

**MANDENI MUNICIPALITY  
(KZN 291)  
mSCOA ANNUAL BUDGET  
2021/22 MTREF**



**MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS**

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## 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

**POLICY SPEECH DURING TABLING OF THE FINAL 2021/2022 INTEGRATED DEVELOPMENT PLAN AND MSCOA BUDGET BY HIS WORSHIP THE MAYOR OF MANDENI MUNICIPALITY, CLLR. T.P MDLALOSE AT A COUNCIL MEETING HELD AT SIBUSISIWE HALL ON THE 27<sup>TH</sup> OF MAY 2021.**



*Honourable Speaker: Cllr B.L. Magwaza*

*Amakhosi AseNdlunkulu*

*Honourable Deputy Mayor: Cllr P.M. Sishi*

*Members of the Executive Committee*

*Chairpersons of Women's Caucus, MPAC and Sub-Committees*

*Fellow Councillors,*

*Auditor General*

*Municipal Manager,*

*Senior Management, Management and General Staff at Large*

*Ward Committees and Amalunga onke omphakathi waseMandeni*

*Various Sectors (Government, Business, FBO, NPOs, NGOs and Civil Society)*

*Members of the Media Present*

*Friends and Comrades in various platforms of the Social media:*

### ***Honourable Speaker and Council***

Somlomo, it is with great pleasure for me to address this Council sitting on the important meeting of tabling the Final Integrated Development Plan Review and Annual mSCOA Budget for 2021/2022 Medium Term Revenue and Expenditure Framework (MTREF) as we are guided by Section 16(1) of the Municipal Finance Management Act (MFMA) of 2003 and Chapter 5 of the Municipal Systems Act of 2000. Indeed, I must say that it has been an honour to serve the people of Mandeni.

Somlomo and Council, it is important to mention that this is our last Council meeting to consider IDP and Budget during the current term of Office hence it is very important that we take stock of how the Municipality has performed during this term and be accountable.

Five years ago, residents of Mandeni gave us a mandate to represent them in Council and govern this Municipality. By giving this mandate to a single political party, with no coalition or any other means to govern but involvement of other Political Parties. it meant the people of Mandeni want continuity and service delivery from the African National Congress, we had always had exercised hegemony as the governing party.

The month of May is recognised as Africa month – a time when the continent of Africa commemorates the founding of the [Organisation of African Unity \(OAU\)](#). The establishing the Organisation of Africa Unity (OAU) in 1963, the African continent became a pioneer in being the first continent to focus on continental unity and to encourage nation building through unity and freedom from oppression. It is in celebration of this milestone of the OAU and its successor, the African Union.

Yet even before 1963, many initiatives were taken by Africans – both from the continent and in its diaspora – for Africa to regain its rightful place in the world. South Africans are also found amongst those earlier generations who made enormous contributions towards this effort. The Speech of Pixley Ka Isaka Seme in 1906, on the “Regeneration of Africa”, would be echoed by the generations that followed, and enhanced through a number of initiatives.

“I am an African, I owe my being to hills and valleys, the mountains and the glades, the trees, the flower, the seas and the ever-changing seasons that define the face of our native land. This message gives us hope that whatever challenges we are faced with as the Municipality we will conquer.

Hon Speaker and Council, the COVID-19 pandemic has been psychologically and economically bruising for our country. Whereas it began in far distant lands, the numbers soon became names, and the names are of people we know and love. Our municipality suffered devastating losses of colleagues in Council as well as staff in the administration.

We have also lost leaders, comrades, family, friends and loved ones as result of this pandemic. In their honour and memory, I would like us to observe a moment of silence.

President Cyril Ramaphosa captures it very well when he says this about Covid-19: “It has revealed a spirit of the people who refused to be defeated”. He goes on to say, “It is this South African spirit that must drive our resolve to build a new and more equal economy and a better, more just society. The year ahead must be a time for change, for progress and for rebirth”.

*Somlomo and Council, Government is on a drive to rollout the vaccination programme and we have recently noted the commencement of second phase vaccination programme of elderly people above 60 years of age as the first phase of the programme focused of Health Care Workers. We have noted that the Country is slowly entering the 3<sup>rd</sup> Wave of the Virus with numbers of people testing positive increasing every day hence we have to work together in assisting all our elderly citizens to access Health Care Facility which is Sundumbili CHC and few identified sites for vaccination. The experts have confirmed that the impact of new waves of Covid-19 shall be minimal should over 67% of the population vaccinated hence we are encouraging our citizens to take advantage of this opportunity to vaccinate when time comes. Having said that, it remains critical that we continue to exercise Covid-19 Safety protocols at all times.*

*Hon Speaker and Council, when the Council resume its term of Office during 2016, it resolved on a number of priorities to be implemented during its term hence a Five-Year integrated Development Plan was developed and adopted by May 2017. Amongst others Council resolved on the following Strategic goals and priorities:*

- **Basic Service Delivery:** *Improve access to all Infrastructure and Services-Electrification Programme of Households and maintenance; Construction of New Roads, rehabilitation, upgrading and maintenance of existing urban and rural roads and storm-water; construction of houses and Community facilities; improve waste collection and management, Develop a Capital Infrastructure Investment Plan.*



*Hon Speaker and Council, indeed Council made a visible progress in delivering on these priorities where the municipality and Dept of Human Settlements to date over 3000 RDP housing units have been built within the following Projects (Macambini Rural Housing Project, Mathonsi Sundumbili Phase 2 Rural Housing Project, Isithebe Rural Housing Project and Inyoni Urban Housing Project). Some of these projects are still being rolled out with more houses to be built. Again, Council has upgraded and rehabilitated a number of Tarred Roads and Storm water where projects like High view Park Road upgrading, Construction of Hlomendlini Bus Route, upgrading of various Link Roads within Sundumbili and surroundings, Rehabilitation of Nembe Road, Construction of Thokoza Road Alignment and Intersection 1, Construction of Phase 2 and 3 Civil works (Roads and Storm water and Pedestrian underpass bridge), Upgrading and maintenance of various rural gravel roads. Also, council made steady progress on electrification of Households within various Wards where over 2000 households were electrified through INEP Programme and some households are being electrified as we speak. The municipality also rolled out a street lighting project within all 18 Municipal Wards and we acknowledge that this was one of the projects that failed due to a number of reasons.*

*The municipality has also built a number of Community and Sporting Facilities where three Community Halls were built and completed (Isithebe, Hlomendlini and Nembe); Isithebe Modular Library constructed, Chappies Sports Field constructed and Nembe Sports field where construction is in progress; Drivers Licence and Testing Centre as well as Swimming Pool projects are under construction. The Municipality extended its waste collection services to other areas and new developments like Khenana Area which never receive this service before. Also, the municipality continues to provide disaster and Fire and Rescue services to Community of Mandeni. Lastly, Council with the assistance of DBSA managed to develop and adopted a 10 Year (2017-2027) Infrastructure Investment Plan where the municipality has invited external service providers to assist with sourcing of additional funding in effort to implement this plan.*

- ***Financial viability and Management:*** *Effectively and efficiently manage municipal budget through credible budgeting, constant and accurate reporting and expenditure management; Continuously strive for improved Audit Opinion; Manage and increase Municipal revenue base.*

*Hon Speaker and Council, indeed the municipality was under serious financial distress when the New Council took over and today this Council and Administration successfully turned around the situation where we can confirm very positive financial reserves to the extent that the Municipality is able to fund some capital projects through its reserves. I can mention achievements like purchasing of the New Grader with procurement process for a second Grader and 2 TLBs and a Tipper Truck at advanced stage, Construction of DLTC and completion of fencing and parking at Municipal Civic Centre. The Council has ensured that at all times it prepares and adopt credible and funded budget where over the years such has been confirmed by Provincial and National Treasury. The Municipality without fail has been reporting to Treasury offices and Auditor General as required in*

terms of Municipal Finance Management Act hence no non-compliance issued by those offices resulting in the Council being on a compromising position. The municipality in trying to enhance its revenue collection introduced a 60/40 Rebate which ran for over two years and coming to an end by end of June 2021 though most people failed to take advantage of this opportunity and unfortunately the Municipal debt Age Analysis indicate continuous increase of monies owed to the municipality by Rate payers, Government Sector Departments including Ingonyama Trust Board and Businesses. The municipality managed to implement MSCOA System as required by National Treasury.

The municipality indeed regressed from Clean Audit outcomes from 2016/17 to Unqualified Audit opinion with matters and has sustained such status until the last audit. It is worth mentioning that there has been a significant improvement comparing the previous audit and the last audit where number of findings reduced from 22 to 5 findings hence we all shall continue to work together on this task.

- **Fostering a Culture of Community Participation and Good Governance in the Municipality:** Improve the Public Participation processes; establishment of functional public participation structures and ensuring that all Council structures are fully functional and Participation of Amakhosi in the Council.

Hon Speaker and Council, indeed Council established all governance structures (EXCO, Portfolio Committees, MPAC, Audit and Performance Committee, Disciplinary Board, Women's Caucus, Rapid Response Team and Sub Committees) which remained fully functional during the Term of Office and played their oversight role accordingly. Ward Committees were established in remained functional though from time to time were affected due to vacancies. The municipality without fail has been consulting with all Communities, Youth and various Stakeholders during the review of IDP and preparation of Budget processes during the term of Office. The municipality actively participated in various Inter-governmental Relations Structures for effective governance and service delivery. Hon Speaker, we have to also acknowledge that some critical structures like Operation Sukuma Sakhe War Rooms and Local Aids Council did not fulfil their mandate due to challenges like functionality and participation of key stakeholders hence more focus is required on these structures as they are playing a vital role in the upliftment of the community. Lastly, sithi asibonge kakhulu kuProvincial Cogta ngokusilekelela ukuthi wonke Amakhosi Ezizwe ezingaphansi kweMandeni abe yingxenywe yomkhandlu ukuqinisa ukusebenzisana ukuhambisa intuthuko kubantu.

- **Promoting and facilitating Human Development:** Improve this community skills base; Ensure empowerment of Youth, Women and people living with disabilities.

The municipality during this term of Office established a Youth Section which is capacitated with human resources and well-functioning in dealing with Youth Programmes. The municipality through Youth Section has continuously rolled out a number of community skills development programmes such as Youth Drivers License Programme, Bursary Programme and various Internship Programmes.

Also, various Youth skills development programmes are being implemented in partnership with various stakeholders (government and Private Sector), Local Youth has been supported with various sporting equipment. Various facilities have been built to support Youth Programmes and with the Digital Hub and Youth Enterprise Park also under construction to support Youth of Mandeni. The Municipality through Youth Section continues to support education sector in particular Matriculants in enhancing pass rate.

- **Facilitate the Creation of Job Opportunities:** Implement and Facilitate various Expanded Public Works Programme (EPWP); Promote Manufacturing activities; facilitate SMMEs development and support and unlock agricultural potential.

The Municipality continued to implement and facilitate EPWP Programme through Zibambebe, Food for Waste, Community Works Programme and Working for the Coast and currently there are over 1550 local participants on various EPWP Programmes. Also, the municipality through implementation of various infrastructure projects and projects that are implemented by other Government Sector Departments like DoT and DTI thousands of job opportunities for local communities were created and in turn some people have gained lifetime skills in the process. The municipality through its Supply Chain Management Policy implemented a Contractor Development and SMMEs Support programme which gave the opportunity to over 100 Local Small Contractors to sub-contract to bigger contractors implementing various municipal infrastructure projects. The municipality through this programme has managed to have local contractors acquiring high CIDB Gradings hence to date there are local contractors that have implemented various projects of higher CIDB Grading within the Municipality. In the last two years or so, out of +15 projects over 40% of projects are implemented by local contractors.

The municipality has further set aside the Grass Cutting programme exclusively for Local SMMEs. Also, various Local SMMEs and Cooperatives have been assisted with start-ups equipment and material through Quick Wins and Strategic SMME Support Programme.

The municipality is also playing pivotal role in facilitating key Local Economic Development initiatives within Mandeni which are driven by various government Departments, State Owned Enterprises and Private Sector such as Ilembe Water and Sanitation Projects, isithebe Industrial Estate Revitalisation and Umgeni Bulk Water Infrastructure.

Historically Isithebe has always been a clothing and Textile Capital of the KZN. However, over the years Textile industry took a knock – a situation that we aim to turn around. In this regard, Department of Trade Industry has given us a team of specialist to help us revive the sector. The project to fence and protect the Isithebe is up and running in the industrial park and we have to work as a collective in effort to revitalize our economy.

Okumele sikwazi Indawo yakwaSithebe enkulu ezindaweni kwizindawo eziphethwe yiThala, kumele sibambisani ukuyivikela ukuze iqhube ibeyisizinda sentuthuko kubantu bakithi.

*Lastly, the Council has ensured that institutional capacity required is in place where Council managed to fill all Senior Management position and other critical positions.*

*Hon Speaker and council, of course we cannot blow our own trumpet but if you look the summary of the achievements by this Council during its term of Office, we have to applaud ourselves and the Administration that indeed the new Council will receive a very stable and functional institution and of course there are short-comings that still need to be worked on.*

*Hon Speaker, Council and distinguished guests now zooming into the business of today, I am please to table the Final IDP and MSCO Budget with the following items forming part of the Budget:*

- i). mSCOA Annual Budget
- ii). Schedule of Tariffs
- iii). The Budget Related Policies
- iv). Schedule of Service Delivery Standards MFMA in line with Circular No.72
- v). Provincial Treasury feedback on Assessment of Draft Budget 2021/22
- vi). The Integrated Development Plan (IDP)
- vii). The Service Deliver and Implementation Plan (SDBIP)

Somlomo and Council, it is time for change, for progress and for rebirth. It must be a year in which we rise as this is not an ordinary year hence this cannot be an ordinary Budget Speech.

I will therefore, focus this morning on the foremost, overriding priorities of 2021 - 2022 financial year.

**First**, we must defeat the coronavirus pandemic as the economic effects of the pandemic are far-reaching with high level of uncertainty. **Secondly**, we must accelerate our economic recovery. **Thirdly**, we must implement economic reforms to create sustainable jobs and drive inclusive growth. **And finally**, we must fight corruption and strengthen the clean institution.

Rising unemployment and income losses have entrenched existing inequalities. We must overcome poverty, hunger, joblessness and inequality.

We must overcome a legacy of exclusion and dispossession that continues to impoverish our people, and which this pandemic has severely worsened.

Over the past year, South Africa has experienced a sharp decline in growth and a significant increase in unemployment. Poverty is on the rise every day and inequality is deepening and worsening and a similar situation is also experienced within Mandeni.

Although growth rates are likely to improve quickly as restrictions are removed, based on current projections, the output is only expected to return to pre-pandemic levels in 2024.

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

### **The major challenges experienced during the compilation of the Budget 2021-2022**

#### **MTREF can be summarized as follows:**

- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Reduced revenue collection due to the negative impact of COVID – 19 as well as increasing culture of not paying for services and rates and the reduction of grant allocations.
- Communities requiring more free basic services due to loss of jobs.
- Aging or dilapidating infrastructure and less resources available for maintenance of existing infrastructure.
- Increased service delivery priorities whilst revenues have been decreased.

### ***ANNUAL BUDGET 2021/22***

For 2020/21, **Total revenue** is projected to be **R345,7 million**, Total operating revenue has decreased by 8.8 per cent or R29,8 million for the 2021/2022 financial year when compared to the 2020/2021 Adjustments Budget. The **Total Operating Expenditure** is projected at **R323,4 million**, it has increased by 0.9 per cent in the 2021/2022

**Total Capital Budget** of **R73,9 million** for 2021/2022 has been appropriated which demonstrate a decrease by 21 per cent when compared to the 2020/2021 Adjustment Budget.

On that note this means we have a consolidated budget deficit of **R51,6 million** and this has been funded from the reserves which are cash backed

The municipality is still grant dependent; own revenue is **31,47 percent** of the total budgeted operational revenue and that is R108,8 million.

The budget also indicates that the municipality is highly dependent on grants as it has received **R45,7 million** on conditional grants and **R191,3 million** from equitable share.

To support growth, we propose no major tariff increases. National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality.

An increase of **5 per cent** is proposed to be affected on Rates Tariffs; **14.59 per cent** increase is proposed for electricity tariffs in line with National Energy Regulator of South Africa (NERSA), Refuse and other sources of revenue have been aligned to the Consumer Price Index (CPI) inflation and has been increased by **4.5 per cent**.

The budgeted allocation for **employee related costs** for the 2021/22 financial year totals **R122 million including Councillors' allowances**, which equals **37.9 per cent** of the total operating expenditure. Salary increases have been factored into this budget at a **percentage increase of 6.25 per cent** for the 2021/22 financial year for employees and **4% for Councillors, however salary increase negotiations for general staff are not yet finalised**. As part of the Municipalities cost reprioritization and cash management strategy, vacancies have been significantly rationalized downwards.

Speaker, our measures will support growth. But fiscal sustainability must be uppermost in our mind.

Over the next three years, we will have to adjust to significant changes in expenditure plans while improving accountability. The 2021 Budget protects transfers that focus on infrastructure, service delivery and COVID-19 spending while reducing those spent less effectively. The 2021/2022 Budget includes funding for initiatives to improve municipal revenue collection and support financially distressed municipalities

The amount of R45.9 million has been appropriated for the renewal of existing assets. During the preparation process the **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

The municipality has prioritized the Establishment of DLTC Centre which has been allocated budget of R5 million. Establishment of this center is one of the strategies in the revenue enhancement strategy as the municipality anticipates to improve revenue collection upon completion and operation of the training center.

Furthermore, to that the municipality has prioritized the upgrading of roads infrastructure which will be funded internally and through grants; as we have noted that they are not in a condition due to its aging of its infrastructure, this is to ensure that there is improved service delivery. An estimated amount of R30 million has been set aside for Roads projects.

Hon Speaker and Council, just to highlight few Infrastructure Projects and support equipment as reflected in the IDP and Budget:

- Mandeni DLTC allocated R5 mil; Extension of Municipal Mechanic Worksho allocated R1.8 mil; Inyoni Phase 4 Civil Works allocated R3.3 mil; Ward 13 Community Hall allocated R6.8 mil; Construction of Hlomendlini Sport Field allocated RR3.3 mil; Ward 3 Internal Access Roads Rehabilitation allocated R11.1 mil; Phase 4 Rural Roads Ward 11 allocated R4 mil and Ward 6 allocated R3.2 mil; Procurement of specialised Waste Trucks allocated R4mil; Procurement of Low bed allocated R4.5 mil; Electrification of Community in Ward 5 Dendethu and Wetane allocated R3mil and Electrification of Ward 10 Masomonce/ Makoba Village and Khenana allocated R1.8mil.

Over R11 million have been appropriated for parks, sport fields and recreation. As we believe that Participation in sport and active recreation can bring diverse social groups together and improve the social cohesion and inclusion of communities. Sport is valuable in teaching self-discipline, promoting development of fair play and fostering authority and good citizenship.

The ability of the municipality to collect outstanding debt has been considered when estimating the cash flows. At the collection rate continues to decrease and the municipality will always closely monitor its performance in this regard. Our revenue enhancement strategy is currently being reviewed so as to improve revenue collection of the municipality.

Debt Collection initiatives are being done so as to encourage consumers to settle their debts, however interest is still to be charged on outstanding debt. Budget allocated for Interest on Outstanding debtors has considered the Interest Rate of 2% per cent

We are urged to exercise caution when we prepare 2021/2022 MTREF budgets to ensure synergy with national economic and fiscal prudence.

The issue of Cost Cutting exercise remains as a big measure to be implemented and re-direct funds to service delivery projects which are sustainable, by ensuring amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities when preparing the mSCOA Annual Budget for 2021/2022 MTREF.

The 2021/2022 Integrated Development Plan also focusses on changing the lives of people of Mandeni by ensuring the strengthening of Local Economic Development.

Hon Speaker, it be noted that the Budget has further considered various programmes that are implemented by the municipality this include Youth, Special Programmes for Gender, Women and people living with disabilities and a budget of R4.5 mil has been set aside for these programmes. This IDP also clearly provides the Local Economic Initiatives, Social programs, and Infrastructure projects that the Municipality will be embarking on during the 2021/2022 financial year.

It is worth mentioning that the municipal Budget to be approved is fully funded in this has also been confirmed by the Provincial Treasury.

Honourable Speaker, we will always accept and embrace the **Thuma Mina** and Khawuleza agenda hence we are boldly saying to our people:

- **Thuma Mina** to fight poverty;
- **Thuma Mina** to create jobs;
- **Thuma Mina** to provide proper shelter;
- **Thuma Mina** to provide quality health care, roads and basic services; and
- **Thuma Mina** to provide quality education at all levels from early childhood development to tertiary institutions

**In Conclusion:**

Hon Speaker and Council, I therefore recommend that:

The Council considers and adopt the Reviewed Integrated Development Plan and mSCOA Budget for 2021/2022 MTREF as *per recommendations on the Council Agenda on page 59 for IDP and pages from 132 to 133 for MSCOA Budget.*

*I thank you all.*

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**CLLR TP MDLALOSE**

**THE MAYOR**



## 1.2 Council Resolutions

### Resolution No: C106

**COUNCIL:28/05/21**

On the Council of Mandeni Municipality met through Sibusisiwe Hall Mandeni to consider the mSCOA Annual Budget of the municipality for the financial year 2021/22. The Council approved and adopted the following resolutions:

1. The Council of Mandeni Municipality, acting in terms of section 24(1) 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 2021/22 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 31;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 33.
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table15 on page 35; 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 38.
  - 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 39;
    - 1.2.2. Budgeted Cash Flows as contained in Table 18 on page 41;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 43;
    - 1.2.4. Assets management as contained in Table 20 on page 44; and
    - 1.2.5. Basic Service delivery measurement as contained in Table 21 on page 46.
  - 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 16 of the local government: Municipal Finance Management Act (Act 56 of 2003) approves and adopts with effect from 1<sup>st</sup> July 2021 the reviewed budget related policies.
3. The Council resolves to approved the Service Level Standards as per MFMA circular No.72

### 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, 91,93,94,97,98,99 and 108 were used to guide the compilation of the 2021/22 & MTREF.

The main challenges experienced during the compilation of the 2021/22 & 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 2021/22 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2021/22 MTREF:

The 2020/21 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 2021/22 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;

## 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 2021/22 MTREF Budget transacting across all the mSCOA seven segments in Version 6.5 as per MFMA Circular 108. 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 its mSCOA Draft Annual Budget & IDP for 2021/22 MTREF in an mSCOA classification framework and the data string (IDP and Budget) will be uploaded to the LG Database portal on the 31<sup>st</sup> May 2021 immediately after tabling at a Council Meeting.

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 2021/22 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2021/22 & MTREF**

KZN291 Mandeni - Table A1 Budget Summary									
Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Total Revenue (excluding capital transfers and contributions)</b>	271 686	268 009	293 446	312 062	339 002	339 002	309 163	333 979	347 889
<b>Total Expenditure</b>	233 235	258 420	283 370	309 026	320 677	320 677	323 462	332 965	346 208
<b>Surplus/(Deficit) for the year</b>	79 286	49 455	28 515	37 244	62 692	62 692	22 241	39 056	41 316
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>248 533</b>	237 694	254 468	59 655	93 192	93 192	73 920	43 042	46 136

Total operating revenue has decreased by 9.8 per cent or R37.7 million for the 2021/22 financial year when compared to the 2020/21 Adjustments Budget. For the two outer years, operational revenue will increase by 4.4 and 0.06 per cent respectively, equating to a total revenue growth of R19.8 million over the MTREF when compared to the 2020/21 financial year.

Total operating expenditure for the 2021/22 financial year has been appropriated at R323,5 million and translates into a surplus budget of R22.2 million. Operational expenditure has increased by 0.9 per cent in the 2021/22 budget and the outer years have increased by 2.9 and 4.0 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R22.7 million. 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 R73.9 million for 2021/22 has decreased by 20.7 per cent when compared to the 2020/21 Adjustment Budget. The capital programme decreases to R43.0 million from 2022/23 financial year and then increases in 2023/24 to R46.1 million.

The reduction is due to affordability 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.

