	16,174	16,174	17,177	18,191	19,191	
		2,690	2,690	2,690	2,868	2,868	2,868	3,045	3,255	3,434	
		37,763	37,763	37,763	40,255	40,255	40,255	42,751	45,304	47,795	
		472	472	472	472	472	472	472	300	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		472	472	472	472	472	472	472	300	—	—
		38,235	38,235	38,235	40,727	40,727	40,727	40,727	43,051	45,304	47,795
		1,040	1,040	1,040	1,040	1,040	1,040	1,040	389	389	389
		—	—	—	—	—	—	—	574	574	574
		1,040	1,040	1,040	1,040	1,040	1,040	1,040	963	963	963
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		1,040	1,040	1,040	1,040	1,040	1,040	1,040	963	963	963
		11,705	11,705	11,705	11,705	11,705	11,705	11,705	28,152	28,152	28,152
		11,705	11,705	11,705	11,705	11,705	11,705	11,705	28,152	28,152	28,152
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—		
—	—	—	—	—	—	—	—	—	—		
11,705	11,705	11,705	11,705	11,705	11,705	11,705	28,152	28,152	28,152		

Municipal in-house services	Ref.	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year	Budget Year	Budget Year +1	Budget Year +2
	8	9,851	9,851	9,851	10,501	10,501	10,501	11,152	11,810	12,460
		10,902	10,902	10,902	11,622	11,622	11,622	12,385	13,116	13,837
	10	17,482	17,482	17,482	18,636	18,636	18,636	19,791	20,821	21,966
		38,235	38,235	38,235	40,759	40,759	40,759	43,329	45,746	48,262
	9	—	—	—	—	—	—	—	—	—
		38,235	38,235	38,235	40,759	40,759	40,759	43,329	45,746	48,262
	10	11,313	11,313	11,313	12,060	12,060	12,060	12,807	13,563	14,309
		8,587	8,587	8,587	9,154	9,154	9,154	9,721	10,295	10,861
		15,173	15,173	15,173	16,174	16,174	16,174	17,177	18,191	19,191
		2,690	2,690	2,690	2,868	2,868	2,868	3,045	3,255	3,434
		37,763	37,763	37,763	40,255	40,255	40,255	42,751	45,304	47,795
		472	472	472	472	472	472	300	—	—
		472	472	472	472	472	472	300	—	—
		38,235	38,235	38,235	40,727	40,727	40,727	43,051	45,304	47,795
		1,040	1,040	1,040	1,040	1,040	1,040	389	389	389
								574	574	574
		1,040	1,040	1,040	1,040	1,040	1,040	963	963	963
		—	—	—	—	—	—	—	—	—
		1,040	1,040	1,040	1,040	1,040	1,040	963	963	963
		11,705	11,705	11,705	11,705	11,705	11,705	28,152	28,152	28,152
		11,705	11,705	11,705	11,705	11,705	11,705	28,152	28,152	28,152
		—	—	—	—	—	—	—	—	—
		11,705	11,705	11,705	11,705	11,705	11,705	28,152	28,152	28,152

List of Free Basic Services (FBS) provided	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Electricity</b>	Ref.								
List type of FBS service							1,876	1,876	1,876
	-	-	-	-	-	-	-	-	-
<b>Water</b>	Ref.								
List type of FBS service									
	-	-	-	-	-	-	-	-	-
<b>Sanitation</b>	Ref.								
List type of FBS service									
	-	-	-	-	-	-	-	-	-
<b>Refuse Removal</b>	Ref.								
List type of FBS service							28,152	28,152	28,152
	-	-	-	-	-	-	-	-	-

**Table 57 MBRR SA32 – List of external mechanisms**

<b>KZN291 Mandeni - Supporting Table SA32 List of external mechanisms</b>					
<b>External mechanism</b>	<b>Yrs/ Mths</b>	<b>Period of agreement 1.</b>	<b>Service provided</b>	<b>Expiry date of service delivery agreement or contract</b>	<b>Monetary value of agreement</b>
<b>Name of organisation</b>		<b>Number</b>			<b>R thousand</b>
PROSECURE	Yrs	3	PROVISION OF SECURITY SER	19 July 2019	6,200
LATERAL UNISON	Yrs	3	SHORT TERM INSURANCE	30 June 2020	800
DURBAN SNAX / MALAZI POUND	Yrs	3	ANIMAL POUND SERVICE	31 May 2019	720
BPG MASS APPRAISALS	Yrs	4	PROPERTY VALUATIONS	30 June 2022	400
CONLOG	Mths	3	INSTALATION OF SMART METE	31 July 2018	300
NOMANELE	Yrs	3	LEASE OF VEHICLES FOR REF	31 July 2018	1,000
EQSTRA	Yrs	5	LEASE FLEET FOR POLITICAL	30 June 2021	850
KING CETSHWAYO	Yrs	3	LANDFILL SITE	30 June 2019	1,000
DEBT COLLECTION MANAGEM	Yrs	1	DEBT COLLECTION MANAGEM	30 June 2019	600
FIRE RESCUE SERVICES	Yrs	3	FIRE RESCUE SERVICES	30 June 2021	4,200
MFEZI SECURITY	Yrs	3	CASH IN TRANSIT	30 June 2019	63

**2.17 Municipal manager's quality certificate**

I S.G.Khuzwayo, Acting municipal manager of Mandeni Municipality, hereby certify that the mSCOA annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name     **Mr S.G. Khuzwayo**

Municipal Manager of Mandeni Municipality (KZN 291)

Signature\_\_\_\_\_

Date            30<sup>th</sup> May 2018