## 1.4 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 2021/22 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue By Source</b>										
Property rates	2	40 626	58 180	46 606	52 479	52 479	52 479	46 642	52 239	60 255
Service charges - electricity revenue	2	25 622	24 368	29 909	33 865	33 865	33 865	39 216	45 099	51 042
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	8 450	8 911	8 534	9 938	9 938	9 938	9 546	10 947	11 970
Rental of facilities and equipment		333	170	204	280	180	180	130	135	141
Interest earned - external investments		2 983	4 893	6 819	3 500	4 150	4 150	4 950	5 158	5 385
Interest earned - outstanding debtors		15 071	13 851	11 830	18 136	6 136	6 136	6 740	7 023	7 332
Dividends received		50	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		378	404	131	449	449	449	265	276	288
Licences and permits		1 207	1 133	762	1 381	1 381	1 381	695	724	756
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		140 949	155 084	174 636	191 346	229 735	229 735	200 340	211 711	210 023
Other revenue	2	669	1 015	1 776	689	689	689	640	667	696
Gains		35 346	-	12 239	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and</b>		<b>271 686</b>	<b>268 009</b>	<b>293 446</b>	<b>312 062</b>	<b>339 002</b>	<b>339 002</b>	<b>309 163</b>	<b>333 979</b>	<b>347 889</b>

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

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	Re	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework						
		Adjusted Budget	%	Budget Year 2021/22	%	Budget Year +1 2022/23	%	Budget Year +2 2023/24	%	
<b>Revenue By Source</b>										
Property rates	2	52 479	15.48	46 642	15.09	47 239	14.63	47 855	14.78	
Service charges - electricity revenue	2	33 865	9.99	39 216	12.68	40 099	12.42	41 042	12.67	
Service charges - water revenue	2	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	2	9 938	2.93	9 546	3.09	9 947	3.08	10 370	3.20	
Rental of facilities and equipment		180	0.05	130	0.04	135	0.04	141	0.04	
Interest earned - external investments		4 150	1.22	4 950	1.60	5 158	1.60	5 385	1.66	
Interest earned - outstanding debtors		6 136	1.81	6 740	2.18	7 023	2.17	7 332	2.26	
Dividends received		-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		449	0.13	265	0.09	276	0.09	288	0.09	
Licences and permits		1 381	0.41	695	0.22	724	0.22	756	0.23	
Agency services		-	-	-	-	-	-	-	-	
Transfers and subsidies		229 735	67.77	200 340	64.80	211 711	65.55	210 023	64.84	
Other revenue	2	689	0.20	640	0.21	667	0.21	696	0.22	
Gains		-	-	-	-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and</b>		<b>339 002</b>	<b>100%</b>	<b>309 163</b>	<b>100%</b>	<b>322 979</b>	<b>100%</b>	<b>323 889</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 2021/22 financial year, revenue from rates and services charges totaled R95.4 million or 30.8 per cent.

This increases to R97.3 million and R99.3 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 1.9 per cent in 2022/23 to 2.0 percent in 2023/24.

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 112).

Property rates are the second largest revenue source totaling to 15.0 per cent or 46.6 million and increases to R47.9 or 14.7 per cent by 2023/24. The third largest source is service charges from electricity revenue source totaling to 39.2 or 12.6 percent, contributing is the proposed increase of 14.59 per cent for municipal electricity tariffs for 2021/22 as approved guideline on municipal electricity price increase tariff.

As NERSA has published guideline on the municipal electricity price tariffs for the 2021/22 municipal financial year and approved an increase of 14.59%.

Interest on outstanding debtors have increased from R6.1 million to R6.7 million with a decrease of 9.8 per cent. The interest rate will be 2% however the debt in question will still increase and we anticipate that given the collection rate, the increase in the actual debt will result to an increase the interest category regardless of the decrease in the actual rate itself.

Operating grants and transfers totals R200.3 million in the 2021/22 financial year and steadily increases to R210.0 million by 2023/24. Note that there is a decrease of 12.7 per cent for the 2021/22 financial year and the year-on-year growth is 5.6 per cent and then decrease 0.7 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		<b>148 377</b>	<b>157 762</b>	<b>181 862</b>	<b>194 117</b>	<b>234 561</b>	<b>234 561</b>	<b>202 167</b>	<b>214 288</b>	<b>213 600</b>
Local Government Equitable Share		134 192	146 821	167 483	181 342	218 402	218 402	191 149	203 436	201 664
Finance Management		1 900	1 900	1 900	1 900	2 346	2 346	1 850	1 850	1 850
EPWP Incentive		2 285	2 255	2 234	2 387	2 387	2 387	2 435	-	-
Integrated National Electrification		10 000	6 786	9 500	6 000	8 545	8 545	4 872	7 000	8 000
Municipal Infrastructure Grant (PIG)					1 743	1 743	1 743	1 861	2 002	2 086
Disaster Relief Grant COVID 19				745	745	1 138	1 138			
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		<b>2 480</b>	<b>5 278</b>	<b>3 488</b>	<b>3 636</b>	<b>4 027</b>	<b>4 027</b>	<b>3 044</b>	<b>4 423</b>	<b>4 423</b>
Community Library Services Grant		2 480	3 581	1 228	2 714	2 714	2 714	1 315	1 477	1 477
Provincialization of Government			1 147	1 510	515	515	515	1 729	2 946	2 946
Ward Based Plan		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	50	-	-	-	-	-	-	-
GIS Patinent Grant			500							
Spatial Development Framework				750						
Single Landuse Scheme						491	491			
Title deeds restoration programme					407	307	307			
<b>District Municipality:</b>		<b>-</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>	<b>-</b>
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	<b>150 857</b>	<b>163 040</b>	<b>185 350</b>	<b>197 753</b>	<b>238 588</b>	<b>238 588</b>	<b>205 211</b>	<b>218 711</b>	<b>218 023</b>
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		<b>40 838</b>	<b>39 577</b>	<b>33 954</b>	<b>33 408</b>	<b>41 377</b>	<b>41 377</b>	<b>35 371</b>	<b>35 230</b>	<b>35 146</b>
Municipal Infrastructure Grant (PIG)		35 940	34 706	33 954	33 408	41 377	41 377	35 371	35 230	35 146
Neighbourhood Development Project		4 898	4 871	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		<b>-</b>	<b>-</b>	<b>1 131</b>	<b>800</b>	<b>2 990</b>	<b>2 990</b>	<b>1 170</b>	<b>2 806</b>	<b>2 946</b>
Provincialization of Libraries				1 131	800	2 990	2 990	1 170	2 806	2 946
<b>District Municipality:</b>		<b>-</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>	<b>-</b>
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	<b>40 838</b>	<b>39 577</b>	<b>35 085</b>	<b>34 208</b>	<b>44 367</b>	<b>44 367</b>	<b>36 541</b>	<b>38 036</b>	<b>38 092</b>
<b>TOTAL RECEIPTS OF TRANSFERS</b>		<b>191 695</b>	<b>202 617</b>	<b>220 434</b>	<b>231 961</b>	<b>282 955</b>	<b>282 955</b>	<b>241 752</b>	<b>256 747</b>	<b>256 115</b>

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 considered 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 3- 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 17.8 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.

## **1.5 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. All these pieces of legislation have been taken into consideration during this budget process.

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.

In 2018/19 the Municipality has successfully implemented the new General Valuation Roll which had 7093 properties. After the completion of the second Supplementary Valuation Roll that number has since decreased to 7055 properties, which the municipality is billing for property rates.

Following the implementation of the new valuation roll, we were advised by COGTA to ensure that we consider 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 Ratable 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. We are therefore proposing a slight increase of 5% for the year 2021/22. While noting the Provisions of circular 98 and the fact that the CPI reflect an increase of 3,9%, we have taken a decision to have an additional 1.1% increase in our tariffs so as to ensure that we break even and become cost reflective. It is our conviction that our tariffs have always been below the break-even line and we intend to phase in the correction by effecting an annual increase which is slightly above the CPI as an acceptable norm. Budget allocated for property rates has also considered the decrease in the number of properties that were due Supplementary Valuation Roll.

The PSI and Agricultural tariffs have been revised to be in accordance with the regulation which stipulate that it should be 1:4 of the residential tariff.

Revenue forgone has increased to R16.4 million by 1.4 per cent in the 2021/22 which has taken into consideration the indigent customers and pensioners under residential category, phasing discount for PSI properties, as we are in the fourth year of phasing out, Agricultural and Industrial categories. Reduction in revenue foregone is due decrease in the number of properties as per results of the latest supplementary valuation roll for Industrial and Residential properties.

Property rates decreased from R52.5 million to R46.6 million in the 2021/22 financial year by 5 per cent from the 2020/21 adjustment budget. Increase in property rates has considered the increase in other tariffs by 5 per cent.

The significant decline in Property Rates Revenue is as a result of the Prohibition on the rating of certain Public Service Infrastructure (PSI) and the phasing in of the prohibition in terms of Section 17 (1) (Aa) and 93A of the Local Government: Municipal Property Rates Amendment Act, 2004 (MPRA). The Municipality has also taken a decision to temporarily suspend the rating of State Trust and Communal Land category, these two (2) categories had a significant contribution in the Property Rate Revenue and hence the significant decline after the implementation of these exemptions

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 2021/22 financial year**

<b>PROPERTY CATEGORY USE</b>	<b>CURRENT TARIFF 2020/21</b>	<b>CURRENT TARIFF 2021/22</b>
Residential	0.0140	0.0147
Industrial	0.0238	0.0250
Commercial	0.0238	0.0250
Farms Agricultural Purpose	0.0035	0.0037
State Trust Land	0.0177	0.0186
Mining Properties	0.0238	0.0250
State Owned Land	0.0223	0.0234
Municipal Properties	0.0223	0.0234
Public Service Infrastructure	0.0035	0.0037
Public Benefit Organisation	0.0223	0.0234
Place of Worship	0.0223	0.0234
Vacant Land	0.0223	0.0234

## 1.6 Sale of Electricity and Impact of Tariff Increases

The National Energy Regulator of South Africa (NERSA) has published its guideline on municipal electricity price for 2021/22 and approved an increase of 14.59 per cent.

However, having considered the Eskom increases, the consumer tariff had to be increased by 14.59 per cent to offset the additional bulk purchase cost from 1 July 2021.

This will still be reviewed upon the receipt of the final Bench Marks from the energy regulator. 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 subsidize 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 based on the Eskom's proposed increases:

- Block 1 - The 2021/22 benchmarks were increased by 14.59% as per electricity tariff benchmark.
- Block 2 - The 2021/22 benchmarks were increased by 14.59% as per the electricity tariff benchmark
- Block 3 & 4 - The 2021/22 were increased by 14.59% 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>	86 – 95	99.60	141.13	28
<b>51 - 350</b>	103 – 110	135.93	155.76	329
<b>351 - 600</b>	147 – 155	149.08	170.83	601
<b>&gt;600</b>	176 – 182	202.49	232.03	60

Service Charges- electricity revenue have increased from R33.9 million to R39.2 million in the 2021/22 financial year. Electricity revenue increase is due to the proposed increase of 14.59 for municipal electricity tariffs and also the municipality has considered the level of demand by Umngeni Water based on actual consumption in this financial year and the number of increases in customers to 967 by 4 which on applications received for electricity connection in the current year.

Then revenue budget has been increased by 5.4 million. 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 significantly implemented the system and Umngeni water works level of demand. The municipality has a challenge in forecasting demand by Umngeni water for budget estimated allocated, however the municipality will continuously monitor the revenue generated so as to ensure realistic estimates are allocated.

The number of households receiving the above minimum service level in respect of electricity has increased from 963 to 967 in the 2021/22 financial year movement has been based on the current year's performance.

Electricity Revenue has also considered agreement entered into between Municipality and Umngeni water works for the implementation of bulk supply for water scheme within Mandeni as we are the supply authority, the contract will also continue in the 2021/22 financial year. The agreement between Umngeni water is that the municipality will pay for consumption as per billing raised by Eskom and this will then be topped by 14.59 per cent to bill Umngeni as per agreement.

Eskom is providing free basic electricity on behalf of the municipality to all its registered indigent beneficiaries of which they have increased from 1876 to 1975 households. The municipality has planned to review its indigent register so as to confirm if the qualifying beneficiaries are still qualifying as indigent. An allocation for FBE has been increased from 1.6 million to R1.8 million which has considered the proposed increase of 9.9 per cent and the number of beneficiaries qualifying for free basic electricity, furthermore budget estimated is based on the actual performance for 2020/21 financial year.

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 aexpectancy. 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 R3.1 million for 2021/22 will be necessary to steer the Municipality out of this predicament.

Owing to the increase 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 R7.9 million for 2021/22.

The main contributing factor for the service to budget for deficit is due to the approved increase by NERSA as the tariff for sale of electricity has been approved at 14.59 per cent whereas the bulk purchases has been increased by 17.8 per cent which reflects that the municipality will sell electricity at a deficit of 3.2 per cent. The municipality will have to negotiate these tariffs with Nersa in the future as they have an impact on the budget.

Furthermore, to that is the 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 as the municipality has already started with maintaining these electrical infrastructure assets

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.

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

Currently solid waste removal is operating at a surplus of R5.4 million.

Projected revenue constitutes of 9.5 million for billing to debtors and 808 thousand allocated from equitable share towards free basic services thus totaling 10.3 million. Projected expenditure is 3.6 million which is allocated for the contactors (hire of refuse removal truck, landfill site and refuse bags). Free basic services of R807 thousand and employee cost and other operational expenditure at R3.7 million, thus projected surplus of R5.4 million is projected for this service.

A 5 per cent increase in the waste removal tariff is proposed from 1<sup>st</sup> July 2021. Higher increases will not be viable in 2021/22 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 CPI would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

While we note the increase in the number of properties as per the consolidated valuation roll which in turn increase the demand for this service, we have taken a firm view to decrease the expected revenue noting the economic impact of Covid 19 which has greatly affected the businesses operating in our area of jurisdiction, Business refuse forms a significant part of our Refuse Collection Revenue and the decline in business operations subsequently results to a decline in their waste products and in turn decreases the revenue generated from our side.

Service Charges- refuse revenue have decreased from R9.9 million to R9.5 million in the 2021/22 financial year with an increase in tariff of 5 per cent, decrease in this service has considered a decrease in the collectable revenue as a result of the economic impact of Covid 19. in tariffs and the number of properties from 31 032 to 32 000 with an increase of 968 which the municipality will be providing this service. Refuse collection is split between two categories for Refuse removed

at least once a week which are billed monthly and number of households receiving free basic service. To which most consumers are deemed to be indigent for this service hence they receive the free basic service.

Refuse that is removed at least once a week, there has been an increase in the number of properties for refuse services from 4452 to 4601. Increase is due to additional properties identified during this financial year as there were previously not billed for refuse.

Number of households for free basic refuse service have increased from 28 152 to 31 032 which has taken into consideration additional properties around the municipality (Low cost housing) that have been added as part of areas where the municipality is providing free basic service.

An increase of more than 5 per cent would be counter-productive and will result in affordability challenges, as it will also substantiate providing this service in a surplus.

### **1.7.1 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 5 per cent for property rates, 5 per cent for refuse removal and 14.59 per cent for electricity.

**Table 7 MBRR Table SA14 – Household bills**

KZN291 Mandeni - Supporting Table SA14 Household Bills											
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22 % incr.	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		375.67	1 008.54	1 060.98	1 124.64	1 124.64	1 124.64	5.0%	1 180.88	1 192.12	1 203.37
Electricity: Basic levy		441.05	471.22	515.51	567.06	567.06	567.06	14.6%	649.80	655.47	661.14
Electricity: Consumption		2 003.43	2 140.46	2 341.67	2 575.84	2 575.84	2 575.84	14.6%	2 951.65	2 977.41	3 003.17
Water: Basic levy									-		
Water: Consumption									-		
Sanitation									-		
Refuse removal		121.57	134.32	141.31	147.67	147.67	147.67	5.0%	155.05	156.53	158.00
Other											
<b>sub-total</b>		<b>2 941.72</b>	<b>3 754.55</b>	<b>4 059.47</b>	<b>4 415.21</b>	<b>4 415.21</b>	<b>4 415.21</b>	<b>11.8%</b>	<b>4 937.37</b>	<b>4 981.53</b>	<b>5 025.68</b>
VAT on Services											
<b>Total large household bill:</b>		<b>2 941.72</b>	<b>3 754.55</b>	<b>4 059.47</b>	<b>4 415.21</b>	<b>4 415.21</b>	<b>4 415.21</b>	<b>11.8%</b>	<b>4 937.37</b>	<b>4 981.53</b>	<b>5 025.68</b>
<b>% increase/-decrease</b>		<b>-</b>	<b>27.6%</b>	<b>8.1%</b>	<b>8.8%</b>	<b>8.8%</b>	<b>8.8%</b>		<b>11.8%</b>	<b>0.9%</b>	<b>0.9%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		69.47	546.14	574.54	609.01	609.01	609.01	5.0%	639.46	645.55	651.64
Electricity: Basic levy		258.14	275.80	301.72	331.89	331.89	331.89	14.6%	380.32	383.64	386.96
Electricity: Consumption		398.19	425.43	465.42	511.96	511.96	511.96	14.6%	586.65	591.77	596.89
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		121.59	128.89	135.59	141.69	141.69	141.69	5.0%	148.77	150.19	151.61
Other											
<b>sub-total</b>		<b>847.39</b>	<b>1 376.25</b>	<b>1 477.26</b>	<b>1 594.55</b>	<b>1 594.55</b>	<b>1 594.55</b>	<b>10.1%</b>	<b>1 755.21</b>	<b>1 771.15</b>	<b>1 787.10</b>
VAT on Services											
<b>Total small household bill:</b>		<b>847.39</b>	<b>1 376.25</b>	<b>1 477.26</b>	<b>1 594.55</b>	<b>1 594.55</b>	<b>1 594.55</b>	<b>10.1%</b>	<b>1 755.21</b>	<b>1 771.15</b>	<b>1 787.10</b>
<b>% increase/-decrease</b>		<b>-</b>	<b>62.4%</b>	<b>7.3%</b>	<b>7.9%</b>	<b>7.9%</b>	<b>7.9%</b>		<b>10.1%</b>	<b>0.9%</b>	<b>0.9%</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>	<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>-</b>	<b>-</b>	<b>-</b>
<b>% increase/-decrease</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 1.8 Operating Expenditure Framework

The Municipality's expenditure framework for the 2021/22 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 adherences 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 2021/22 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Expenditure By Type</b>										
Employee related costs	2	76 926	84 280	99 700	110 037	110 037	110 037	107 819	112 304	117 192
Remuneration of councillors		12 666	13 023	13 249	14 087	14 087	14 087	14 643	15 258	15 929
Debt impairment	3	15 145	41 621	48 224	32 708	32 708	32 708	30 635	31 922	33 326
Depreciation & asset impairment	2	27 988	27 712	30 298	30 188	30 188	30 188	32 726	33 751	34 001
Finance charges		996	680	919	650	650	650	400	328	320
Bulk purchases - electricity	2	16 565	22 907	26 098	29 201	30 401	30 401	35 143	36 619	38 231
Inventory consumed	8	(513)	(508)	(980)	508	-	-	2 288	2 156	2 255
Contracted services		29 597	39 078	34 792	49 361	56 225	56 225	56 718	56 945	59 478
Transfers and subsidies		-	-	-	1 622	1 622	1 622	1 883	1 918	1 999
Other expenditure	4, 5	36 080	28 573	30 329	38 189	41 964	41 964	41 206	41 764	43 476
Losses		17 786	1 053	740	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>233 235</b>	<b>258 420</b>	<b>283 370</b>	<b>306 552</b>	<b>317 882</b>	<b>317 882</b>	<b>323 462</b>	<b>332 965</b>	<b>346 208</b>

The budgeted allocation for employee related costs for the 2021/22 financial year totals R122.5 million, which equals 37.9 per cent of the total operating expenditure. An annual increase of 4.2 and 4.4 per cent has been included in the two outer years of the MTREF.

**Employee related costs** decreased from R110.9 million to R107.9 million which reflects a decrease of 2 percent. As part of the planning assumptions and interventions, decrease has taken into consideration the current status of the positions filled as per the approved organogram. The municipality has taken a decision not to fill any new position funded internally for this financial year, expect for one position of PMU Technician which has been funded from MIG top slice. Further to that decrease has also considered budget allocated towards provision for leave. Budget allocated for provision for leave has been reduced from R7.5 million to R2.5 million, this adjustment has been based on this year performance towards leave.

Increase in Employee related cost has taken into consideration the proposed increase of 6.25 per cent as proposed by Circular No.2/2020 for salary and wage increase for the period 1 July 2021 to 30 June 2022 per Salary Wage Collective agreement between SALGA, and we have also considered the notch increase that is affected on an annual basis according to the new salary scales as issued by SALGA.

Furthermore, employee related costs budget has included wages for EPWP, Food for waste programme and Ingwenya nature reserve beneficiaries which committed budget of R4.2 million: EPWP wages are funded from grant allocated in 2021/22 financial year as per business plan.

Increase in the number of positions for other municipal staff has remained the same at 314 when comparing to this current financial year.

Increase in employee related costs for 6 senior managers has considered an increase of 5.5 per cent increase as per COGTA upper limits of Total Remuneration Packages payable to municipal managers and managers directly accountable to municipal manager Gazette Notice No. 42023. and budgeting for performance. Further to that we have also budgeted for senior managers performance bonus at 7 per cent of their annual package.

Employee related costs and remuneration of Councilors have been budgeted at percentage of 37.9 percent of the total operating expenditure, which is within the norm range of 25 percent to 40 percent as per MFMA Circular No.71.

**Remuneration of Councilors** has increased from R14.1 million to R14.6 million which reflects an increase of 3.9 per cent. Increase in remuneration of Councilors has considered the current year's performance as per Adjustment budget 2020/21 as we have taken into consideration the latest Notice of upper limits for Councilors No.43246 as issued by COGTA. With the mSCOA classification SDL expenditure is allocated under Other Expenditure.

For the 2021/22 financial year this amount equates to R32.7 million and decreases to R30.6 million by 2022/23. 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. With the increasing debtor's book, the majority of debt is due to Ingonyama Trust and Residential Households, budget allocated has considered this debt is irrecoverable based on the historical avenues undertaken in recovering it.

The municipality have had a series of meetings with COGTA and Municipal valuer in an attempt to determine the legality of the debt charged. It has been established that indeed the Municipality has acted within it right to charge the Board however there were legislative requirements that were not adhered to in the past.

Cogta has advised us to clean our accounts and ensure that everything is order, perform a supplementary valuation roll which will correct and reconcile the billing system against the valuation roll. After this exercise a meeting with the representatives of ITB will take place and from their we hope to get an amicable solution.

Provision for debt impairment will decrease in line with the decrease of Property Rates and Interest Revenue as a result of the Ingonyama Trust Board exemption. It should be noted that the (ITB) has always been provided for at 100% since they are regarded as none paying debtors. So their exemption subsequently result to a decline in the provision for doubtful debt, the Revenue Forgone in question amounts to R8,3 M and this is equal to the amount that could have been provided for as doubtful debt.



The current outreach programme has since seen an increase on the number of people that are coming forward to apply for our indigent relief. Having considered the high rise of retrenchments as a result of the economic recession and the economic Implications of COVID 19. We anticipate that we are going to witness a rapid increase of our indigent register.

The data cleansing exercise, is indicating that at least 500 of our debtors in our debt book are deceased people, with 120 companies who are either liquidated or dissolved. The current engagements with the ITB as well might result to a possible write off. If all the above goes accordingly we anticipate a possible write off of not less R30 million.

**Provision for depreciation and asset impairment:** has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R32.7 million for the 2021/22 financial and equates to 10.1 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.

It is anticipated that some infrastructural projects will be brought into use before the end of the current financial year, the project of Upgrade and improvement of Enembe Road which will see the depreciation amount for infrastructure assets slightly going up.

The total amount forecasted for the next financial year amounts to R32.7 million this is after taking into consideration the forecasted Capital Expenditure on various asset classes and the implication of write-offs at year-end. The amounts for movable assets such as Computer Equipment, Furniture, Machinery and Transport assets were adjusted to cater for the forecasted Capital Expenditure for the next financial year.

**Finance Charges:** consists primarily of the repayment of interest on long-term borrowing (cost of capital) R400 thousand has been allocated for 2021/22 financial year, current year actual performance has been considered in determining the allocated budget. The MFMA specifies that borrowing can only be utilized to fund capital or refinancing of borrowing in certain conditions.

The municipality engages in a number of financing arrangements to minimize its interest rate costs and risk. However, for simplicity the 2021/22 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortization-style loans requiring both regular principal and interest payments.

**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 17.8 per cent as proposed in NERSA guideline for 2021/22 financial year as per guideline on municipal electricity price increase. Bulk purchases have increased from 30.4 million to 35.1 million in 2021/22, which is due to proposed increase of 17.8 per cent, increase has also considered the actual consumption by Umngeni for implementation of water works and the level of demand which has been noted as increasing drastically in the six months of the financial year when comparing to the 2020/21 financial year.

**Inventory Consumed:** For 2021/22 the appropriation against this group of expenditure has been reclassified and allocated budget of R2.2 million and continues to grow by 8.7 per cent for the two outer years of which budget allocation is in excess of R2.3 million by 2023/24. Budget allocated for inventory consumed relates to materials procured by the municipality towards repairs and maintenance. The municipality procures stores items which is often used by internal staff for maintenance of infrastructure which is undertaken internally.

**Contracted Services** for 2021/22 the appropriation against this group of expenditure has been increased by 1 per cent (R56.7 million) and it has grown by 4.9 for the two outer years of which budget allocation is in excess of R61.8 million by 2022/23.

As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2021/22 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 the compilation of the 2020/2021 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, however it was also noted that municipality is currently in no position to fully perform these services internally, such as lease of refuse truck and provision of Security Services as the municipality does not have full capacity to perform them internally.

During the compilation of the 2021/22 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 2021/22 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.

This budget comprise of amongst others the purchase of materials for maintenance, cleaning materials and also outsourcing services related to repairs & maintenance. 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.

**Transfers & Subsidies:** As part of compilation of the 2021/22 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced by annual reviewing of indigent register so as to ensure that deserving beneficiaries were qualifying.

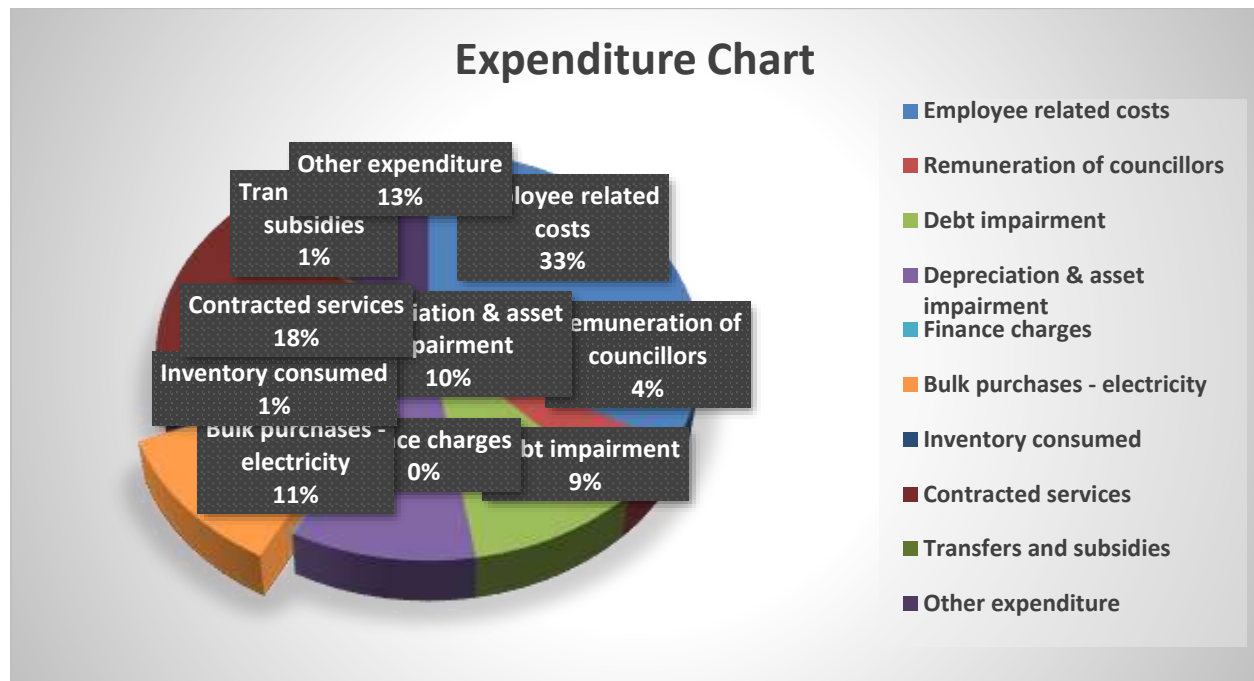
In the 2021/22 financial year, this group of expenditure totals R1.9 million and has increased by 16.1 per cent; increase in this item has also considered the percentage increase of 6.22 per cent and increase in the number of beneficiaries that qualify for free basic electricity from 1876 to 1900.

Budget allocated for free basic refuse has also considered the current year's actual performance and also, we have effected 5 per cent increase, furthermore we have considered the level of demand based on the number of households the municipality will be providing this service to which has increased from 23700 to 26 431 due to additional households that qualify for free basic refuse within the municipality.

**Other expenditure** comprises of various line items relating to the daily operations of the municipality. Other expenditure has been decreased from R41.9 million to R41.2 million with a decrease of 2 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 containment regulations that were issued on the 7<sup>th</sup> June 2020 to take effect on the 1<sup>st</sup> July 2021.

Furthermore, it should be noted that other expenditure exceeds the allocated norm of 10 per cent by 12.7 per cent, variance is due to critical operations by the municipality which needs to be prioritized as they contribute to improved service delivery, however this item will be regularly monitored so as to ensure realistic targets are met. The municipality has reprioritized its programs to consider the changes introduced by COVID 19, as the municipality has cancelled most of the projects that group larger number of community members, to reprioritize service delivery projects.

The following table gives a breakdown of the main expenditure categories for the 2021/22 financial year.



**Figure 1 Main operational expenditure categories for the 2021/22 financial year**

### 1.8.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2021/22 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	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>Repairs and Maintenance</b>	8									
Employee related costs		6 648	13 686	16 781	19 652	21 764	21 764	23 633	25 663	27 868
Inventory Consumed (Project Maintenance)		10 530	12 316	18 777	8 068	8 068	8 068	-	-	-
Contracted Services		3 115	9 431	7 949	16 875	19 345	19 345	19 275	19 920	20 609
Other Expenditure								6 093	6 348	6 628
<b>Total Repairs and Maintenance Expenditure</b>	9	<b>20 293</b>	<b>35 432</b>	<b>43 507</b>	<b>44 595</b>	<b>49 177</b>	<b>49 177</b>	<b>49 001</b>	<b>51 932</b>	<b>55 105</b>

During the compilation of the 2021/22 MTREF operational repairs and maintenance were 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 12.4 per cent in the 2021/22 financial year, from R49.1 million to R55.1 million. The total allocation for 2021/22 equates to R49.0 million a increase of 4 per cent in relation to the Adjustment Budget and continues to grow at 5.9 and 6.1 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 8.0 and 6.2 per cent for the respective financial years of the MTREF which is above the norm of 8.

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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>EXPENDITURE OTHER ITEMS</b>		<b>31 103</b>	<b>36 534</b>	<b>36 916</b>	<b>47 063</b>	<b>49 533</b>	<b>49 533</b>	<b>52 001</b>	<b>53 671</b>	<b>54 611</b>
<b>Depreciation</b>	7	27 988	27 103	28 967	30 188	30 188	30 188	32 726	33 751	34 001
<b>Repairs and Maintenance by Asset Class</b>	3	<b>3 115</b>	<b>9 431</b>	<b>7 949</b>	<b>16 875</b>	<b>19 345</b>	<b>19 345</b>	<b>19 275</b>	<b>19 920</b>	<b>20 609</b>
<i>Roads Infrastructure</i>		977	3 884	2 337	5 710	4 780	4 780	4 950	5 118	5 285
<i>Storm water Infrastructure</i>		293	120	73	1 600	1 600	1 600	1 250	1 303	1 360
<i>Electrical Infrastructure</i>		539	1 790	991	2 350	2 400	2 400	3 250	3 367	3 486
<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>		-	78	312	350	350	350	3 000	3 126	3 264
<b>Infrastructure</b>		<b>1 809</b>	<b>5 873</b>	<b>3 713</b>	<b>10 010</b>	<b>9 130</b>	<b>9 130</b>	<b>12 450</b>	<b>12 913</b>	<b>13 394</b>
Community Facilities		9	6	245	995	1 445	1 445	825	860	897
Sport and Recreation Facilities		-	279	123	500	500	500	1 250	1 198	1 251
<b>Community Assets</b>		<b>9</b>	<b>284</b>	<b>367</b>	<b>1 495</b>	<b>1 945</b>	<b>1 945</b>	<b>2 075</b>	<b>2 058</b>	<b>2 149</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		77	144	514	750	1 450	1 450	250	261	272
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>77</b>	<b>144</b>	<b>514</b>	<b>750</b>	<b>1 450</b>	<b>1 450</b>	<b>250</b>	<b>261</b>	<b>272</b>
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	164	150	150	150	-	-	-
Furniture and Office Equipment		1	-	103	300	300	300	-	-	-
Machinery and Equipment		1 219	3 129	3 088	4 170	6 370	6 370	4 500	4 689	4 795
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>31 103</b>	<b>36 534</b>	<b>36 916</b>	<b>47 063</b>	<b>49 533</b>	<b>49 533</b>	<b>52 001</b>	<b>53 671</b>	<b>54 611</b>

For the 2021/22 financial year 64.9 per cent or R12.5 million of total repairs and maintenance will be spent on infrastructure assets. Infrastructure assets and Machinery & equipment have been allocated R4.5 million of total repairs and maintenance equating to 23.4 per cent, Community assets have been allocated R1.9 million of total repairs and maintenance equating to 10.2 per cent.

## 1.9 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 2021/22 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 basic 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.

## 1.10 Capital expenditure

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

**Table 11 2021/22 Medium-term capital budget per vote**

Vote Description	R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework					%
		Adjusted Budget	%	Budget Year 2021/22	%	Budget Year +1 2022/23	%	Budget Year +2 2023/24	
<b>Single-year expenditure to be approved</b>	2								
Vote 1 - Executive and council		650	0.70	20	0.03	–		–	
Vote 2 - Finance and administration		2 975	3.19	5 150	6.97	–		–	
Vote 3 - Internal audit		–	–	–	–	–		–	
Vote 4 - Community and social services		8 122	8.72	10 108	13.67	–		–	
Vote 5 - Sport and Recreation		7 670	8.23	5 754	7.78	10 150	23.58	–	
Vote 6 - Public safety		1 730	1.86	–	–	–		–	
Vote 7 - Housing		200	0.21	–	–	–		–	
Vote 8 - Planning and Development		17 900	19.21	9 985	13.51	5 000	11.62	6 500	14.09
Vote 9 - Road transport		49 945	53.59	30 703	41.53	27 892	64.80	39 636	85.91
Vote 10 - Energy sources		2 260	2.43	8 200	11.09	–		–	
Vote 11 - Waste Management		1 740	1.87	4 000	5.41	–		–	
Vote 12 - Environmental Protection		–	–	–	–	–		–	
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–		–	
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–		–	
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–		–	
<b>Capital single-year expenditure sub-total</b>		<b>93 192</b>	<b>100%</b>	<b>73 920</b>	<b>100%</b>	<b>43 042</b>	<b>100%</b>	<b>46 136</b>	<b>100%</b>
<b>Total Capital Expenditure - Vote</b>		<b>93 192</b>	<b>100%</b>	<b>73 920</b>	<b>100%</b>	<b>43 042</b>	<b>100%</b>	<b>46 136</b>	<b>100%</b>

For 2021/22 an amount of R15.4 million have been appropriated for the development of infrastructure which represents 26.1 per cent of the total capital budget. In the outer years this amount totals R19.8 million and increases to R11.5 million respectively for each of the financial years. Community assets have been allocated R9.6 which represents 16.3 per cent. Transport and roads receive the highest allocation of R25.9 million in 2021/22 which equates to 43.9 per cent followed by Other Assets at 13.9 per cent or R8.9 million.

Total new assets represent 54.4 per cent or R32.1 million of the total capital budgets while renewal of existing assets represents 3.4 per cent or 1.7 million and upgrading of existing assets equates to 42.8 per cent or R25.2 million.

Capital budget funded from grants through National & Provincial Treasury equates to R36.5 million or 49.4 per cent. National Grant have been funded by MIG allocation of 95 per cent of the total allocation as 5 per cent has been allocated towards PMU.

Capital Budget funded through provincial grants have split as follows for Library Grant of R1.2 million which represents 1.6 per cent of total allocated grant. Budget allocated is in accordance with the approved business plan for Library Grant through the Department of Arts & Culture.

Capital funded internally equates to 50.6 per cent or R37.4 million, which has been funded from cash backed reserves from previous year. The municipality has prioritized the Establishment of DLTC Centre which has been allocated budget of R5 million. Establishment of this center is one of the strategies in the revenue enhancement strategy as the municipality anticipates to improve revenue collection upon completion and operation of the training center. Furthermore, it should be noted that there have been activities such as land surveyor and the project is out on tender for construction in this current year.

Furthermore, to that the municipality has prioritized the upgrading of roads infrastructure which will be funded internally as it was noted that they are not in a condition due to its aging of its infrastructure, this is to ensure that there is improved service delivery.

### **1.11 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 2021/22 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**

KZN291 Mandeni - Table A1 Budget Summary										
Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	37 601	40 080	46 606	52 479	52 479	52 479	(82 539)	46 642	52 239	60 255
Service charges	34 072	32 774	37 807	43 076	43 076	43 076	(43 803)	48 762	56 046	63 012
Investment revenue	2 983	4 893	6 819	3 500	4 150	4 150	4 652	4 950	5 158	5 385
Transfers recognised - operational	140 949	155 084	174 636	191 346	229 735	229 735	225 124	200 340	211 711	210 023
Other own revenue	53 055	16 573	26 942	20 935	8 835	8 835	5 839	8 470	8 826	9 214
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>268 661</b>	<b>249 404</b>	<b>292 810</b>	<b>311 336</b>	<b>338 276</b>	<b>338 276</b>	<b>109 273</b>	<b>309 163</b>	<b>333 979</b>	<b>347 889</b>
Employee costs	76 926	84 280	99 700	110 037	110 037	110 037	84 628	107 819	112 304	117 192
Remuneration of councillors	12 666	13 023	13 249	14 087	14 087	14 087	11 349	14 643	15 258	15 929
Depreciation & asset impairment	27 988	27 712	30 298	30 188	30 188	30 188	23 786	32 726	33 751	34 001
Finance charges	996	680	919	650	650	650	3	400	328	320
Inventory consumed and bulk purchase	16 052	22 399	25 118	32 174	33 736	33 736	27 595	37 432	38 775	40 486
Transfers and grants				1 622	1 622	1 622	1 433	1 883	1 918	1 999
Other expenditure	98 608	110 325	114 086	120 258	130 897	130 897	93 411	128 560	130 630	136 281
<b>Total Expenditure</b>	<b>233 235</b>	<b>258 420</b>	<b>283 370</b>	<b>309 016</b>	<b>321 217</b>	<b>321 217</b>	<b>242 206</b>	<b>323 462</b>	<b>332 965</b>	<b>346 208</b>
<b>Surplus/(Deficit)</b>	<b>35 427</b>	<b>(9 016)</b>	<b>9 440</b>	<b>2 319</b>	<b>17 058</b>	<b>17 058</b>	<b>(132 933)</b>	<b>(14 299)</b>	<b>1 014</b>	<b>1 680</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	40 834	39 577	16 279	34 208	44 367	44 367	29 860	35 370	38 042	39 636
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and		288	2 159					1 170		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>76 261</b>	<b>30 849</b>	<b>27 878</b>	<b>36 527</b>	<b>61 425</b>	<b>61 425</b>	<b>(103 073)</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>76 261</b>	<b>30 849</b>	<b>27 878</b>	<b>36 527</b>	<b>61 425</b>	<b>61 425</b>	<b>(103 073)</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>248 533</b>	<b>237 694</b>	<b>254 468</b>	<b>59 655</b>	<b>93 192</b>	<b>93 192</b>	<b>-</b>	<b>73 920</b>	<b>43 042</b>	<b>46 136</b>
Transfers recognised - capital	147 014	138 744	151 564	34 949	46 682	46 682		36 540	38 042	39 636
Borrowing	5 207	3 881	3 881							
Internally generated funds	96 312	95 070	99 023	24 706	46 511	46 511		37 380	5 000	6 500
<b>Total sources of capital funds</b>	<b>248 533</b>	<b>237 694</b>	<b>254 468</b>	<b>59 655</b>	<b>93 192</b>	<b>93 192</b>	<b>-</b>	<b>73 920</b>	<b>43 042</b>	<b>46 136</b>
<b>Financial position</b>										
Total current assets	127 402	113 772	154 065	(4 925)	171 611	171 611	235 713	153 161	239 540	248 102
Total non current assets	487 303	502 174	506 994	593 207	575 943	575 943	950 214	620 443	619 149	655 377
Total current liabilities	55 359	33 489	51 108	9 081	23 721	23 721	(48 885)	21 710	17 333	16 950
Total non current liabilities	14 403	14 015	15 827	(17 475)	20 085	20 085	(15 827)	20 924	21 701	22 386
Community wealth/Equity	430 068	429 732	429 818	667 377	702 188	702 188	#####	730 971	819 655	864 144
<b>Cash flows</b>										
Net cash from (used) operating	26 105	53 591	77 360	308 917	134 666	134 666	209 258	55 228	66 976	58 817
Net cash from (used) investing					(3 660)	(3 660)		(73 920)	(43 042)	(46 136)
Net cash from (used) financing	2 704	1 890	893	(1 317)			893	(400)	(328)	(320)
<b>Cash/cash equivalents at the year end</b>	<b>28 809</b>	<b>55 482</b>	<b>108 254</b>	<b>307 600</b>	<b>242 183</b>	<b>242 183</b>	<b>365 152</b>	<b>100 797</b>	<b>124 403</b>	<b>136 764</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	36 030	60 635	111 182	58 759	120 219	120 219	213 082	100 797	187 643	188 744
Application of cash and investments	38 110	27 680	44 434	51 923	(29 792)	(29 792)	(46 371)	(13 945)	(15 168)	(16 953)
<b>Balance - surplus (shortfall)</b>	<b>(2 080)</b>	<b>32 954</b>	<b>66 748</b>	<b>6 836</b>	<b>150 012</b>	<b>150 012</b>	<b>259 453</b>	<b>114 742</b>	<b>202 811</b>	<b>205 697</b>
<b>Asset management</b>										
Asset register summary (WDV)	487 303	502 174	506 994	593 207	550 545	550 545	550 545	620 443	619 149	655 377
Depreciation	27 988	27 103	28 967	30 188	30 188	30 188	30 188	32 726	33 751	34 001
Renewal and Upgrading of Existing	209 104	201 738	223 616	26 042	45 352	45 352	45 352	39 131	27 892	39 636
Repairs and Maintenance	3 115	9 431	7 949	16 875	19 345	19 345	19 345	19 275	19 920	20 609
<b>Free services</b>										
Cost of Free Basic Services provided		505	636	727	727	727	807	807	841	876
Revenue cost of free services provided	1 512	9 050	0	15 030	15 030	15 030	16 418	16 418	17 108	17 461
<b>Households below minimum service level</b>										
Water:										
Sanitation/sewerage:	0	0	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 2021/22, 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 Descriptive	Re	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue - Functional</b>										
<b>Governance and administration</b>	1	251 253	72 058	221 149	255 023	290 297	290 297	247 561	265 777	272 385
Executive and council		2 499	—	—	7 498	7 498	7 498	7 806	8 048	8 362
Finance and administration		248 754	72 058	221 149	247 525	282 799	282 799	239 755	257 729	264 023
Internal audit		—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		2 963	151 113	47 510	5 166	7 650	7 650	4 364	4 579	4 586
Community and social services		2 867	151 076	47 510	5 166	7 650	7 650	4 364	4 579	4 586
Sport and recreation		0	—	—	—	—	—	—	—	—
Public safety		95	37	1	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental serv</b>		45 210	44 152	20 428	39 601	48 061	48 061	40 782	41 206	42 935
Planning and development		38 781	37 752	13 076	35 478	43 938	43 938	39 832	40 216	41 901
Road transport		6 429	6 400	7 351	4 123	4 123	4 123	950	990	1 033
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		10 070	22 452	22 797	46 480	37 361	37 361	52 997	60 458	67 619
Energy sources		1 619	5 008	5 910	29 696	24 459	24 459	39 454	45 346	51 300
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		8 450	17 444	16 887	16 784	12 902	12 902	13 543	15 112	16 319
<b>Other</b>	4	—	—	—	—	—	—	—	—	—
<b>Total Revenue - Functional</b>	2	309 496	289 774	311 884	346 270	383 369	383 369	345 704	372 021	387 524
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		116 914	138 938	147 179	147 441	157 558	157 558	151 860	156 816	163 435
Executive and council		36 493	36 465	35 064	44 638	47 994	47 994	47 939	49 301	51 498
Finance and administration		80 422	102 283	111 955	102 503	108 864	108 864	102 382	105 911	110 263
Internal audit		—	189	160	300	700	700	1 539	1 604	1 674
<b>Community and public safety</b>		31 447	34 721	40 535	41 711	42 428	42 428	44 710	45 554	46 770
Community and social services		27 313	30 321	33 383	32 365	32 241	32 241	31 218	31 610	32 252
Sport and recreation		3 803	4 212	6 949	8 444	9 144	9 144	12 592	13 007	13 539
Public safety		331	142	139	902	1 042	1 042	880	917	957
Housing		—	47	64	—	—	—	20	21	22
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental serv</b>		51 756	53 296	55 294	68 705	68 328	68 328	71 347	72 675	75 597
Planning and development		16 364	16 278	15 971	20 343	20 985	20 985	21 226	21 161	22 122
Road transport		30 904	32 008	35 339	40 901	39 881	39 881	47 451	48 785	50 625
Environmental protection		4 488	5 009	3 983	7 461	7 461	7 461	2 669	2 729	2 849
<b>Trading services</b>		29 748	38 955	43 249	51 159	52 904	52 904	55 545	57 919	60 407
Energy sources		23 567	31 419	34 546	39 722	41 782	41 782	47 420	49 348	51 459
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		6 181	7 535	8 703	11 437	11 122	11 122	8 125	8 571	8 948
<b>Other</b>	4	—	—	—	—	—	—	—	—	—
<b>Total Expenditure - Functional</b>	3	229 866	265 909	286 257	309 016	321 217	321 217	323 462	332 965	346 208
<b>Surplus/(Deficit) for the year</b>		79 630	23 865	25 627	37 254	62 152	62 152	22 241	39 056	41 316

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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and council		2 499	–	–	7 498	7 498	7 498	7 806	8 048	8 362
Vote 2 - Finance and administration		248 754	72 058	221 149	247 525	282 799	282 799	239 755	257 729	264 023
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		2 867	151 076	47 510	5 166	7 650	7 650	4 364	4 579	4 586
Vote 5 - Sport and Recreation		0	–	–	–	–	–	–	–	–
Vote 6 - Public safety		95	37	1	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		38 781	37 752	13 076	35 478	43 938	43 938	39 832	40 216	41 901
Vote 9 - Road transport		6 429	6 400	7 351	4 123	4 123	4 123	950	990	1 033
Vote 10 - Energy sources		1 619	5 008	5 910	29 696	24 459	24 459	39 454	45 346	51 300
Vote 11 - Waste Management		8 450	17 444	16 887	16 784	12 902	12 902	13 543	15 112	16 319
Vote 12 - Environmental Protection		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>	2	<b>309 496</b>	<b>289 774</b>	<b>311 884</b>	<b>346 270</b>	<b>383 369</b>	<b>383 369</b>	<b>345 704</b>	<b>372 021</b>	<b>387 524</b>
<b>Expenditure by Vote to be approved</b>	1									
Vote 1 - Executive and council		36 493	36 465	35 064	44 638	47 994	47 994	47 939	49 301	51 498
Vote 2 - Finance and administration		80 422	102 283	111 955	102 503	108 864	108 864	102 382	105 911	110 263
Vote 3 - Internal audit		–	189	160	300	700	700	1 539	1 604	1 674
Vote 4 - Community and social services		27 313	30 321	33 383	32 365	32 241	32 241	31 218	31 610	32 252
Vote 5 - Sport and Recreation		3 803	4 212	6 949	8 444	9 144	9 144	12 592	13 007	13 539
Vote 6 - Public safety		331	142	139	902	1 042	1 042	880	917	957
Vote 7 - Housing		–	47	64	–	–	–	20	21	22
Vote 8 - Planning and Development		16 364	16 278	15 971	20 343	20 985	20 985	21 226	21 161	22 122
Vote 9 - Road transport		30 904	32 008	35 339	40 901	39 881	39 881	47 451	48 785	50 625
Vote 10 - Energy sources		23 567	31 419	34 546	39 722	41 782	41 782	47 420	49 348	51 459
Vote 11 - Waste Management		6 181	7 535	8 703	11 437	11 122	11 122	8 125	8 571	8 948
Vote 12 - Environmental Protection		4 488	5 009	3 983	7 461	7 461	7 461	2 669	2 729	2 849
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>	2	<b>229 866</b>	<b>265 909</b>	<b>286 257</b>	<b>309 016</b>	<b>321 217</b>	<b>321 217</b>	<b>323 462</b>	<b>332 965</b>	<b>346 208</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>79 630</b>	<b>23 865</b>	<b>25 627</b>	<b>37 254</b>	<b>62 152</b>	<b>62 152</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</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)**

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	Re	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>	1									
<b>Revenue By Source</b>										
Property rates	2	40 626	58 180	46 606	52 479	52 479	52 479	46 642	52 239	60 255
Service charges - electricity revenue	2	25 622	24 368	29 909	33 865	33 865	33 865	39 216	45 099	51 042
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	8 450	8 911	8 534	9 938	9 938	9 938	9 546	10 947	11 970
Rental of facilities and equipment		333	170	204	280	180	180	130	135	141
Interest earned - external investments		2 983	4 893	6 819	3 500	4 150	4 150	4 950	5 158	5 385
Interest earned - outstanding debtors		15 071	13 851	11 830	18 136	6 136	6 136	6 740	7 023	7 332
Dividends received		50	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		378	404	131	449	449	449	265	276	288
Licences and permits		1 207	1 133	762	1 381	1 381	1 381	695	724	756
Agency services		—	—	—	—	—	—	—	—	—
Transfers and subsidies		140 949	155 084	174 636	191 346	229 735	229 735	200 340	211 711	210 023
Other revenue	2	669	1 015	1 776	689	689	689	640	667	696
Gains		35 346	—	12 239	—	—	—	—	—	—
<b>Total Revenue (excluding capital transfers and</b>		<b>271 686</b>	<b>268 009</b>	<b>293 446</b>	<b>312 062</b>	<b>339 002</b>	<b>339 002</b>	<b>309 163</b>	<b>333 979</b>	<b>347 889</b>
<b>Expenditure By Type</b>										
Employee related costs	2	76 926	84 280	99 700	110 037	110 037	110 037	107 819	112 304	117 192
Remuneration of councillors		12 666	13 023	13 249	14 087	14 087	14 087	14 643	15 258	15 929
Debt impairment	3	15 145	41 621	48 224	32 708	32 708	32 708	30 635	31 922	33 326
Depreciation & asset impairment	2	27 988	27 712	30 298	30 188	30 188	30 188	32 726	33 751	34 001
Finance charges		996	680	919	650	650	650	400	328	320
Bulk purchases - electricity	2	16 565	22 907	26 098	29 201	30 401	30 401	35 143	36 619	38 231
Inventory consumed	8	(513)	(508)	(980)	508	—	—	2 288	2 156	2 255
Contracted services		29 597	39 078	34 792	49 361	56 225	56 225	56 718	56 945	59 478
Transfers and subsidies		—	—	—	1 622	1 622	1 622	1 883	1 918	1 999
Other expenditure	4, 5	36 080	28 573	30 329	38 189	41 964	41 964	41 206	41 764	43 476
Losses		17 786	1 053	740	—	—	—	—	—	—
<b>Total Expenditure</b>		<b>233 235</b>	<b>258 420</b>	<b>283 370</b>	<b>306 552</b>	<b>317 882</b>	<b>317 882</b>	<b>323 462</b>	<b>332 965</b>	<b>346 208</b>
<b>Surplus/(Deficit)</b>		<b>38 452</b>	<b>9 590</b>	<b>10 076</b>	<b>5 511</b>	<b>21 121</b>	<b>21 121</b>	<b>(14 299)</b>	<b>1 014</b>	<b>1 680</b>
Transfers and subsidies - capital (monetary allocations) (National)		40 834	39 577	16 279	34 208	44 367	44 367	35 370	38 042	39 636
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations,	6	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-		—	288	2 159	—	—	—	1 170	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>79 286</b>	<b>49 455</b>	<b>28 515</b>	<b>39 718</b>	<b>65 487</b>	<b>65 487</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</b>
Taxation		—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after taxation</b>		<b>79 286</b>	<b>49 455</b>	<b>28 515</b>	<b>39 718</b>	<b>65 487</b>	<b>65 487</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</b>
Attributable to minorities		—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) attributable to municipality</b>		<b>79 286</b>	<b>49 455</b>	<b>28 515</b>	<b>39 718</b>	<b>65 487</b>	<b>65 487</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</b>
Share of surplus/ (deficit) of associate	7	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>		<b>79 286</b>	<b>49 455</b>	<b>28 515</b>	<b>39 718</b>	<b>65 487</b>	<b>65 487</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</b>

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

Total revenue is R309.1 million in 2021/22 and escalates to R323.9 million by 2022/23. This represents a year-on-year increase of 5 per cent for the 2021/22 financial year and 4.4 per cent for the 2022/23 financial year.

Revenue to be generated from property rates is 52.5 million in the 2021/22 financial year and increases to R57.4 million by 2022/23 which represents 16.9 per cent of the operating revenue base of the Municipality. Increase in property rates has considered the increase in other tariffs by 5 per cent.

Services charges relating to electricity and refuse removal constitutes the component of the revenue basket of the Municipality totaling R43.8 million for the 2021/22 financial year and increasing to R59.2 million by 2022/23. For the 2021/22 financial year services charges amount to 14.1 per cent of the total revenue base and grows by 31.5 per cent per annum over the medium-term. This growth has mainly been attributed by effecting 14.59 per cent increase for electricity and 4.5 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 decreased in the 2021/22 financial year from R280 thousand to R130 thousand with a decrease of 53%. Budget amount has also considered the increase on rental tariffs at 5%, decrease in the budget has considered the level of demand for the utilization of municipal properties and the actual collection to date. Furthermore, it should be noted that rental from facilities and equipment has been affected by COVID since the municipality is expected to adhere to Regulations which does not allow gathering of people which exceed the allocated number as per regulations.

Though there has been a decrease in the revenue generated from this service as a result of the Lockdown and the decrease of social, religious and recreational gatherings, with the current roll out of the Vaccines anticipate that the situation on the ground will change and the budget performance will improve, we have however ensured that we do not become over optimistic in this line item but rather realistic considering the conditions on the ground

However, it has been noted that with community facilities there is a 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.

Interest on external investments have been increased from R4.2 million to R5.0 million for 2021/22 financial year, increase of 19.2 per cent has considered the projected closing balance for investments and the 2021/22 and Gazetted Grants which will transferred to the municipality as publicized. The municipality has applied the market interest rate of 8.75 per cent which is below the current interest rate of 8.75 per cent so as to set realistic targets.

Interest on external Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of R5.0 million, R5.2 million and R5.4 million for the respective three financial years of the 2021/22 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.

Interest on Outstanding have been increased from R6.1 million to R6.7 million for 2021/22; increase of 9.8 per cent is based on the level of outstanding debtors as the large bulk of debt is due to Ingonyama Trust and Households. Debt Collection initiatives are being done so as to encourage consumers to settle their debts, however interest is still to be charged on outstanding debt.

Interest rate has been decreased from 10% to 2%, this has greatly decreased the Interest on outstanding debtors Revenue, The exemption of State Trust and Communal Land category will mainly be applicable to the Ingonyama Trust Board Properties, this is the most defaulting consumer and it forms a large part of our debt book therefore the suspension of it billing will result to a significant decline in the Interest revenue.

Fines have been increased from R449 thousand to R265 thousand; decrease of 40.9 percent, proposed budget for fines is based on the current year's actual performance for 2020/21 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 which is recognized at year end.

Licenses & Permits have been increased from R1.4 million to R695 thousand for 2021/22 financial year; decrease of 49.6 percent is based on the current year's actual performance and level of demand for this source. Budget allocated has also considered the percentage increase of 5 per cent which has been effected for various license & Permits tariffs for Traffic Department , further to that budget allocated has also considered the actual performance to date for licenses and permits.

Other revenue has been decreased from R689 thousand to R640 thousand for 2021/22 financial year decrease of 7.1 per cent has considered the increase in tariffs by 5 per cent for photocopy, fire services and connection fees, furthermore to that level of performance has been considered in determining the budget estimates for these revenue sources.

Transfers recognised – operational 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 decreased over the MTREF by 12.7 per cent and then increases by 5.6 per cent to 0.7 per cent for the two outer years. Furthermore, 5 per cent of the MIG allocation has been allocated towards the Project Management Unit as per the approved business plan in accordance with Schedule 5-part B, therefore R1.8 million has been allocated towards operation activities of the PMU unit.

Bulk purchases have significantly increased over the 2020/21 adjustment budget to 2021/22 period escalating from R30.4 million to R35.1 million. This increase is attributed to the substantial increase in the cost bulk electricity from Eskom; the municipality has effected proposed increase of 17.8 per cent for bulk purchases by NERSA furthermore the increase in bulk purchases has considered the current level of demand by Umngeni Water based on the consumption per kilowatts to date.

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**

Vote Description	Re	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Single-year expenditure to be applied</b>	2									
Vote 1 - Executive and council		1 525	3 949	1 525	650	650	650	20	-	-
Vote 2 - Finance and administration		52 807	55 799	58 884	2 300	2 975	2 975	5 150	-	-
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		72 708	78 835	80 707	1 788	8 122	8 122	10 108	-	-
Vote 5 - Sport and Recreation		301	301	301	8 110	7 670	7 670	5 754	10 150	-
Vote 6 - Public safety		-	-	-	1 790	1 730	1 730	-	-	-
Vote 7 - Housing		-	-	-	200	200	200	-	-	-
Vote 8 - Planning and Development		13 822	25	1 638	15 651	17 900	17 900	9 985	5 000	6 500
Vote 9 - Road transport		83 679	72 627	90 937	26 176	49 945	49 945	30 703	27 892	39 636
Vote 10 - Energy sources		23 692	26 158	20 476	2 150	2 260	2 260	8 200	-	-
Vote 11 - Waste Management		-	-	-	840	1 740	1 740	4 000	-	-
Vote 12 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>248 533</b>	<b>237 694</b>	<b>254 468</b>	<b>59 655</b>	<b>93 192</b>	<b>93 192</b>	<b>73 920</b>	<b>43 042</b>	<b>46 136</b>
<b>Total Capital Expenditure - Vote</b>		<b>248 533</b>	<b>237 694</b>	<b>254 468</b>	<b>59 655</b>	<b>93 192</b>	<b>93 192</b>	<b>73 920</b>	<b>43 042</b>	<b>46 136</b>
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>		<b>54 331</b>	<b>59 748</b>	<b>60 409</b>	<b>2 950</b>	<b>3 625</b>	<b>3 625</b>	<b>5 170</b>	<b>-</b>	<b>-</b>
Executive and council		1 525	3 949	1 525	650	650	650	20	-	-
Finance and administration		52 807	55 799	58 884	2 300	2 975	2 975	5 150	-	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>73 010</b>	<b>79 136</b>	<b>81 008</b>	<b>11 888</b>	<b>17 722</b>	<b>17 722</b>	<b>15 863</b>	<b>10 150</b>	<b>-</b>
Community and social services		72 708	78 835	80 707	1 788	8 122	8 122	10 108	-	-
Sport and recreation		301	301	301	8 110	7 670	7 670	5 754	10 150	-
Public safety		-	-	-	1 790	1 730	1 730	-	-	-
Housing		-	-	-	200	200	200	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>97 500</b>	<b>72 652</b>	<b>92 574</b>	<b>41 827</b>	<b>67 845</b>	<b>67 845</b>	<b>40 688</b>	<b>32 892</b>	<b>46 136</b>
Planning and development		13 822	25	1 638	15 651	17 900	17 900	9 985	5 000	6 500
Road transport		83 679	72 627	90 937	26 176	49 945	49 945	30 703	27 892	39 636
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>23 692</b>	<b>26 158</b>	<b>20 476</b>	<b>2 990</b>	<b>4 000</b>	<b>4 000</b>	<b>12 200</b>	<b>-</b>	<b>-</b>
Energy sources		23 692	26 158	20 476	2 150	2 260	2 260	8 200	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	840	1 740	1 740	4 000	-	-
<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 - Functional</b>	3	<b>248 533</b>	<b>237 694</b>	<b>254 468</b>	<b>59 655</b>	<b>93 192</b>	<b>93 192</b>	<b>73 920</b>	<b>43 042</b>	<b>46 136</b>
<b>Funded by:</b>										
National Government		147 014	138 512	151 333	33 977	43 021	43 021	35 370	38 042	39 636
Provincial Government		-	231	231	972	3 660	3 660	1 170	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>147 014</b>	<b>138 744</b>	<b>151 564</b>	<b>34 949</b>	<b>46 682</b>	<b>46 682</b>	<b>36 540</b>	<b>38 042</b>	<b>39 636</b>
<b>Borrowing</b>	6	<b>5 207</b>	<b>3 881</b>	<b>3 881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>96 312</b>	<b>95 070</b>	<b>99 023</b>	<b>24 056</b>	<b>46 511</b>	<b>46 511</b>	<b>37 380</b>	<b>5 000</b>	<b>6 500</b>
<b>Total Capital Funding</b>	7	<b>248 533</b>	<b>237 694</b>	<b>254 468</b>	<b>59 005</b>	<b>93 192</b>	<b>93 192</b>	<b>73 920</b>	<b>43 042</b>	<b>46 136</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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		34 402	58 901	109 354	58 759	120 219	120 219	86 174	6 448	38 502	40 236
Call investment deposits	1	1 628	1 734	1 828	–	–	–	126 908	94 349	149 142	148 508
Consumer debtors	1	42 113	66 414	68 854	(59 175)	52 330	52 330	52 330	44 093	48 644	56 014
Other debtors		48 746	(13 785)	(26 951)	(4 000)	(1 918)	(1 918)	(30 704)	7 247	2 253	2 299
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	513	508	980	(508)	980	980	1 005	1 025	1 000	1 044
<b>Total current assets</b>		<b>127 402</b>	<b>113 772</b>	<b>154 065</b>	<b>(4 925)</b>	<b>171 611</b>	<b>171 611</b>	<b>235 713</b>	<b>153 161</b>	<b>239 540</b>	<b>248 102</b>
<b>Non current assets</b>											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		57 922	57 877	70 116	57 877	70 116	70 116	70 116	70 116	70 116	70 116
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	428 277	443 462	436 098	534 711	505 047	505 047	879 406	549 237	547 896	584 075
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		1 105	836	780	619	780	780	692	1 091	1 137	1 187
Other non-current assets		–	–	–	–	–	–	–	–	–	–
<b>Total non current assets</b>		<b>487 303</b>	<b>502 174</b>	<b>506 994</b>	<b>593 207</b>	<b>575 943</b>	<b>575 943</b>	<b>950 214</b>	<b>620 443</b>	<b>619 149</b>	<b>655 377</b>
<b>TOTAL ASSETS</b>		<b>614 705</b>	<b>615 947</b>	<b>661 058</b>	<b>588 283</b>	<b>747 554</b>	<b>747 554</b>	<b>1 185 927</b>	<b>773 605</b>	<b>858 688</b>	<b>903 479</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	3 761	2 704	1 764	(1 317)	440	440	(1 764)	780	902	964
Consumer deposits		361	176	116	211	320	320	35	283	194	99
Trade and other payables	4	48 980	28 834	47 109	10 188	22 961	22 961	(49 276)	20 698	16 237	15 886
Provisions		2 258	1 775	2 120	–	–	–	2 120	(51)	–	–
<b>Total current liabilities</b>		<b>55 359</b>	<b>33 489</b>	<b>51 108</b>	<b>9 081</b>	<b>23 721</b>	<b>23 721</b>	<b>(48 885)</b>	<b>21 710</b>	<b>17 333</b>	<b>16 950</b>
<b>Non current liabilities</b>											
Borrowing		–	–	–	289	440	440	–	725	654	413
Provisions		14 403	14 015	15 827	(17 764)	19 645	19 645	(15 827)	20 198	21 046	21 972
<b>Total non current liabilities</b>		<b>14 403</b>	<b>14 015</b>	<b>15 827</b>	<b>(17 475)</b>	<b>20 085</b>	<b>20 085</b>	<b>(15 827)</b>	<b>20 924</b>	<b>21 701</b>	<b>22 386</b>
<b>TOTAL LIABILITIES</b>		<b>69 762</b>	<b>47 504</b>	<b>66 934</b>	<b>(8 394)</b>	<b>43 806</b>	<b>43 806</b>	<b>(64 712)</b>	<b>42 634</b>	<b>39 033</b>	<b>39 335</b>
<b>NET ASSETS</b>	5	<b>544 942</b>	<b>568 443</b>	<b>594 124</b>	<b>596 677</b>	<b>703 748</b>	<b>703 748</b>	<b>1 250 639</b>	<b>730 971</b>	<b>819 655</b>	<b>864 144</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		227 395	227 059	227 145	667 377	700 351	700 351	(816 552)	729 050	817 653	862 054
Reserves	4	202 672	202 672	202 672	–	1 837	1 837	(202 672)	1 921	2 002	2 090
<b>TOTAL COMMUNITY WEALTH/E</b>	5	<b>430 068</b>	<b>429 732</b>	<b>429 818</b>	<b>667 377</b>	<b>702 188</b>	<b>702 188</b>	<b>(1 019 224)</b>	<b>730 971</b>	<b>819 655</b>	<b>864 144</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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		1 628	1 734	1 828	35 686	70 999	70 999	1 848	26 586	26 926	27 277
Service charges		1 477	1 575	1 666	37 581	35 966	35 966	1 685	42 028	43 794	45 721
Other revenue		94	99	104	3 690	2 273	2 273	105	1 478	1 540	1 608
Transfers and Subsidies - Operat	1	14 219	42 444	55 244	196 810	239 835	239 835	183 488	204 520	216 709	215 937
Transfers and Subsidies - Capital	1	7 116	6 589	15 837	35 150	43 119	43 119	26 557	37 232	40 044	41 722
Interest		-	-	-	-	245	245	-	5 085	5 298	5 531
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		1 571	1 151	2 681	-	(255 499)	(255 499)	(4 425)	(259 418)	(265 089)	(276 660)
Finance charges		-	-	-	-	(650)	(650)	-	(400)	(328)	(320)
Transfers and Grants	1	-	-	-	-	(1 622)	(1 622)	-	(1 883)	(1 918)	(1 999)
<b>NET CASH FROM/(USED) OPERAT</b>		<b>26 105</b>	<b>53 591</b>	<b>77 360</b>	<b>308 917</b>	<b>134 666</b>	<b>134 666</b>	<b>209 258</b>	<b>55 228</b>	<b>66 976</b>	<b>58 817</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		-	-	-	-	(3 660)	(3 660)	-	(73 920)	(43 042)	(46 136)
<b>NET CASH FROM/(USED) INVESTIN</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 660)</b>	<b>(3 660)</b>	<b>-</b>	<b>(73 920)</b>	<b>(43 042)</b>	<b>(46 136)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer dep		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		2 704	1 890	893	(1 317)	-	-	893	(400)	(328)	(320)
<b>NET CASH FROM/(USED) FINANCIN</b>		<b>2 704</b>	<b>1 890</b>	<b>893</b>	<b>(1 317)</b>	<b>-</b>	<b>-</b>	<b>893</b>	<b>(400)</b>	<b>(328)</b>	<b>(320)</b>
<b>NET INCREASE/ (DECREASE) IN C.</b>		<b>28 809</b>	<b>55 482</b>	<b>78 254</b>	<b>307 600</b>	<b>131 006</b>	<b>131 006</b>	<b>210 152</b>	<b>(19 092)</b>	<b>23 606</b>	<b>12 361</b>
Cash/cash equivalents at the year	2	-	-	30 000	-	111 177	111 177	155 000	119 889	100 797	124 403
Cash/cash equivalents at the year	2	<b>28 809</b>	<b>55 482</b>	<b>108 254</b>	<b>307 600</b>	<b>242 183</b>	<b>242 183</b>	<b>365 152</b>	<b>100 797</b>	<b>124 403</b>	<b>136 764</b>

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

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

**REVENUE**

- Property rates has budgeted to collect R26.6 million or 58 per cent of the billing, the assumed collection rate is based on the actual performance in this current financial year also we have considered the actual collection as per the audited AFS 2019/20 FY, furthermore we have considered the credit control and debt collection policy.
- Service Charges: electricity has budgeted to collect R37.3 million or 95 per cent of the electricity billing, the assumed collection rate is based on the actual performance in this current financial year as the two thirds of consumers have converted to prepaid electricity and also we have considered the bulk consumer (Umngeni water works), furthermore we have also taken into consideration the collection rate per the audited AFS.

3. Service Charges: Refuse has budgeted to collect R4.8 million or 50 per cent of the refuse billing, the assumed collection rate is based on the actual performance in this current financial year also we have considered the actual collection as per the audited AFS 2019/20 FY, the municipality have noted the low collection rate of the previous year's however due to additional properties that were previously not billed we anticipate to improve in this service.
4. Rental of facilities and equipment the municipality anticipates a 100 percent collection rate at R130 thousand as rentals are collected prior the event and lease of municipal properties to employee are deducted on their salaries.
5. Interest earned on External Investments has assumed a collection rate of 100% R4.9 million based on the interest to be generated on the call accounts on grants to be transferred as publicized.
6. Interest on outstanding debtors a collection rate of 2 per cent at R135 thousand 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, Penalties and forfeits a collection rate of 5 per cent at R13 thousand has been applied, as we have taken into consideration the current year performance and also the municipality acknowledges that it recognizes its monthly receipts on cash basis and only considers treatment of iGRAP 1 at year end, however controls will be improved between the public safety department and finance so as to ensure that we accurately report for this item.
8. Fines for overdue books (library) have applied a collection rate of 100 per cent at R10 thousand.
9. Licenses and permits a 100 percent collection rate at R695 thousand has been applied due to their actual performance and performance of the business licenses and traffic department.
10. Other Revenue has budgeted to collect 100 per cent at R640 thousands of all other revenue sources, as these sources are collected prior the item is undertaken.
11. Transfers & Subsidies have been recognized at 100 per cent R204.5 million (operational) and R37.2 million (capital). Transfers and subsidized cash flow have included the INEP Allocation which have been gazette to be received by the municipality, this allocation are included in cash flow due to their agreement as the municipality serves as an agent in their regard.

**PAYMENTS**

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

12. Suppliers and employees for cash outflows totals to R261.7 million with exclusion of non-cash items Debt Impairment and depreciation of R63.4 million. Further to that we have also considered an amount of R1.6 million towards Other Cash Flow Payments for estimated closing balance of Trade Creditors.
13. Capital Assets of R73.9 million corresponds with table A5.
14. Repayment of borrowing for R400 thousand has considered financial lease obligation which the municipality has entered into an agreement of leasing of printers (Konika Minolta) and budget allocated has also considered Wesbank lease for the municipal fleet which is currently ongoing between the municipality and FNB.
15. Other cash flow/ payments have budgeted an allocation of R1.6 million towards trade creditors baseline are the Audited AFS 2019/20, as the municipality anticipates that there will be accruals paid in 2021/22 financial year.

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

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	Re	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	1	28 809	55 482	108 254	307 600	242 183	242 183	100 797	124 403	136 764
Other current investments > 90 days		7 222	5 153	2 928	(248 841)	(121 964)	(121 964)	–	63 240	51 980
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–
<b>Cash and investments available:</b>		<b>36 030</b>	<b>60 635</b>	<b>111 182</b>	<b>58 759</b>	<b>120 219</b>	<b>120 219</b>	<b>100 797</b>	<b>187 643</b>	<b>188 744</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers		10 419	9 792	26 159	(5 685)	5 589	5 589	6 720	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	27 691	17 889	18 275	57 608	(35 382)	(35 382)	(20 665)	(15 168)	(16 953)
Other provisions		–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–
<b>Total Application of cash and investments</b>		<b>38 110</b>	<b>27 680</b>	<b>44 434</b>	<b>51 923</b>	<b>(29 792)</b>	<b>(29 792)</b>	<b>(13 945)</b>	<b>(15 168)</b>	<b>(16 953)</b>
<b>Surplus(shortfall)</b>		<b>(2 080)</b>	<b>32 954</b>	<b>66 748</b>	<b>6 836</b>	<b>150 012</b>	<b>150 012</b>	<b>114 742</b>	<b>202 811</b>	<b>205 697</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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	39 430	35 955	30 851	33 613	47 841	47 841	34 790	15 150	6 500
<i>Roads Infrastructure</i>		164	6 283	7 228	604	200	200	2 062	--	--
<i>Storm water Infrastructure</i>		--	--	--	--	--	--	--	--	--
<i>Electrical Infrastructure</i>		3 711	5 675	--	500	560	560	--	--	--
<i>Water Supply Infrastructure</i>		--	--	--	--	--	--	--	--	--
<i>Sanitation Infrastructure</i>		--	--	--	--	--	--	--	--	--
<i>Solid Waste Infrastructure</i>		--	--	--	740	1 640	1 640	--	--	--
<i>Rail Infrastructure</i>		--	--	--	--	--	--	--	--	--
<i>Coastal Infrastructure</i>		--	--	--	--	--	--	--	--	--
<i>Information and Communication Infrastructure</i>		--	--	--	--	--	--	--	--	--
<b>Infrastructure</b>		3 875	11 958	7 228	1 844	2 400	2 400	2 062	--	--
Community Facilities		16 853	5 297	4 922	14 872	16 603	16 603	14 903	5 000	6 500
Sport and Recreation Facilities		301	301	301	6 930	6 770	6 770	3 364	10 150	--
<b>Community Assets</b>		17 154	5 598	5 223	21 802	23 373	23 373	18 268	15 150	6 500
<b>Heritage Assets</b>		--	--	--	--	--	--	--	--	--
Revenue Generating		--	--	--	--	--	--	--	--	--
Non-revenue Generating		--	--	--	--	--	--	--	--	--
<b>Investment properties</b>		--	--	--	--	--	--	--	--	--
Operational Buildings		--	--	--	300	400	400	300	--	--
Housing		--	--	--	--	--	--	--	--	--
<b>Other Assets</b>		--	--	--	300	400	400	300	--	--
<b>Biological or Cultivated Assets</b>		--	--	--	--	--	--	--	--	--
Servitudes		--	--	--	--	--	--	--	--	--
Licences and Rights		--	--	--	--	--	--	--	--	--
<b>Intangible Assets</b>		--	--	--	--	--	--	--	--	--
Computer Equipment		--	--	--	620	785	785	1 330	--	--
Furniture and Office Equipment		18 400	18 400	18 400	1 887	1 252	1 252	710	--	--
Machinery and Equipment		--	--	--	1 760	14 631	14 631	7 770	--	--
Transport Assets		--	--	--	5 400	5 000	5 000	4 350	--	--
Land		--	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals		--	--	--	--	--	--	--	--	--
<b>Total Renewal of Existing Assets</b>	2	151 950	151 515	161 826	--	3 520	3 520	4 700	--	--
<i>Roads Infrastructure</i>		58 964	49 222	54 902	--	3 520	3 520	4 000	--	--
<i>Storm water Infrastructure</i>		--	--	--	--	--	--	--	--	--
<i>Electrical Infrastructure</i>		19 981	20 484	20 476	--	--	--	--	--	--
<i>Water Supply Infrastructure</i>		--	--	--	--	--	--	--	--	--
<i>Information and Communication Infrastructure</i>		--	--	--	--	--	--	--	--	--
<b>Infrastructure</b>		78 945	69 706	75 378	--	3 520	3 520	4 000	--	--
Community Facilities		36 140	41 950	43 505	--	--	--	300	--	--
Sport and Recreation Facilities		2 459	2 459	2 459	--	--	--	--	--	--
<b>Community Assets</b>		38 599	44 410	45 964	--	--	--	300	--	--
<b>Heritage Assets</b>		--	--	--	--	--	--	--	--	--
Revenue Generating		--	--	--	--	--	--	--	--	--
Non-revenue Generating		--	--	--	--	--	--	--	--	--
<b>Investment properties</b>		--	--	--	--	--	--	--	--	--
Operational Buildings		--	--	--	--	--	--	400	--	--
Housing		--	--	--	--	--	--	--	--	--
<b>Other Assets</b>		--	--	--	--	--	--	400	--	--
<b>Biological or Cultivated Assets</b>		--	--	--	--	--	--	--	--	--
<b>Intangible Assets</b>		--	--	--	--	--	--	--	--	--
Computer Equipment		4 811	5 017	5 309	--	--	--	--	--	--
Furniture and Office Equipment		4 998	5 791	6 328	--	--	--	--	--	--
Machinery and Equipment		9 804	12 015	12 282	--	--	--	--	--	--
Transport Assets		14 794	14 576	16 565	--	--	--	--	--	--
Land		--	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals		--	--	--	--	--	--	--	--	--
<b>Total Upgrading of Existing Assets</b>	6	57 153	50 223	61 790	26 042	41 832	41 832	34 431	27 892	39 636
<i>Roads Infrastructure</i>		24 551	17 121	28 806	22 492	33 494	33 494	24 491	27 892	39 636
<i>Storm water Infrastructure</i>		--	--	--	--	--	--	700	--	--
<i>Electrical Infrastructure</i>		--	--	--	1 200	1 200	1 200	3 000	--	--
<i>Information and Communication Infrastructure</i>		--	--	--	--	--	--	--	--	--
<b>Infrastructure</b>		24 551	17 121	28 806	23 692	34 694	34 694	28 191	27 892	39 636
Community Facilities		--	231	418	1 700	2 388	2 388	960	--	--
Sport and Recreation Facilities		32 603	32 871	32 566	--	--	--	400	--	--
<b>Community Assets</b>		32 603	33 102	32 984	1 700	2 388	2 388	1 360	--	--
<b>Heritage Assets</b>		--	--	--	--	--	--	--	--	--
Revenue Generating		--	--	--	--	--	--	--	--	--
Non-revenue Generating		--	--	--	--	--	--	--	--	--
<b>Investment properties</b>		--	--	--	--	--	--	--	--	--
Operational Buildings		--	--	--	--	4 100	4 100	3 880	--	--
Housing		--	--	--	--	--	--	--	--	--
<b>Other Assets</b>		--	--	--	--	4 100	4 100	3 880	--	--
<b>Biological or Cultivated Assets</b>		--	--	--	--	--	--	--	--	--
<b>Intangible Assets</b>		--	--	--	--	--	--	--	--	--
Computer Equipment		--	--	--	650	650	650	1 000	--	--
Furniture and Office Equipment		--	--	--	--	--	--	--	--	--
Machinery and Equipment		--	--	--	--	--	--	--	--	--
Transport Assets		--	--	--	--	--	--	--	--	--
Land		--	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals		--	--	--	--	--	--	--	--	--
<b>Total Capital Expenditure</b>	4	248 533	237 694	254 468	59 655	93 192	93 192	73 920	43 042	46 136
<i>Roads Infrastructure</i>		83 679	72 627	90 937	23 096	37 214	37 214	30 553	27 892	39 636
<i>Storm water Infrastructure</i>		--	--	--	--	--	--	700	--	--
<i>Electrical Infrastructure</i>		23 692	26 158	20 476	1 700	1 760	1 760	3 000	--	--
<i>Water Supply Infrastructure</i>		--	--	--	--	--	--	--	--	--
<i>Sanitation Infrastructure</i>		--	--	--	--	--	--	--	--	--
<i>Solid Waste Infrastructure</i>		--	--	--	740	1 640	1 640	--	--	--
<i>Rail Infrastructure</i>		--	--	--	--	--	--	--	--	--
<i>Coastal Infrastructure</i>		--	--	--	--	--	--	--	--	--
<i>Information and Communication Infrastructure</i>		--	--	--	--	--	--	--	--	--
<b>Infrastructure</b>		107 371	98 785	111 412	25 536	40 614	40 614	34 253	27 892	39 636
Community Facilities		52 993	47 478	48 844	16 572	18 991	18 991	16 163	5 000	6 500
Sport and Recreation Facilities		35 363	35 631	35 327	6 930	6 770	6 770	3 764	10 150	--
<b>Community Assets</b>		88 356	83 110	84 171	23 502	25 761	25 761	19 928	15 150	6 500
<b>Heritage Assets</b>		--	--	--	--	--	--	--	--	--
Revenue Generating		--	--	--	--	--	--	--	--	--
Non-revenue Generating		--	--	--	--	--	--	--	--	--
<b>Investment properties</b>		--	--	--	--	--	--	--	--	--
Operational Buildings		--	--	--	300	4 500	4 500	4 580	--	--
Housing		--	--	--	--	--	--	--	--	--
<b>Other Assets</b>		--	--	--	300	4 500	4 500	4 580	--	--
<b>Biological or Cultivated Assets</b>		--	--	--	--	--	--	--	--	--
Servitudes		--	--	--	--	--	--	--	--	--
Licences and Rights		--	--	--	--	--	--	--	--	--
<b>Intangible Assets</b>		--	--	--	--	--	--	--	--	--
Computer Equipment		4 811	5 017	5 309	1 270	1 435	1 435	2 330	--	--
Furniture and Office Equipment		23 398	24 191	24 728	1 887	1 252	1 252	710	--	--
Machinery and Equipment		9 804	12 015	12 282	1 760	14 631	14 631	7 770	--	--
Transport Assets		14 794	14 576	16 565	5 400	5 000	5 000	4 350	--	--
Land		--	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals		--	--	--	--	--	--	--	--	--
<b>TOTAL CAPITAL EXPENDITURE - Asset cli</b>		248 533	237 694	254 468	59 655	93 192	93 192	73 920	43 042	46 136



KZN291 Mandeni - Table A9 Asset Management										
Description	Re	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand										
<b>ASSET REGISTER SUMMARY - PPE (W</b>	<b>5</b>	<b>487 303</b>	<b>502 174</b>	<b>506 994</b>	<b>593 207</b>	<b>550 545</b>	<b>550 545</b>	<b>620 443</b>	<b>619 149</b>	<b>655 377</b>
<i>Roads Infrastructure</i>		(23 589)	(49 660)	(46 785)	498 162	(33 444)	(33 444)	243 188	245 790	273 750
<i>Storm water Infrastructure</i>		311 041	340 992	335 320	–	335 129	335 129	75 968	78 430	81 881
<i>Electrical Infrastructure</i>		21 956	23 474	16 821	1 750	18 631	18 631	16 622	14 246	14 928
<i>Water Supply Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Sanitation Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Solid Waste Infrastructure</i>		–	–	–	740	1 640	1 640	1 862	1 941	2 026
<i>Rail Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastruc</i>		–	–	–	–	–	–	–	–	–
<b>Infrastructure</b>		<b>309 408</b>	<b>314 806</b>	<b>305 356</b>	<b>500 652</b>	<b>321 956</b>	<b>321 956</b>	<b>337 640</b>	<b>340 406</b>	<b>372 584</b>
<b>Community Assets</b>		<b>75 516</b>	<b>70 314</b>	<b>68 439</b>	<b>23 602</b>	<b>94 875</b>	<b>94 875</b>	<b>127 825</b>	<b>133 090</b>	<b>134 308</b>
<b>Heritage Assets</b>		–	–	–	–	–	–	–	–	–
<b>Investment properties</b>		<b>57 922</b>	<b>57 877</b>	<b>70 116</b>	<b>57 877</b>	<b>70 116</b>	<b>70 116</b>	<b>70 116</b>	<b>70 116</b>	<b>70 116</b>
<b>Other Assets</b>		<b>6 097</b>	<b>18 935</b>	<b>21 817</b>	<b>300</b>	<b>465</b>	<b>465</b>	<b>38 152</b>	<b>37 574</b>	<b>39 140</b>
<b>Biological or Cultivated Assets</b>		–	–	–	–	–	–	–	–	–
<b>Intangible Assets</b>		<b>1 105</b>	<b>836</b>	<b>780</b>	<b>619</b>	<b>780</b>	<b>780</b>	<b>1 091</b>	<b>1 137</b>	<b>1 187</b>
<b>Computer Equipment</b>		<b>2 411</b>	<b>2 569</b>	<b>2 577</b>	<b>1 270</b>	<b>3 987</b>	<b>3 987</b>	<b>3 007</b>	<b>2 905</b>	<b>2 836</b>
<b>Furniture and Office Equipment</b>		<b>2 478</b>	<b>3 745</b>	<b>3 987</b>	<b>1 807</b>	<b>5 334</b>	<b>5 334</b>	<b>1 196</b>	<b>1 449</b>	<b>1 627</b>
<b>Machinery and Equipment</b>		<b>5 373</b>	<b>7 680</b>	<b>8 070</b>	<b>1 680</b>	<b>20 180</b>	<b>20 180</b>	<b>15 539</b>	<b>8 747</b>	<b>8 941</b>
<b>Transport Assets</b>		<b>8 594</b>	<b>7 013</b>	<b>7 452</b>	<b>5 400</b>	<b>14 452</b>	<b>14 452</b>	<b>7 477</b>	<b>4 551</b>	<b>4 622</b>
<b>Land</b>		<b>18 400</b>	<b>18 400</b>	<b>18 400</b>	–	<b>18 400</b>	<b>18 400</b>	<b>18 400</b>	<b>19 173</b>	<b>20 016</b>
<b>Zoo's, Marine and Non-biological Animals</b>		–	–	–	–	–	–	–	–	–
<b>TOTAL ASSET REGISTER SUMMARY -</b>	<b>5</b>	<b>487 303</b>	<b>502 174</b>	<b>506 994</b>	<b>593 207</b>	<b>550 545</b>	<b>550 545</b>	<b>620 443</b>	<b>619 149</b>	<b>655 377</b>
<b>EXPENDITURE OTHER ITEMS</b>		<b>31 103</b>	<b>36 534</b>	<b>36 916</b>	<b>47 063</b>	<b>49 533</b>	<b>49 533</b>	<b>52 001</b>	<b>53 671</b>	<b>54 611</b>
<b>Depreciation</b>	<b>7</b>	<b>27 988</b>	<b>27 103</b>	<b>28 967</b>	<b>30 188</b>	<b>30 188</b>	<b>30 188</b>	<b>32 726</b>	<b>33 751</b>	<b>34 001</b>
<b>Repairs and Maintenance by Asset Clas</b>	<b>3</b>	<b>3 115</b>	<b>9 431</b>	<b>7 949</b>	<b>16 875</b>	<b>19 345</b>	<b>19 345</b>	<b>19 275</b>	<b>19 920</b>	<b>20 609</b>
<i>Roads Infrastructure</i>		977	3 884	2 337	5 710	4 780	4 780	4 950	5 118	5 285
<i>Storm water Infrastructure</i>		293	120	73	1 600	1 600	1 600	1 250	1 303	1 360
<i>Electrical Infrastructure</i>		539	1 790	991	2 350	2 400	2 400	3 250	3 367	3 486
<i>Information and Communication Infrastruc</i>		–	78	312	350	350	350	3 000	3 126	3 264
<b>Infrastructure</b>		<b>1 809</b>	<b>5 873</b>	<b>3 713</b>	<b>10 010</b>	<b>9 130</b>	<b>9 130</b>	<b>12 450</b>	<b>12 913</b>	<b>13 394</b>
<i>Community Facilities</i>		9	6	245	995	1 445	1 445	825	860	897
<i>Sport and Recreation Facilities</i>		–	279	123	500	500	500	1 250	1 198	1 251
<b>Community Assets</b>		<b>9</b>	<b>284</b>	<b>367</b>	<b>1 495</b>	<b>1 945</b>	<b>1 945</b>	<b>2 075</b>	<b>2 058</b>	<b>2 149</b>
<b>Heritage Assets</b>		–	–	–	–	–	–	–	–	–
<i>Revenue Generating</i>		–	–	–	–	–	–	–	–	–
<i>Non-revenue Generating</i>		–	–	–	–	–	–	–	–	–
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
<i>Operational Buildings</i>		77	144	514	750	1 450	1 450	250	261	272
<i>Housing</i>		–	–	–	–	–	–	–	–	–
<b>Other Assets</b>		<b>77</b>	<b>144</b>	<b>514</b>	<b>750</b>	<b>1 450</b>	<b>1 450</b>	<b>250</b>	<b>261</b>	<b>272</b>
<b>Biological or Cultivated Assets</b>		–	–	–	–	–	–	–	–	–
<i>Servitudes</i>		–	–	–	–	–	–	–	–	–
<i>Licences and Rights</i>		–	–	–	–	–	–	–	–	–
<b>Intangible Assets</b>		–	–	–	–	–	–	–	–	–
<b>Computer Equipment</b>		–	–	<b>164</b>	<b>150</b>	<b>150</b>	<b>150</b>	–	–	–
<b>Furniture and Office Equipment</b>		<b>1</b>	–	<b>103</b>	<b>300</b>	<b>300</b>	<b>300</b>	–	–	–
<b>Machinery and Equipment</b>		<b>1 219</b>	<b>3 129</b>	<b>3 088</b>	<b>4 170</b>	<b>6 370</b>	<b>6 370</b>	<b>4 500</b>	<b>4 689</b>	<b>4 795</b>
<b>Transport Assets</b>		–	–	–	–	–	–	–	–	–
<b>Land</b>		–	–	–	–	–	–	–	–	–
<b>Zoo's, Marine and Non-biological Animals</b>		–	–	–	–	–	–	–	–	–
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>31 103</b>	<b>36 534</b>	<b>36 916</b>	<b>47 063</b>	<b>49 533</b>	<b>49 533</b>	<b>52 001</b>	<b>53 671</b>	<b>54 611</b>
<i>Renewal and upgrading of Existing Assets</i>		84.1%	84.9%	87.9%	43.7%	48.7%	48.7%	52.9%	64.8%	85.9%
<i>Renewal and upgrading of Existing Assets</i>		747.1%	744.3%	772.0%	86.3%	150.2%	150.2%	119.6%	82.6%	116.6%
<i>R&amp;M as a % of PPE</i>		0.7%	2.1%	1.8%	3.2%	3.8%	3.8%	3.5%	3.6%	3.5%
<i>Renewal and upgrading and R&amp;M as a % of</i>		44.0%	42.0%	46.0%	7.0%	12.0%	12.0%	9.0%	8.0%	9.0%

### 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 above 40 per cent as per National Treasury guideline, the municipality has budgeted for 52.1 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		9 851	10 501	11 152	11 152	11 152	11 152	12 825	12 825	12 825
Piped water inside yard (but not in dwelling)		10 902	11 622	12 385	12 385	12 385	12 385	14 243	14 243	14 243
Using public tap (at least min.service level)	2	—	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	4	17 482	18 636	19 791	19 791	19 791	19 791	22 760	22 760	22 760
<i>Minimum Service Level and Above sub-total</i>		38 235	40 759	43 329	43 329	43 329	43 329	49 828	49 828	49 828
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	38 235	40 759	43 329	43 329	43 329	43 329	49 828	49 828	49 828
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		11 313	12 060	12 807	12 807	12 807	12 807	14 088	14 088	14 088
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—	—
Chemical toilet		8 587	9 154	9 721	9 721	9 721	9 721	10 693	10 693	10 693
Pit toilet (ventilated)		15 173	16 174	17 177	17 177	17 177	17 177	18 895	18 895	18 895
Other toilet provisions (> min.service level)		2 690	2 868	3 045	3 045	3 045	3 045	3 350	3 350	3 350
<i>Minimum Service Level and Above sub-total</i>		37 763	40 255	42 751	42 751	42 751	42 751	47 026	47 026	47 026
Bucket toilet		472	472	300	300	300	300	150	150	150
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—	—
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		472	472	300	300	300	300	150	150	150
<b>Total number of households</b>	5	38 235	40 727	43 051	43 051	43 051	43 051	47 176	47 176	47 176
<b>Energy:</b>										
Electricity (at least min.service level)		1 040	1 040	389	389	389	389	389	389	389
Electricity - prepaid (min.service level)		—	—	574	574	574	574	625	625	625
<i>Minimum Service Level and Above sub-total</i>		1 040	1 040	963	963	963	963	1 014	1 014	1 014
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	1 040	1 040	963	963	963	963	1 014	1 014	1 014
<b>Refuse:</b>										
Removed at least once a week		11 705	11 705	23 700	28 152	28 152	28 152	31 032	31 032	31 032
<i>Minimum Service Level and Above sub-total</i>		11 705	11 705	23 700	28 152	28 152	28 152	31 032	31 032	31 032
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	11 705	11 705	23 700	28 152	28 152	28 152	31 032	31 032	31 032
<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	2 000	2 000	2 000
Refuse (removed at least once a week)		—	23 700	23 700	26 431	26 431	26 431	26 431	26 431	26 431
<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	636	727	727	727	—	—	—
<b>Cost of Free Basic Services provided - Informal Formal Settlements</b>										
<b>Total cost of FBS provided</b>		—	505	636	727	727	727	—	—	—
<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) ( impermissible values per section 17 of MPRA)		—	—	—	—	—	—	—	—	—
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		(1 512)	(9 050)	—	15 030	15 030	15 030	16 418	17 108	17 861
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)		—	—	—	—	—	—	—	—	—
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>		(1 512)	(9 050)	—	15 030	15 030	15 030	16 418	17 108	17 861

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 15 000 households:**

**Electricity services – backlog will be reduced by 150 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 2021/22. 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 R1.6 million has considered Eskom invoices for providing the service.**

**Transfers and subsidies have increased with a budget amount of R1.6 million from 2020/21 adjusted budget to R1.8 million in 2021/22 financial year; increase has considered the number of beneficiaries that qualify for these free basic services in terms of level of demand. The municipality annually review its indigent register so as to ensure that qualifying beneficiaries are registered.**

**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 the approved register.**

**Refuse services – backlog will be reduced by 1107 households in 2021/22, 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 realizing greater efficiencies, which is likely to translate into a more rapid process to address backlogs.**

**The budget provides for 28 431 households registered as indigent in 2021/22, 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 is R 1.9 million in 2021/22, increasing to R2.0 million in 2023/24. 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 2000 households which are receiving 50kw.**

**In addition to the Free Basic Services, the Municipality also 'gives' households R6 million for free basic service electricity though an electrification programme in 2021/22, and it increases to R7 million in 2023/24. 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 5 per cent of total operating expenditure.**

## **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 2021/22 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 2020) 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<sup>st</sup> August 2020. Key dates applicable to the process were:

**August 2020** – 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 2021/22 MTREF; IDP/BUDGET/PMS Technical Committee Meeting to discuss Process Plan

**September 2020** – Review of National Policies and budget plans and potential price increase of bulk resources with function and department officials

**December 2020** - 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 2021** - 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 2021** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

**25 January 2021** - Council considers the 2020/21 Mid-year Review;

**February 2021** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The 2021/22 MTREF is revised accordingly;

**28 February 2021** – Council considers the 2020/21 Adjustment Budget

**February 2021** - 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

**06 June 2021** - Tabling in Council of the 2021/22 IDP and Budget MTREF for public consultation;

**April 2021** – Public consultation;

**29<sup>th</sup> April 2021** - Closing date for written comments;

**01 April to 07 June 2021** – finalization of the 2021/22 IDP and 2021/22 & MTREF BUDGET, 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

**17<sup>th</sup> June 2021** - Tabling of the 2021/22 & 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 June 2021. It started in August 2019 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2021/22 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 2021/22 MTREF, based on the approved 2021/22 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

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

### 2.3.1 Financial Modelling and

### 2.3.2 Key Planning Drivers

As part of the compilation of the 2021/22 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 2021/22 MTREF:

Municipality growth

Policy priorities and strategic objectives

Asset maintenance

Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)

Performance trends

The approved 2021/22 adjustments budget and performance against the SDBIP

Cash Flow Management Strategy

Debtor payment levels

Loan and investment possibilities

The need for tariff increases versus the ability of the community to pay for services;

Improved and sustainable service delivery

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, 74,75,78,79,82,85,86,89,91,93,94,97, 98, 99 and 108 have been taken into consideration in the planning and prioritisation process.

### 2.3.3 Community Consultation

The Budget for 2021/22 MTREF has been tabled before Council on 31<sup>st</sup> May 2021 for community consultation which **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 **was** 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 2021, and include 8 public briefing sessions. The applicable dates and venues **were** published in all the local newspapers. This consultation was compared to the previous year's process. This then attributed to the additional initiatives which **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 2021/22 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
<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>						
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 participative, transparent and accountable governance	a and	2.3.1 Improve the public participation processes	Community services
GGPP 02					0MM	
GGPP 03					2.3.2 Ensure the existence and functionality of the public participation structures	0MM
GGPP 04					2.3.3 Ensure functional municipal structures	Corporate services
GGPP 05						Office of the MM
<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>						
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 management	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		
<b>FINANCIAL VIABILITY AND MANAGEMENT</b>							
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		
<b>COMMUNITY AND SOCIAL SERVICES DEVELOPMENT</b>							
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	CSPS		
CSD 02				5.1.2 Facilitate the provision of new community facilities			
CSD 03				5.2 Aspire to a healthy, safe and crime free area		5.2.1 Facilitate the provision of the community health facilities	CSPS
CSD 04				5.2.2 Ensure the municipal contribution to HIV/AIDS		CSPS	
CSD 05				5.2.3 Improve on road safety		CSPS	
CSD 06				5.2.4 Ensure the municipal contribution to community		CSPS	
				5.3.2 Design and implement sports, arts and		CSPS	
<b>LOCAL ECONOMIC DEVELOPMENT</b>							

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				3.1.2 Ensure the empowerment of youth, women and people living with disabilities	EDPHS
LED 04		4. Facilitate the creation of job opportunities	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
<b>MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION</b>						
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						
<b>BACK TO BASICS –Cross cutting measures</b>						
SDF 01	SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT	Promoting and facilitating environmental protection and sustainable spatial planning.	6.1 Realise a completely protected environment  6.2 Facilitate a creation of a disaster ready community  6.3 Ensure an integrated and aligned development planning		6.1.1 Improve community awareness on environmental protection 6.1.2 Implement the coastal management plan	EDPHS
					6.2.1 Develop and adopt the disaster management plan 6.2.2 Create a community disaster awareness	
SDF 02					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 2021/22 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 Code	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>												
Ensure an integrated and aligned development planning	Responsive, accountable, effective and efficient local government	9	-	-	-	259	-	-	-	-	-	-
Facilitate a creation of a disaster ready community	Responsive, accountable, effective and efficient local government	9	-	-	-	352	(745)	(1 138)	(1 138)	-	-	-
Good Governance	Responsive, accountable, effective and efficient local government	9	-	2	500	-	-	(491)	(491)	-	-	-
Improve performance	Responsive, accountable, effective and efficient local government	9	-	166	381	460	-	-	-	(150)	(156)	(163)
Improve the audit opinion	Responsive, accountable, effective and efficient local government	9	-	10 528	15 460	16 437	(24 791)	(32 976)	(32 976)	(24 468)	(24 724)	(24 984)
Manage increase and the municipal base	A comprehensive, responsive and sustainable social protection system	13	-	(1 406)	(2 803)	0	15 030	15 030	15 030	16 418	17 108	17 861
Manage increase and the municipal base	Responsive, accountable, effective and efficient local government	9	-	215 849	91 498	223 457	(292 168)	(310 039)	(310 039)	(287 878)	(302 794)	(303 857)
Provide and maintain Library services	Responsive, accountable, effective and efficient local government	9	-	-	-	-	(4 029)	(6 219)	(6 219)	-	-	-
TakeOn	A comprehensive, responsive and sustainable social protection system	13	-	(107)	(6 247)	-	-	-	-	-	-	-
TakeOn	Responsive, accountable, effective and efficient local government	9	-	43 629	151 407	54 639	(4 417)	(4 417)	(4 417)	(12 394)	(10 410)	(10 673)
To improve access to all basic services	Responsive, accountable, effective and efficient local government	9	-	40 834	39 577	16 279	(35 150)	(43 119)	(43 119)	(37 232)	(40 044)	(41 722)
<b>Allocations to other priorities</b>		2	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and grants)</b>		1	-	<b>309 496</b>	<b>289 774</b>	<b>311 884</b>	<b>(346 270)</b>	<b>(383 369)</b>	<b>(383 369)</b>	<b>(345 704)</b>	<b>(361 021)</b>	<b>(363 539)</b>

**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 Code	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	
Ensure an integrated and aligned development	Responsive, accountable, effective and efficient local	9	36 493	36 465	35 064	44 638	47 444	47 444	47 939	49 301	51 498	
Facilitate a creation of a disaster ready community	Responsive, accountable, effective and efficient local	9	80 422	102 283	111 955	102 503	108 864	108 864	102 382	105 911	110 263	
Good Governance	Responsive, accountable, effective and efficient local	9	–	189	160	300	700	700	1 539	1 604	1 674	
Improve performance	Responsive, accountable, effective and efficient local	9	27 313	30 321	33 383	32 365	32 241	32 241	31 218	31 610	32 252	
Improve the audit opinion	Responsive, accountable, effective and efficient local	9	3 803	4 212	6 949	8 444	9 144	9 144	12 592	13 007	13 539	
Manage increase and the municipal base	A comprehensive, responsive and sustainable social	13	331	142	139	902	1 042	1 042	880	917	957	
Manage increase and the municipal base	Responsive, accountable, effective and efficient local	9	–	47	64	–	–	–	20	21	22	
Provide and maintain Library services	Responsive, accountable, effective and efficient local	9	16 364	16 278	15 971	20 343	20 985	20 985	21 226	21 161	22 122	
TakeOn	A comprehensive, responsive and sustainable social	13	30 904	32 008	35 339	40 901	39 881	39 881	47 451	48 785	50 625	
TakeOn	Responsive, accountable, effective and efficient local	9	23 567	31 419	34 546	39 722	41 782	41 782	47 420	49 348	51 459	
To improve access to all basic services	Responsive, accountable, effective and efficient local	9	6 181	7 535	8 703	11 437	11 122	11 122	8 125	8 571	8 948	
			4 488	5 009	3 983	7 461	7 461	7 461	2 669	2 729	2 849	
<b>Allocations to other priorities</b>												
<b>Total Expenditure</b>			<b>1</b>	<b>229 866</b>	<b>265 909</b>	<b>286 257</b>	<b>309 016</b>	<b>320 667</b>	<b>320 667</b>	<b>323 462</b>	<b>332 965</b>	<b>346 208</b>

**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 Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	
<b>R thousand</b>												
achieve a holistic human development and incapacitating	An efficient, effective and development-	12	-	-	-	1 500	1 080	1 080	1 850	-	-	-
Aspire to a healthy, safe and crime free area	A long and healthy life for all South Africans	2	301	301	301	-	-	-	-	-	-	-
Aspire to a healthy, safe and crime free area	An efficient, effective and development-	12	-	-	-	212	212	212	150	-	-	-
balance sheet budgeting	An efficient, competitive and responsive	6	19 981	20 484	20 476	-	-	-	-	-	-	-
BRUSHCUTTING MACHINES	An efficient, effective and development-	12	-	-	-	100	220	220	110	-	-	-
COMMUNITY CONSULTATION MEETING	An efficient, effective and development-	12	-	-	-	600	600	600	-	-	-	-
Enhance the Knowledge Economy	An efficient, effective and development-	12	-	-	-	-	400	400	-	-	-	-
Ensure an intergrated and aligned development	An efficient, competitive and responsive	6	-	-	-	-	4 820	4 820	4 800	-	-	-
Ensure an intergrated and aligned development	An efficient, effective and development-	12	-	-	-	-	10 801	10 801	1 850	-	-	-
Ensure that our people have access to community	An efficient, effective and development-	12	1 093	1 323	1 768	440	1 680	1 680	8 448	-	-	-
Ensure that our people have access to community	A long and healthy life for all South Africans	2	-	-	-	500	550	550	1 476	-	-	-
Ensure that our people have access to community	An efficient, effective and development-	12	-	-	-	470	470	470	510	-	-	-
Ensure that our people have access to community	Quality basic education	1	-	-	-	-	-	-	500	-	-	-
Ensure the existence and functionality of the public	An efficient, effective and development-	12	-	-	365	4 700	3 825	3 825	135	-	-	-
Establishment of Driving License Testing Centre.	An efficient, effective and development-	12	25	25	1 087	8 000	10 300	10 300	5 000	5 000	6 500	-
Expansion of Government-led job creation	An efficient, effective and development-	12	-	-	-	-	1 800	1 800	1 120	-	-	-
Facilitate a creation of a disaster ready community	An efficient, effective and development-	12	-	-	-	-	400	400	-	-	-	-
Facilitating the creation of employment	A long and healthy life for all South Africans	2	-	-	-	-	-	-	400	-	-	-
Facilitating the creation of employment	An efficient, effective and development-	12	-	-	186	400	379	379	300	-	-	-
Good Governance	An efficient, effective and development-	12	-	-	-	510	510	510	20	-	-	-
Greening of open spaces and Municipal facilities	An efficient, competitive and responsive	6	-	-	-	-	-	-	600	-	-	-
Greening of open spaces and Municipal facilities	An efficient, effective and development-	12	-	-	-	60	110	110	70	-	-	-
Improve information technology and document	An efficient, effective and development-	12	-	-	-	500	500	500	1 000	-	-	-
Improve the audit opinion	An efficient, effective and development-	12	-	-	-	100	300	300	-	-	-	-
Maintain and improve municipal buildings and	An efficient, effective and development-	12	15 321	3 949	1 525	2 486	1 716	1 716	900	-	-	-
Maintain and improve the municipal policies	An efficient, effective and development-	12	-	-	-	650	650	650	1 000	-	-	-
Manage increase and the municipal base	An efficient, effective and development-	12	-	-	-	-	-	-	400	-	-	-
Procurement of 20 new skips	An efficient, competitive and responsive	6	-	-	-	740	1 640	1 640	-	-	-	-
Promoting SMME, Entrepreneurial and Youth Development	An efficient, effective and development-	12	-	-	-	-	-	-	300	-	-	-
Provide and maintain Library services	An efficient, effective and development-	12	-	-	-	-	2 000	2 000	150	-	-	-
Provide and maintain Library services	Quality basic education	1	-	231	231	500	1 308	1 308	260	-	-	-
Realise a completely protected	An efficient, effective and development-	12	-	-	-	800	-	-	1 130	-	-	-
SPEAKER'S STRATEGIC PROGRAMMES	An efficient, effective and development-	12	-	-	-	200	200	200	-	-	-	-
TakeOn	A long and healthy life for all South Africans	2	35 062	35 330	35 026	-	-	-	-	-	-	-
TakeOn	An efficient, competitive and responsive	6	58 964	49 222	54 902	-	-	-	-	-	-	-
TakeOn	An efficient, effective and development-	12	85 824	94 139	97 224	80	80	80	-	-	-	-
TakeOn	Quality basic education	1	3 122	3 611	5 165	-	-	-	-	-	-	-
To improve access to all basic services	A long and healthy life for all South Africans	2	-	-	-	6 430	6 220	6 220	2 088	10 150	-	-
To improve access to all basic services	An efficient, competitive and responsive	6	28 426	29 079	36 034	24 496	33 854	33 854	28 853	27 892	39 636	-
To improve access to all basic services	An efficient, effective and development-	12	414	-	177	3 381	4 767	4 767	8 800	-	-	-
To improve access to basic services	A long and healthy life for all South Africans	2	-	-	-	-	-	-	400	-	-	-
To improve access to basic services	An efficient, competitive and responsive	6	-	-	-	300	300	300	400	-	-	-
To improve access to basic services	An efficient, effective and development-	12	-	-	-	1 500	1 500	1 500	900	-	-	-
<b>Allocations to other priorities</b>		3										
<b>Total Capital Expenditure</b>		1	<b>248 533</b>	<b>237 694</b>	<b>254 468</b>	<b>59 655</b>	<b>93 192</b>	<b>93 192</b>	<b>73 920</b>	<b>43 042</b>	<b>46 136</b>	

## 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:

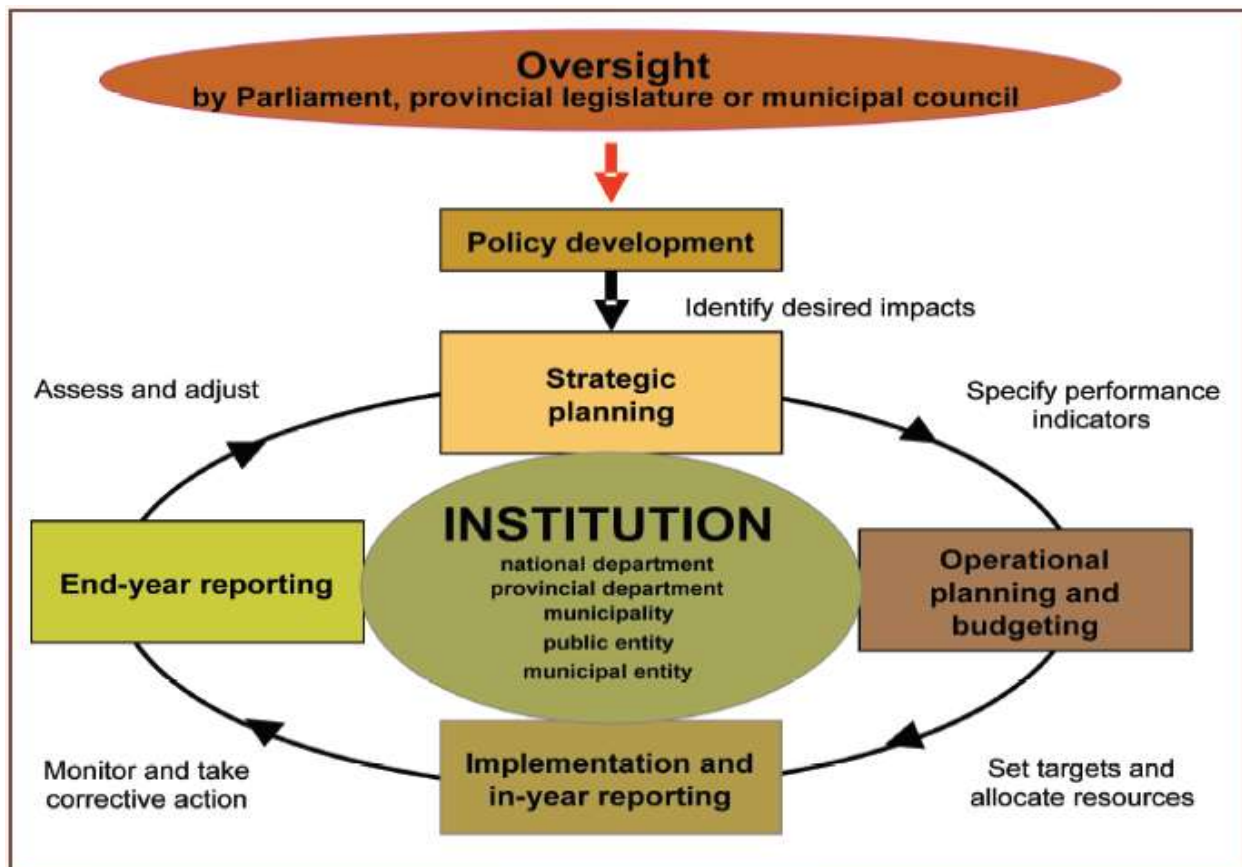
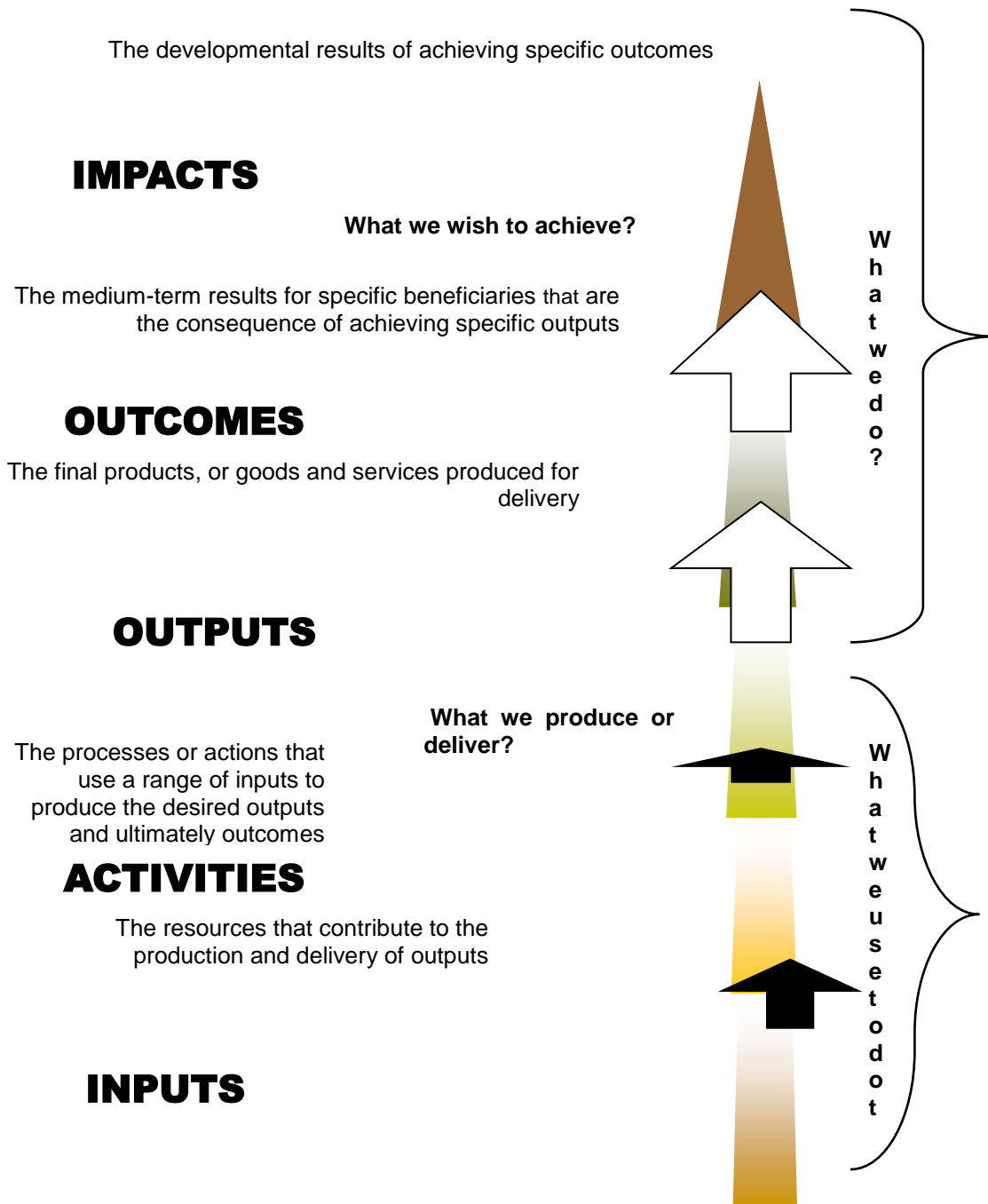


Figure 2 Planning, budgeting and reporting cycle

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	Unit of measurement	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Vote 1 - Roads &amp; Stormwater</b>										
<b>Function 1 - Roads</b>										
<b>Sub-function 1 - Eradication</b>										
<i>Reduce road backlogs</i>	kilometres		14000.0%	13000.0%	13000.0%	13000.0%	12500.0%	12500.0%	12500.0%	
<i>New Roads to be constructed</i>	kilometres		9500.0%	10500.0%	10500.0%	10500.0%	10000.0%	10000.0%	10000.0%	
<i>rural gravel roads repaired and</i>	kilometres		23900.0%	25000.0%	25000.0%	25000.0%	27500.0%	27500.0%	27500.0%	
<b>Sub-function 2 - Roads</b>										
<i>Surfaced Roads resurfaced</i>	kilometres		7000.0%	9800.0%	9800.0%	9800.0%	8500.0%	8500.0%	8500.0%	
<b>Sub-function 3 - Roads for Stormwater</b>										
	kilometres		4500.0%	7500.0%	7500.0%	7500.0%	9500.0%	9880.0%	10295.0%	10747.9%
<b>Function 2 - Energy &amp; Electricity</b>										
<b>Sub-function 1 - Electricity</b>										
<i>households to be provided with</i>	number of		29800.0%	27800.0%	27800.0%	27800.0%	25000.0%	26000.0%	27092.0%	28284.0%
<b>Installation of 200 new</b>	number of		15000.0%	18000.0%	18000.0%	18000.0%	12000.0%	12480.0%	13004.2%	13576.3%
<b>Sub-function 2 - New</b>										
<i>Completed and occupied</i>	number of		55000.0%	45000.0%	45000.0%	45000.0%	35000.0%	36400.0%	37928.8%	39597.7%
<b>Sub-function 3 - Maintan</b>										
<i>Electricity &amp; repairs Maintanance</i>	percentage		4500.0%	5500.0%	5500.0%	5500.0%	5500.0%	5720.0%	5960.2%	6222.5%
<b>Vote 2 - vote name</b>										
<b>Function 1 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
<i>Insert measure/s description</i>										

The following table sets out the municipalities main performance objectives and benchmarks for the 2021/22 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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	-0.7%	-0.5%	0.0%	0.6%	0.2%	0.2%	0.0%	0.2%	0.2%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	-1.3%	-1.1%	0.0%	1.6%	0.6%	0.6%	0.0%	0.5%	0.6%	0.6%
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%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	24.0%	24.0%	0.0%	0.4%	0.4%	-0.3%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	2.3	3.4	3.0	(0.9)	7.3	7.3	(5.6)	0.3	3.3	3.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.3	3.4	3.0	(0.9)	7.3	7.3	(5.6)	0.3	3.3	3.2
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	1.8	2.2	19.1	5.1	5.1	(4.9)	1.0	0.0	0.0
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		4.2%	3.6%	4.1%	76.1%	111.1%	111.1%	0.0%	34.3%	35.1%
Current Debtors Collection Rate (Cash receipts % of Outstanding Debtors to Revenue)		4.2%	3.6%	4.1%	76.1%	111.1%	111.1%	0.0%	34.3%	35.1%	35.9%
Longstanding Debtors Recovered	Total Outstanding Debtors to Annual Revenue Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	33.4%	19.6%	14.3%	-20.2%	14.9%	14.9%	-28.4%	13.9%	13.9%	14.4%
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s										
Creditors to Cash and Investments		107.2%	35.7%	25.2%	5.2%	26.6%	26.6%	4.7%	-13.1%	0.0%	0.0%
<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)										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand (000)) % Volume (units purchased and generated less units)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.3%	31.4%	34.0%	35.3%	32.5%	32.5%	-80.2%	34.9%	34.8%	36.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	33.0%	36.3%	38.5%	39.8%	36.6%	36.6%		39.6%	39.5%	41.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.1%	3.5%	2.7%	5.4%	5.7%	5.7%		6.2%	6.2%	6.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.7%	10.6%	10.6%	9.9%	9.1%	9.1%	-22.7%	10.7%	10.7%	11.1%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	(69.2)	(126.4)	90.2	-	-	-	443.4	526.1	515.3	527.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	121.1%	57.4%	49.2%	-65.4%	52.3%	52.3%	24.7%	45.0%	46.0%	47.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.0	3.1	4.0	14.7	3.0	3.0	13.3	(2.8)	8.3	18.5



## **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 2020/21 MTREF the current ratio is 4.3 in the 2021/22 financial year and 6.1 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 2020/21 financial year the ratio was 5.0 and as part of the financial planning strategy it has been reduced to 4.3 in the 2021/22 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 2021/22 financial year 28 431 registered indigents have been provided for in the budget. 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 June 2019. 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 2021/22 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 68 per cent on current billings, current year's overall collection rate of 68 per cent has determined the 2021/22 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 is currently being reviewed and will be adopted by Council on the 31<sup>st</sup> May 2021. 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 2021.

### **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 2021. 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;
- Credit Control and Credit Control Policy;
- Supply Chain Management Policy
- Asset Management Policy
- Borrowing Policy;
- Budget Implementation and management Policy;
- Basic Social Services Package (Indigent Policy).
- Corporate Social Fund Policy
- Asset Loss Control Policy
- Insurance Policy
- Tariff Policy
- Unauthorized, Irregular, Fruitless & wasteful Expenditure policy
- Long-term Financial Planning Policy
- Related Parties Policy
- Cost Containment Measures Policy

## **2.8 Overview of budget assumptions**

### **2.8.1 External factors**

The South African economy contracted by an estimated 7.2 per cent in 2020 compared with the 7.8 per cent contraction projected in the 2020 Medium Term Budget Policy Statement (MTBPS). The revised estimate results from easing lockdown restrictions in the third quarter and a faster-than-expected resumption of global growth, especially in China. The National Treasury projects real economic growth of 3.3 per cent in 2021, following an estimated contraction of 7.2 per cent in 2020. Real GDP growth is expected to moderate to 1.9 per cent in 2022 and 2023.

The outlook remains highly uncertain, and the economic effects of the pandemic are far-reaching. There were 1.7 million fewer jobs by the third quarter of 2020 compared to the same period in 2019. Rising unemployment and income losses have entrenched existing inequalities. GDP is only expected to recover to pre-pandemic levels in late 2023. High-frequency data for the third quarter, such as the volume of electricity distributed, mining and manufacturing output, business confidence and the ABSA Purchasing Managers' Index (PMI) shows evidence of a limited economic rebound.

Although growth rates are likely to improve quickly as restrictions are removed, based on current projections, the output is only expected to return to pre-pandemic levels in 2024. Given South Africa's structural constraints, its recovery will be slower than many of its developing-country peers. Industrial sectors (which include mining, manufacturing, construction and utilities) lagged substantially, undermined by structural constraints including unreliable electricity supply and weak public investment that preceded the pandemic. Over the next several years, the country requires the implementation of long-standing structural reforms to sustainably move to a higher growth path.

### **2.8.2 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 68% is assumed for service charged due to controls that are in place as per the credit control policy.

### **2.8.3 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.

#### **2.8.4 Salary increases**

The *Salary and Wage Collective Agreement* for the period 01 July 2018 to 30 June 2021 is still in operation, therefore municipalities need to budget for their employee related costs in line with the multi-year wage agreement, and also ensure the agreement is correctly implemented and applied as per clauses of the agreement.

The salary wage increase in budget projection have been based in terms of the clause 6.3 and 6.5 of the collective Agreement shall be six comma two five (6.25%), with the effect from 1 July 2020 as per Circular No.2/2020, since the municipality has not received the latest Salary and wage agreement.

#### **2.8.5 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.

#### **2.8.6 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 2021/22 & MTREF of which performance has been factored into the cash flow budget.

### **2.9 Overview of budget funding**

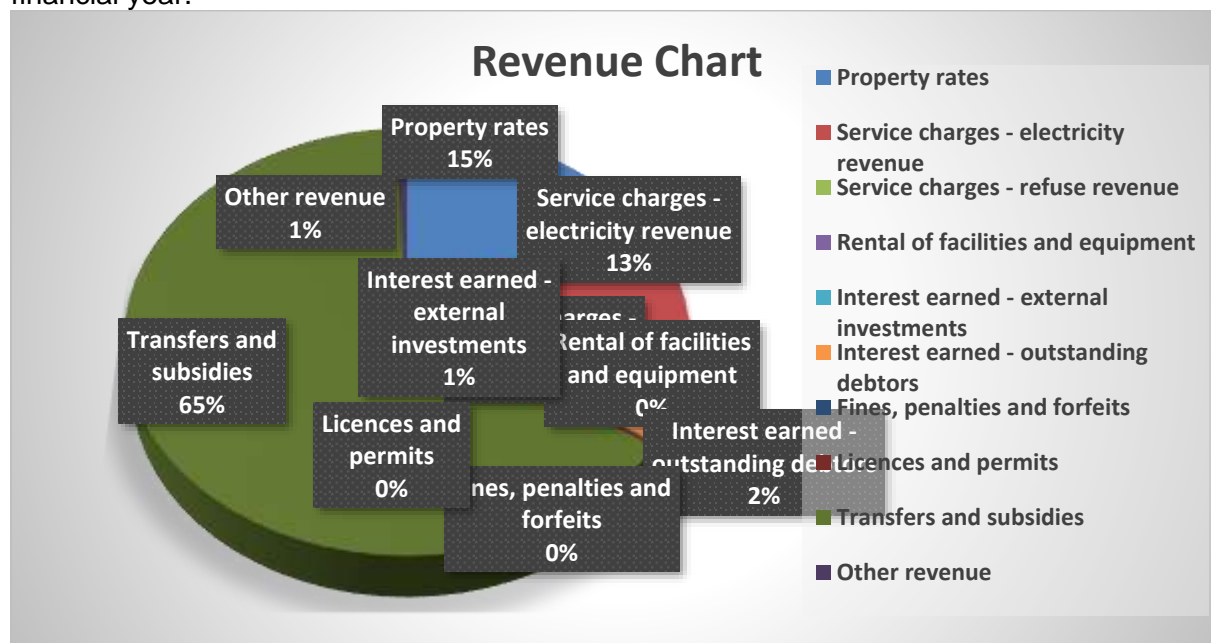
#### **2.9.1 Medium-term outlook: operating revenue**

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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue By Source</b>											
Property rates	2	40 626	58 180	46 606	52 479	52 479	52 479	52 479	46 642	47 239	47 855
Service charges - electricity revenue	2	25 622	24 368	29 909	33 865	33 865	33 865	33 865	39 216	40 099	41 042
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	8 450	8 406	7 899	9 211	9 211	9 211	9 938	9 546	9 947	10 370
Rental of facilities and equipment		333	170	204	280	180	180	63	130	135	141
Interest earned - external investments		2 983	4 893	6 819	3 500	4 150	4 150	3 660	4 950	5 158	5 385
Interest earned - outstanding debtors		15 071	13 851	11 830	18 136	6 136	6 136	3 088	6 740	7 023	7 332
Dividends received		50	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		378	404	131	449	449	449	29	265	276	288
Licences and permits		1 207	1 133	762	1 381	1 381	1 381	528	695	724	756
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		140 949	155 084	174 636	191 346	229 735	229 735	171 706	200 340	211 711	210 023
Other revenue	2	669	1 015	1 776	689	689	689	903	640	667	696
Gains		35 346	-	12 239	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and</b>		<b>271 686</b>	<b>267 504</b>	<b>292 810</b>	<b>311 336</b>	<b>338 276</b>	<b>338 276</b>	<b>276 259</b>	<b>309 163</b>	<b>322 979</b>	<b>323 889</b>

The following graph is a breakdown of the operational revenue per main category for the 2021/22 financial year.



**Figure 4 Breakdown of operating revenue over the 2021/22 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 2021/22 MTREF on the different revenue categories are:

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

Choose name from list - Supporting Table SA14 Household bills						
Description	Ref	2021/22 Medium Term Revenue & Expenditure Framework				2021/22 Total Budgeted Revenue
		Budget Year 2021/22 % incr.	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	
<b>Rand/cent</b>						
<b>Monthly Account for Household - 'Middle Income Range'</b>	1					
<b>Rates and services charges:</b>						
Property rates		5.0%	1 180.88	1 192.12	1 203.37	46 641 524
Electricity: Basic levy		14.6%	649.80	655.47	661.14	
Electricity: Consumption		14.6%	2 951.65	2 977.41	3 003.17	39 216 211
Refuse removal		5.0%	155.05	156.53	158.00	9 546 128
Other						
<b>sub-total</b>		<b>11.8%</b>	<b>4 937.37</b>	<b>4 981.53</b>	<b>5 025.68</b>	
VAT on Services						
<b>Total large household bill:</b>		<b>11.8%</b>	<b>4 937.37</b>	<b>4 981.53</b>	<b>5 025.68</b>	
<b>% increase/-decrease</b>			<b>11.8%</b>	<b>0.9%</b>	<b>0.9%</b>	



Revenue to be generated from property rates is R46.6 million in the 2021/22 financial year and increases to R47.9 million by 2023/24 which represents 15.0 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.

Services charges relating to electricity and refuse removal constitutes the third largest component of the revenue basket of the Municipality totaling R39,2 million for the 2021/22 financial year and increasing to R41.0 million by 2023/24. For the 2021/22 financial year services charges amount to 15.7 per cent of the total revenue base and grows by 15.8 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 R200.3 million, R211.8 million and R210.0 million for each of the respective financial years of the MTREF, or 65, 66 and 65 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government have increased in 2022/23 financial year and in the two outer years it grows rapidly over the MTREF by 5.6 per cent and 0.7 per cent.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R5.0 million, R5.2 million and R5.4 million for the respective three financial years of the 2021/22 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 2020/21 of R4.2 million, this is due to underspending in conditional grants that resulted in the municipality generating interest.

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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		0	0	0	-	-	-	-	-	-
Deposits - Bank		24 600	60 607	19 108	54 806	57 379	58 759	94 349	149 142	148 508
Deposits - Public Investment Commi		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public De		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - B		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
<b>Municipality sub-total</b>	1	<b>24 600</b>	<b>60 607</b>	<b>19 108</b>	<b>54 806</b>	<b>57 379</b>	<b>58 759</b>	<b>94 349</b>	<b>149 142</b>	<b>148 508</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>24 600</b>	<b>60 607</b>	<b>19 108</b>	<b>54 806</b>	<b>57 379</b>	<b>58 759</b>	<b>94 349</b>	<b>149 142</b>	<b>148 508</b>

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

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity											
Investments by Maturity Reference of institution & investment	Period of Investment	Type of Investment	Capital	variable	Interest Rate %	Expiry date of investment	Opening balance	Interest to be realised	Premature	Investment Top Up	Closing Balance
	Yrs/Months		Guarantee	or Fixed interest rate					Withdrawal (A)		
<b>Parent municipality</b>											
Call account 1-GRANTS	12MNTHS	ALL ACCOUNT	Yes	Fixed	0.0245	30 June 2020	60 701	1 024	(321 398)	267 735	8 062
Call account 2 -HOUSING	12MNTHS	ALL ACCOUNT	No	Fixed	0.0245	01 July 2020	1 807	95		-	1 902
Call account 3-MIG	12MNTHS	ALL ACCOUNT	Yes	Fixed	0.0245	02 July 2020	5 718	285	(46 126)	37 232	(2 891)
Call account 4-NDPG	12MNTHS	ALL ACCOUNT	Yes	Fixed	0.0245	03 July 2020	2	1			3
Call account 5-TMT	12MNTHS	ALL ACCOUNT	No	Fixed	0.0245	04 July 2020	243	3			246
Call account 6-INEP	12MNTHS	ALL ACCOUNT	No	Fixed	0.0245	05 July 2020	2 657	87	(7 616)	4 872	1
Call account 7-AR	12MNTHS	ALL ACCOUNT	No	Fixed	0.0245	06 July 2020	106	6			112
Call account 8- Title De	12MNTHS	ALL ACCOUNT	No	Fixed	0.0245	07 July 2020	3 398	92	(3 490)		0
STANDARD BANK	12MNTHS	INVESTMENT	No	Fixed	0.02	08 July 2020	4	0			4
STANDARD	12MNTHS	INVESTMENT	No	Fixed	0	09 July 2020	0	-			0
STANDARD	12MNTHS	INVESTMENT	No	Fixed	0.034	10 July 2020	1 690	24			1 713
NEDBANK	12MNTHS	INVESTMENT	No	Fixed	0.035	11 July 2020	1 863	21			1 884
STANDARD BANK	12MNTHS	INVESTMENT	Yes	Fixed	0.06675	12 July 2020	30 000	988			30 988
NEDBANK	12MNTHS	INVESTMENT	Yes	Fixed	0.0482	13 July 2020	30 000	988			30 988
STANDARD BANK	12MNTHS	INVESTMENT	Yes	Fixed	0.0398	30 June 2020	15 000	637		5 000	20 637
STANDARD BANK	12MNTHS	INVESTMENT	Yes	Fixed	0.047	30 June 2020	50 000	700	(50 000)		700
											-
											-
<b>Municipality sub-total</b>							<b>203 189</b>		<b>(428 630)</b>	<b>314 839</b>	<b>94 349</b>
<b>Entities</b>											
											-
											-
											-
											-
											-
<b>Entities sub-total</b>							<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENT</b>							<b>203 189</b>		<b>(428 630)</b>	<b>314 839</b>	<b>94 349</b>

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 R93.4 million, R149.1 million and increases to R148.5 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.

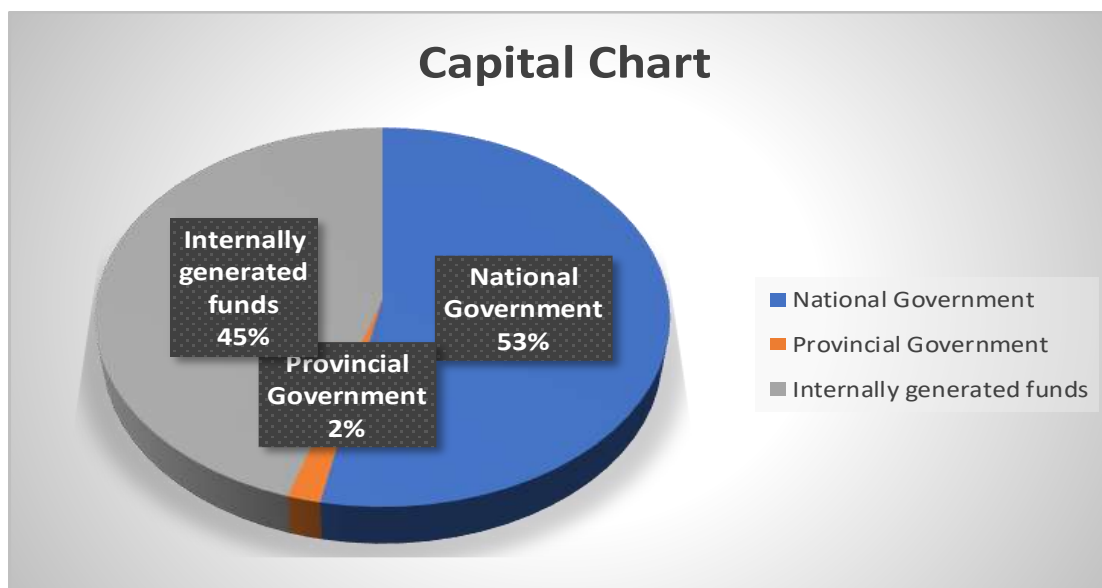
## 2.9.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2021/22 medium-term capital programme:

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

Vote Description	ReCurrent Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework						R thousand	
		Adjusted Budget	%	Budget Year 2021/22		Budget Year +1 2022/23	Budget Year +2 2023/24		
<b>Funded by:</b>									
National Government		43 021	46.16	35 670	53.14	38 042	88.38	39 636	85.91
Provincial Government		3 660	3.93	1 170	1.74	–	–	–	
District Municipality		–	–	–	–	–	–	–	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		–	–	–	–	–	–	–	
<b>Transfers recognised - capital</b>	4	<b>46 682</b>	<b>0</b>	<b>36 840</b>		<b>38 042</b>		<b>39 636</b>	
<b>Borrowing</b>	6	–	–	–		–		–	
<b>Internally generated funds</b>		46 511	49.91	30 280	45.11	5 000	11.62	6 500	14.09
<b>Total Capital Funding</b>	7	<b>93 192</b>	<b>100%</b>	<b>67 120</b>	<b>100%</b>	<b>43 042</b>	<b>100%</b>	<b>46 136</b>	<b>100%</b>

The above table is graphically represented as follows for the 2021/22 financial year.



**Figure 5 Sources of capital revenue for the 2021/22 financial year**

Capital grants and receipts equates to 67.1 per cent of the total funding source which represents R30.3 million for the 2021/22 financial year and steadily decreases to 5.0 million or 6.5 per cent by 2022/23. Increase relating to grant receipts is 21 and 7.5 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget	Budget	Budget
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		<b>148 377</b>	<b>157 762</b>	<b>181 862</b>	<b>194 117</b>	<b>234 561</b>	<b>234 561</b>	<b>202 170</b>	<b>214 288</b>	<b>213 600</b>
Local Government Equitable Share		134 192	146 821	167 483	181 342	218 402	218 402	191 149	203 436	201 664
Finance Management		1 900	1 900	1 900	1 900	2 346	2 346	1 850	1 850	1 850
EPWP Incentive		2 285	2 255	2 234	2 387	2 387	2 387	2 435	-	-
Integrated National Electrification		10 000	6 786	9 500	6 000	8 545	8 545	4 875	7 000	8 000
Municipal Infrastructure Grant (PIG)					1 743	1 743	1 743	1 861	2 002	2 086
Disaster Relief Grant COVID 19				745	745	1 138	1 138			
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		<b>2 480</b>	<b>5 278</b>	<b>3 488</b>	<b>3 636</b>	<b>4 027</b>	<b>4 027</b>	<b>1 315</b>	<b>1 908</b>	<b>1 477</b>
Community Library Services Grant		2 480	3 581	1 228	2 714	2 714	2 714	1 315	1 408	1 477
Provincialization of Government			1 147	1 510	515	515	515			
Ward Based Plan		-	-	-	-	-	-	-	500	-
Sport and Recreation		-	50	-	-	-	-	-	-	-
GIS Patient Grant			500							
Spetial Development Framework				750						
Single Landuse Scheme						491	491			
Title deeds restoration programme					407	307	307			
<b>District Municipality:</b>		<b>-</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>	<b>-</b>
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	<b>150 857</b>	<b>163 040</b>	<b>185 350</b>	<b>197 753</b>	<b>238 588</b>	<b>238 588</b>	<b>203 485</b>	<b>216 196</b>	<b>215 077</b>
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		<b>40 838</b>	<b>39 577</b>	<b>33 954</b>	<b>33 408</b>	<b>41 377</b>	<b>41 377</b>	<b>37 232</b>	<b>40 044</b>	<b>41 722</b>
Municipal Infrastructure Grant (PIG)		35 940	34 706	33 954	33 408	41 377	41 377	37 232	40 044	41 722
Neighbourhood Development Project		4 898	4 871	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		<b>-</b>	<b>-</b>	<b>1 131</b>	<b>800</b>	<b>2 990</b>	<b>2 990</b>	<b>2 714</b>	<b>2 806</b>	<b>2 946</b>
Provincialization of Libraries				1 131	800	2 990	2 990	2 714	2 806	2 946
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	<b>40 838</b>	<b>39 577</b>	<b>35 085</b>	<b>34 208</b>	<b>44 367</b>	<b>44 367</b>	<b>39 946</b>	<b>42 850</b>	<b>44 668</b>
<b>TOTAL RECEIPTS OF TRANSFERS</b>		<b>191 695</b>	<b>202 617</b>	<b>220 434</b>	<b>231 961</b>	<b>282 955</b>	<b>282 955</b>	<b>243 431</b>	<b>259 046</b>	<b>259 745</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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		1 628	1 734	1 828	35 686	70 999	70 999	1 848	26 586	26 926	27 277
Service charges		1 477	1 575	1 666	37 581	35 966	35 966	1 685	42 028	43 794	45 721
Other revenue		94	99	104	3 690	2 273	2 273	105	1 478	1 540	1 608
Transfers and Subsidies - Operat	1	14 219	42 444	55 244	196 810	239 835	239 835	183 488	204 520	216 709	215 937
Transfers and Subsidies - Capital	1	7 116	6 589	15 837	35 150	43 119	43 119	26 557	37 232	40 044	41 722
Interest		-	-	-	-	245	245	-	5 085	5 298	5 531
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		1 571	1 151	2 681	-	(255 499)	(255 499)	(4 425)	(259 418)	(265 089)	(276 660)
Finance charges		-	-	-	-	(650)	(650)	-	(400)	(328)	(320)
Transfers and Grants	1	-	-	-	-	(1 622)	(1 622)	-	(1 883)	(1 918)	(1 999)
<b>NET CASH FROM/(USED) OPERAT</b>		<b>26 105</b>	<b>53 591</b>	<b>77 360</b>	<b>308 917</b>	<b>134 666</b>	<b>134 666</b>	<b>209 258</b>	<b>55 228</b>	<b>66 976</b>	<b>58 817</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		-	-	-	-	(3 660)	(3 660)	-	(73 920)	(43 042)	(46 136)
<b>NET CASH FROM/(USED) INVESTIN</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 660)</b>	<b>(3 660)</b>	<b>-</b>	<b>(73 920)</b>	<b>(43 042)</b>	<b>(46 136)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer dep		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		2 704	1 890	893	(1 317)	-	-	893	(400)	(328)	(320)
<b>NET CASH FROM/(USED) FINANCIN</b>		<b>2 704</b>	<b>1 890</b>	<b>893</b>	<b>(1 317)</b>	<b>-</b>	<b>-</b>	<b>893</b>	<b>(400)</b>	<b>(328)</b>	<b>(320)</b>
<b>NET INCREASE/ (DECREASE) IN C.</b>		<b>28 809</b>	<b>55 482</b>	<b>78 254</b>	<b>307 600</b>	<b>131 006</b>	<b>131 006</b>	<b>210 152</b>	<b>(19 092)</b>	<b>23 606</b>	<b>12 361</b>
Cash/cash equivalents at the year 2		-	-	30 000	-	111 177	111 177	155 000	119 889	100 797	124 403
Cash/cash equivalents at the year 2		<b>28 809</b>	<b>55 482</b>	<b>108 254</b>	<b>307 600</b>	<b>242 183</b>	<b>242 183</b>	<b>365 152</b>	<b>100 797</b>	<b>124 403</b>	<b>136 764</b>

The above table shows that cash and cash equivalents of the Municipality were slowly increased between the 2020/21 and 2021/22 financial year moving from a positive cash balance of R100.8 to a surplus of R136.8 million with the approved 2023/24 MTREF. With the 2020/21 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition, the Municipality 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 R100.8 million by the financial year end. For the 2021/22 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase to R124.4 million by 2022/23 and steadily increases to R136.8 million by 2023/24. It should be noted the municipality's cash flow is improving towards the 2021/22. & MTREF.

## 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	1	28 809	55 482	108 254	307 600	242 183	242 183	100 797	124 403	136 764
Other current investments > 90 days		7 222	5 153	2 928	(248 841)	(121 964)	(121 964)	-	63 240	51 980
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>36 030</b>	<b>60 635</b>	<b>111 182</b>	<b>58 759</b>	<b>120 219</b>	<b>120 219</b>	<b>100 797</b>	<b>187 643</b>	<b>188 744</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers		10 419	9 792	26 159	(5 685)	5 589	5 589	6 720	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	27 691	17 889	18 275	57 608	(35 382)	(35 382)	(20 665)	(15 168)	(16 953)
Other provisions		-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments</b>		<b>38 110</b>	<b>27 680</b>	<b>44 434</b>	<b>51 923</b>	<b>(29 792)</b>	<b>(29 792)</b>	<b>(13 945)</b>	<b>(15 168)</b>	<b>(16 953)</b>
<b>Surplus(shortfall)</b>		<b>(2 080)</b>	<b>32 954</b>	<b>66 748</b>	<b>6 836</b>	<b>150 012</b>	<b>150 012</b>	<b>114 742</b>	<b>202 811</b>	<b>205 697</b>

From the above table it can be seen that the cash and investments available total 114.7 million in the 2021/22 financial year and increases to R205.7 million by 2023/24, 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 R6.7 million for 2021/22 financial year through the following grants (INEP of 1.0 million; MIG of R5.7 million) and Tittle Deed Grant this assumption is based on grant register as at February 2021.

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.

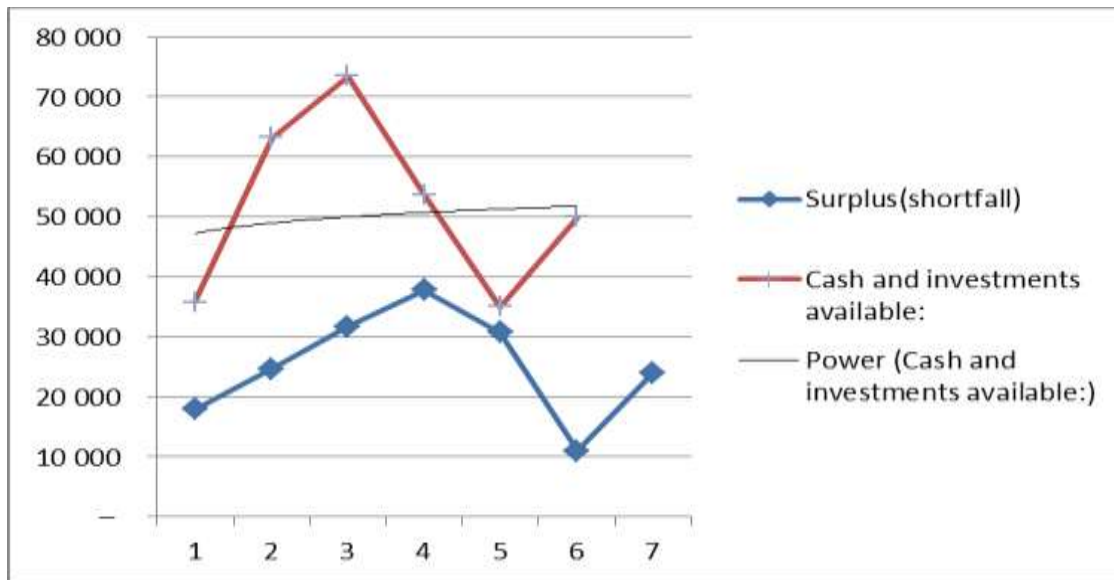
The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital.

For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

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 2021/22 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2021/22 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Funding measures</b>											
Cash/cash equivalents at the year end - R0	18(1)b	1	28 809	55 482	108 254	307 600	242 183	242 183	100 797	124 403	136 764
Cash + investments at the yr end less appl	18(1)b	2	(2 080)	32 954	66 748	6 836	150 012	150 012	114 742	202 811	205 697
Cash year end/monthly employee/supplier	18(1)b	3	2.0	3.1	5.5	14.6	11.0	11.0	4.6	5.5	5.8
Surplus/(Deficit) excluding depreciation off	18(1)	4	254 457	209 046	206 075	36 527	61 425	61 425	22 241	39 056	41 316
Service charge rev % change - macro CPI	18(1)a	5	N.A.	(4.4%)	9.9%	7.2%	(6.0%)	(6.0%)	(6.2%)	7.5%	7.8%
Cash receipts % of Ratepayer & Other rev	18(1)a	6	3.6%	3.8%	3.6%	66.1%	104.6%	104.6%	67.5%	61.7%	56.3%
Debt impairment expense as a % of total b	18(1)a	7	21.1%	57.1%	57.1%	34.2%	34.2%	34.2%	32.1%	29.5%	27.0%
Capital payments % of capital expenditure	8(1)c	8	0.0%	0.0%	0.0%	0.0%	3.9%	3.9%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted alloc	18(1)a	10							0.0%	0.0%	0.0%
Current consumer debtors % change - incr	18(1)a	11	N.A.	(42.1%)	(20.4%)	(250.8%)	(179.8%)	0.0%	1.8%	(0.9%)	14.6%
Long term receivables % change - incr(dec	18(1)a	12	N.A.	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	0.7%	2.1%	1.8%	3.2%	3.8%	3.8%	3.5%	3.6%	3.5%
Asset renewal % of capital budget	20(1)(vi)	14	61.1%	63.7%	63.6%	0.0%	3.8%	3.8%	6.4%	0.0%	0.0%
<b>Supporting indicators</b>											
% incr total service charges (incl prop rates)	18(1)a			1.6%	15.9%	13.2%	0.0%	0.0%	(0.2%)	13.5%	13.8%
% incr Property Tax	18(1)a			6.6%	16.3%	12.6%	0.0%	0.0%	(11.1%)	12.0%	15.3%
% incr Service charges - electricity revenue	18(1)a			(4.9%)	22.7%	13.2%	0.0%	0.0%	15.8%	15.0%	13.2%
% 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			(0.5%)	(6.0%)	16.6%	0.0%	0.0%	3.6%	14.7%	9.3%
% incr in	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		71 674	72 854	84 413	95 555	95 555	95 555	95 404	108 284	123 267
Service charges			71 674	72 854	84 413	95 555	95 555	95 555	95 404	108 284	123 267
Property rates			37 601	40 080	46 606	52 479	52 479	52 479	46 642	52 239	60 255
Service charges - electricity revenue			25 622	24 368	29 909	33 865	33 865	33 865	39 216	45 099	51 042
Service charges - water revenue			-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-
Service charges - refuse removal			8 450	8 406	7 898	9 211	9 211	9 211	9 546	10 947	11 970
Service charges - other			-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			333	170	204	280	180	180	130	135	141
Capital expenditure excluding capital grant funding			101 520	98 950	102 903	24 706	46 511	46 511	37 380	5 000	6 500
Cash receipts from ratepayers	18(1)a		3 199	3 407	3 598	76 957	109 238	109 238	70 092	72 260	74 606
Ratepayer & Other revenue	18(1)a		89 333	89 427	99 116	116 490	104 390	104 390	103 874	117 110	132 481
Change in consumer debtors (current and non-current)			(32 054)	(38 229)	(10 726)	#####	8 509	8 509	114 515	(443)	7 417
Operating and Capital Grant Revenue	18(1)a		181 784	194 661	190 915	225 553	274 102	274 102	235 710	249 753	249 659
Capital expenditure - total	20(1)(vi)		248 533	237 694	254 468	59 655	93 192	93 192	73 920	43 042	46 136
Capital expenditure - renewal	20(1)(vi)		151 950	151 515	161 826	-	3 520	3 520	4 700	-	-
<b>Supporting benchmarks</b>											
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	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)											
<b>DoRA operating</b>											
<i>List operating grants</i>											
<b>DoRA capital</b>											
<i>List capital grants</i>											

KZN291 Mandeni Supporting Table SA10 Funding measurement											
Description	MFMA section	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Trend</b>											
Change in consumer debtors (current and non-current)			(32 054)	(38 229)	(10 726)	(20 277)	114 515	(443)	-	-	-
<b>Total Operating Revenue</b>			268 661	249 404	292 810	311 336	338 276	338 276	309 163	333 979	347 889
<b>Total Operating Expenditure</b>			233 235	258 420	283 370	309 016	321 217	321 217	323 462	332 965	346 208
<b>Operating Performance Surplus/(Deficit)</b>			35 427	(9 016)	9 440	2 319	17 058	17 058	(14 299)	1 014	1 680
<b>Cash and Cash Equivalents (30 June 2012)</b>									100 797		
<b>Revenue</b>											
% Increase in Total Operating Revenue				(7.2%)	17.4%	6.3%	8.7%	0.0%	(8.6%)	8.0%	4.2%
% Increase in Property Rates Revenue				6.6%	16.3%	12.6%	0.0%	0.0%	(11.1%)	12.0%	15.3%
% Increase in Electricity Revenue				(4.9%)	22.7%	13.2%	0.0%	0.0%	15.8%	15.0%	13.2%
% Increase in Property Rates & Services Charges				1.6%	15.9%	13.2%	0.0%	0.0%	(0.2%)	13.5%	13.8%
<b>Expenditure</b>											
% Increase in Total Operating Expenditure				10.8%	9.7%	9.1%	3.9%	0.0%	0.7%	2.9%	4.0%
% Increase in Employee Costs				9.6%	18.3%	10.4%	0.0%	0.0%	(2.0%)	4.2%	4.4%
% Increase in Electricity Bulk Purchases				38.3%	13.9%	11.9%	4.1%	0.0%	15.6%	4.2%	4.4%
Average Cost Per Budgeted Employee Position (Remuneration)					381993.9	395816.6			386448		
Average Cost Per Councillor (Remuneration)					378529.4	402492.6			418372		
R&M % of PPE			0.7%	2.1%	1.8%	3.2%	3.8%	3.8%	3.5%	3.6%	3.5%
Asset Renewal and R&M as a % of PPE			44.0%	42.0%	46.0%	7.0%	12.0%	12.0%	9.0%	8.0%	9.0%
Debt Impairment % of Total Billable Revenue			21.1%	57.1%	57.1%	34.2%	34.2%	34.2%	32.1%	29.5%	27.0%
<b>Capital Revenue</b>											
Internally Funded & Other (R'000)			96 312	95 070	99 023	24 706	46 511	46 511	37 380	5 000	6 500
Borrowing (R'000)			5 207	3 881	3 881	-	-	-	-	-	-
Grant Funding and Other (R'000)			147 014	138 744	151 564	34 949	46 682	46 682	36 540	38 042	39 636
Internally Generated funds % of Non Grant Funding			94.9%	96.1%	96.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding			5.1%	3.9%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			59.2%	58.4%	59.6%	58.6%	50.1%	50.1%	49.4%	88.4%	85.9%
<b>Capital Expenditure</b>											
Total Capital Programme (R'000)			248 533	237 694	254 468	59 655	93 192	93 192	73 920	43 042	46 136
Asset Renewal			209 104	201 738	223 616	26 042	45 352	45 352	39 131	27 892	39 636
Asset Renewal % of Total Capital Expenditure			84.1%	84.9%	87.9%	43.7%	48.7%	48.7%	52.9%	64.8%	85.9%
<b>Cash</b>											
Cash Receipts % of Rate Payer & Other			3.6%	3.8%	3.6%	66.1%	104.6%	104.6%	67.5%	61.7%	56.3%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0
<b>Borrowing</b>											
Credit Rating (2009/10)									0		
Capital Charges to Operating			(0.7%)	(0.5%)	0.0%	0.6%	0.2%	0.2%	0.2%	0.2%	0.2%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>											
Surplus/(Deficit)			(2 080)	32 954	66 748	6 836	150 012	150 012	114 742	202 811	205 697
<b>Free Services</b>											
Free Basic Services as a % of Equitable Share			0.0%	0.3%	0.4%	0.4%	0.3%	0.3%	0.4%	0.4%	0.4%
Free Services as a % of Operating Revenue (excl operational transfers)			1.2%	9.6%	0.0%	12.5%	13.8%	13.8%	15.1%	14.0%	12.7%
<b>High Level Outcome of Funding Compliance</b>											
Total Operating Revenue			268 661	249 404	292 810	311 336	338 276	338 276	309 163	333 979	347 889
Total Operating Expenditure			233 235	258 420	283 370	309 016	321 217	321 217	323 462	332 965	346 208
Surplus/(Deficit) Budgeted Operating Statement			35 427	(9 016)	9 440	2 319	17 058	17 058	(14 299)	1 014	1 680
Surplus/(Deficit) Considering Reserves and Cash Back			(2 080)	32 954	66 748	6 836	150 012	150 012	114 742	202 811	205 697
<b>MTREF Funded (1) / Unfunded (0)</b>			15	0	1	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 2021/22 MTREF shows R94.3 million, R149.1 million and R148.5 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 2020/21 to 2023/24, moving from 2.3 to 1.7 with the adopted 2021/22 & MTREF. As part of the 2021/22 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 0.1, 1.9 and 0.2 per cent for the respective financial year of the 2021/22 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates is 5 per cent and services charges are 5 per cent, with the increase in electricity at 14.59 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 108,111 and 114 per cent for each of the respective financial years. Given that the assumed collection rate was based on 60 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 9.4, 9.4 and 9.4 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>EXPENDITURE:</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>148 377</b>	<b>157 762</b>	<b>181 862</b>	<b>194 117</b>	<b>234 561</b>	<b>234 561</b>	<b>202 167</b>	<b>214 288</b>	<b>213 600</b>
Local Government Equitable Share	134 192	146 821	167 483	181 342	218 402	218 402	191 149	203 436	201 664	
Finance Management	1 900	1 900	1 900	1 900	2 346	2 346	1 850	1 850	1 850	
EPWP Incentive	2 285	2 255	2 234	2 387	2 387	2 387	2 435	-	-	
Integrated National Electrification P	10 000	6 786	9 500	6 000	8 545	8 545	4 872	7 000	8 000	
Municipal Infrastructure Grant(PMU)				1 743	1 743	1 743	1 861	2 002	2 086	
Disaster Relief Grant COVID 19			745		745	1 138				
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		<b>3 627</b>	<b>5 640</b>	<b>2 493</b>	<b>3 636</b>	<b>4 027</b>	<b>4 027</b>	<b>3 044</b>	<b>4 423</b>	<b>4 423</b>
Community Library Services Grant	2 480	3 581	1 228	2 714	2 714	2 714	1 315	1 477	1 477	
Provincialization of Government	1 147	1 510	515	515	515	515	1 729	2 946	2 946	
	-	-	-	-	-	-	-	-	-	
	-	50	-	-	-	-	-	-	-	
		500	-	-	-	-	-	-	-	
Spetial Development Framework Support			750							
Single Landuse Scheme					491	491				
Tittle deeds restoration programme					407	307	307			
<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 Trans</b>		<b>152 004</b>	<b>163 402</b>	<b>184 355</b>	<b>197 753</b>	<b>238 588</b>	<b>238 588</b>	<b>205 211</b>	<b>218 711</b>	<b>218 023</b>
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>40 838</b>	<b>39 577</b>	<b>33 954</b>	<b>33 408</b>	<b>41 377</b>	<b>41 377</b>	<b>35 371</b>	<b>35 230</b>	<b>35 146</b>
Municipal Infrastructure Grant (MIG)	35 940	34 706	33 954	33 408	41 377	41 377	35 371	35 230	35 146	
Neighbourhood Development Partn	4 898	4 871	-	-	-	-	-	-	-	
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		<b>-</b>	<b>-</b>	<b>1 131</b>	<b>800</b>	<b>2 990</b>	<b>2 990</b>	<b>1 170</b>	<b>-</b>	<b>-</b>
Provincialization of Libraries			1 131	800	2 990	2 990	1 170	-	-	
<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 Transfe</b>		<b>40 838</b>	<b>39 577</b>	<b>35 085</b>	<b>34 208</b>	<b>44 367</b>	<b>44 367</b>	<b>36 541</b>	<b>35 230</b>	<b>35 146</b>
<b>TOTAL EXPENDITURE OF TRANSF</b>		<b>192 842</b>	<b>202 979</b>	<b>219 440</b>	<b>231 961</b>	<b>282 955</b>	<b>282 955</b>	<b>241 752</b>	<b>253 941</b>	<b>253 169</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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year			616							
Current year receipts		148 377	157 762	181 862	194 117	234 561	234 561	202 167	214 288	213 600
<b>Conditions met - transferred to revenue</b>		<b>148 377</b>	<b>158 378</b>	<b>181 862</b>	<b>194 117</b>	<b>234 561</b>	<b>234 561</b>	<b>202 167</b>	<b>214 288</b>	<b>213 600</b>
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year			1 234							
Current year receipts		2 480	5 282	3 488	3 636	4 027	4 027	3 044	4 423	4 423
<b>Conditions met - transferred to revenue</b>		<b>2 480</b>	<b>6 516</b>	<b>3 488</b>	<b>3 636</b>	<b>4 027</b>	<b>4 027</b>	<b>3 044</b>	<b>4 423</b>	<b>4 423</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>	<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>	<b>-</b>
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		<b>150 857</b>	<b>164 894</b>	<b>185 350</b>	<b>197 753</b>	<b>238 588</b>	<b>238 588</b>	<b>205 211</b>	<b>218 711</b>	<b>218 023</b>
<b>Total operating transfers and grants - C 2</b>		<b>-</b>	<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										
Current year receipts		40 838	39 577	33 954	33 408	41 377	41 377	35 371	35 230	35 146
<b>Conditions met - transferred to revenue</b>		<b>40 838</b>	<b>39 577</b>	<b>33 954</b>	<b>33 408</b>	<b>41 377</b>	<b>41 377</b>	<b>35 371</b>	<b>35 230</b>	<b>35 146</b>
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts				1 131	800	2 990	2 990	1 170	-	-
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>1 131</b>	<b>800</b>	<b>2 990</b>	<b>2 990</b>	<b>1 170</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>	<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>	<b>-</b>
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		<b>40 838</b>	<b>39 577</b>	<b>35 085</b>	<b>34 208</b>	<b>44 367</b>	<b>44 367</b>	<b>36 541</b>	<b>35 230</b>	<b>35 146</b>
<b>Total capital transfers and grants - CTB 2</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>191 695</b>	<b>204 471</b>	<b>220 434</b>	<b>231 961</b>	<b>282 955</b>	<b>282 955</b>	<b>241 752</b>	<b>253 941</b>	<b>253 169</b>
<b>TOTAL TRANSFERS AND GRANTS - CTB</b>		<b>-</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 councilor and staff benefits										
Summary of Employee and Councilor remuneration	Re	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
		R thousand								
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		9 045	9 422	9 848	10 462	10 462	10 462	11 225	11 696	12 211
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		1 418	1 413	1 299	1 388	1 388	1 388	1 279	1 333	1 392
Cellphone Allowance		1 425	1 423	1 420	1 514	1 514	1 514	1 455	1 516	1 583
Housing Allowances		778	765	681	724	724	724	684	713	744
Other benefits and allowances		—	—	—	—	—	—	—	—	—
<b>Sub Total - Councillors</b>		<b>12 666</b>	<b>13 023</b>	<b>13 249</b>	<b>14 087</b>	<b>14 087</b>	<b>14 087</b>	<b>14 643</b>	<b>15 258</b>	<b>15 929</b>
<b>% increase</b>	4		<b>2.8%</b>	<b>1.7%</b>	<b>6.3%</b>	<b>—</b>	<b>—</b>	<b>3.9%</b>	<b>4.2%</b>	<b>4.4%</b>
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		3 256	3 609	4 964	5 526	5 526	5 526	5 823	6 067	6 334
Pension and UIF Contributions		12	10	10	11	11	11	11	11	12
Medical Aid Contributions		307	—	1	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		18	—	—	—	—	—	408	425	443
Motor Vehicle Allowance	3	839	705	719	785	785	785	737	768	802
Cellphone Allowance	3	135	165	181	186	186	186	186	194	202
Housing Allowances	3	118	110	134	114	114	114	264	275	287
Other benefits and allowances	3	0	1	1	1	1	1	1	1	2
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligation	6	—	815	1 510	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>		<b>4 685</b>	<b>5 416</b>	<b>7 520</b>	<b>6 623</b>	<b>6 623</b>	<b>6 623</b>	<b>7 430</b>	<b>7 742</b>	<b>8 082</b>
<b>% increase</b>	4		<b>15.6%</b>	<b>38.9%</b>	<b>(11.9%)</b>	<b>—</b>	<b>—</b>	<b>12.2%</b>	<b>4.2%</b>	<b>4.4%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		55 495	56 448	64 144	67 170	67 170	67 170	70 949	73 929	77 182
Pension and UIF Contributions		7 741	8 770	9 871	10 895	10 895	10 895	10 755	11 207	11 700
Medical Aid Contributions		3 600	3 952	5 193	5 310	5 310	5 310	3 949	4 115	4 296
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		203	3 530	4 090	3 866	3 866	3 866	5 174	5 391	5 628
Motor Vehicle Allowance	3	3 686	3 959	3 874	4 510	4 510	4 510	4 364	4 547	4 747
Cellphone Allowance	3	442	473	449	485	485	485	465	485	506
Housing Allowances	3	246	379	278	297	297	297	258	268	280
Other benefits and allowances	3	1 227	1 434	1 395	5 382	5 382	5 382	976	1 017	1 062
Payments in lieu of leave		—	—	3 421	5 500	5 500	5 500	3 500	3 647	3 807
Long service awards		—	—	260	—	—	—	—	—	—
Post-retirement benefit obligation	6	(400)	(80)	(795)	—	—	—	—	—	—
<b>Sub Total - Other Municipal Staff</b>		<b>72 240</b>	<b>78 865</b>	<b>92 181</b>	<b>103 414</b>	<b>103 414</b>	<b>103 414</b>	<b>100 389</b>	<b>104 606</b>	<b>109 208</b>
<b>% increase</b>	4		<b>9.2%</b>	<b>16.9%</b>	<b>12.2%</b>	<b>—</b>	<b>—</b>	<b>(2.9%)</b>	<b>4.2%</b>	<b>4.4%</b>
<b>Total Parent Municipality</b>		<b>89 591</b>	<b>97 303</b>	<b>112 949</b>	<b>124 124</b>	<b>124 124</b>	<b>124 124</b>	<b>122 462</b>	<b>127 605</b>	<b>133 220</b>
			<b>8.6%</b>	<b>16.1%</b>	<b>9.9%</b>	<b>—</b>	<b>—</b>	<b>(1.3%)</b>	<b>4.2%</b>	<b>4.4%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>89 591</b>	<b>97 303</b>	<b>112 949</b>	<b>124 124</b>	<b>124 124</b>	<b>124 124</b>	<b>122 462</b>	<b>127 605</b>	<b>133 220</b>
<b>% increase</b>	4		<b>8.6%</b>	<b>16.1%</b>	<b>9.9%</b>	<b>—</b>	<b>—</b>	<b>(1.3%)</b>	<b>4.2%</b>	<b>4.4%</b>
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>76 926</b>	<b>84 280</b>	<b>99 700</b>	<b>110 037</b>	<b>110 037</b>	<b>110 037</b>	<b>107 819</b>	<b>112 347</b>	<b>117 291</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.	Re	No.	Salary	Contribution	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4	1	726 566		40 800			767 366
Chief Whip		2	230 437		70 800			301 237
Executive Mayor		3	844 903		40 800			885 703
Deputy Executive Mayor		4	726 566		40 800			767 366
Executive Committee		5	2 086 950		597 708			2 684 658
Total for all other councillors			6 609 152	7 708	2 627 541			9 244 401
<b>Total Councillors</b>	8	15	<b>11 224 575</b>	<b>7 708</b>	<b>3 418 449</b>			<b>14 650 731</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1 136 210	14 661	224 307	79 535		1 454 713
Chief Finance Officer			656 645	12 190	186 049	45 965		900 849
								-
								-
								-
<i>List of each official with packages &gt;= senior manager</i>								
Director: Corporate Services			1 095 663	12 710	30 000	76 696		1 215 070
Director: EDPHS			1 095 663	12 354	208 215	76 696		1 392 929
Director: Infrastructure and Technical Services			743 066	12 258	364 215	52 015		1 171 554
Director: Community Services			1 095 663	12 422	174 255	76 696		1 359 037
								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	3,10	-	<b>5 822 910</b>	<b>76 594</b>	<b>1 187 043</b>	<b>407 604</b>		<b>7 494 150</b>
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								-
								-
								-
<b>Total for municipal entities</b>	3,10	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	15	<b>17 047 485</b>	<b>84 301</b>	<b>4 605 492</b>	<b>407 604</b>		<b>22 144 881</b>

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

KZN291 Mandeni - Supporting Table SA24 Summary of personnel numbers										
Summary of Personnel Numbers	Ref	2019/20			Current Year 2020/21			Budget Year 2021/22		
		Position s	Permane nt employe es	Contract employe es	Position s	Permane nt employe es	Contract employe es	Position s	Permane nt employe es	Contract employe es
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Board Members of municipal entities)	4	35	9	26	35	5	30	35	5	30
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	6		6	6		6	6		6
Other Managers	7	16	15	1	18	17	1	18	17	1
Professionals		108	86	22	111	86	25	112	87	25
<i>Finance</i>		29	24	5	32	23	9	32	23	9
<i>Spatial/town planning</i>		12	12		12	12		12	12	
<i>Information Technology</i>		5	4	1	4	4		4	4	
<i>Roads</i>		9	4	5	9	4	5	10	5	5
<i>Electricity</i>		5	5		5	5		5	5	
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>		40	29	11	40	29	11	40	29	11
<i>Other</i>		8	8		9	9		9	9	
Technicians		15	15	-	20	16	4	20	16	4
<i>Finance</i>										
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		15	15		20	16	4	20	16	4
Clerks (Clerical and administrative)		25	25		25	25		25	25	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		21	21		21	21		21	21	
Elementary Occupations		70	70		77	77		77	77	
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>296</b>	<b>241</b>	<b>55</b>	<b>313</b>	<b>247</b>	<b>66</b>	<b>314</b>	<b>248</b>	<b>66</b>
<b>% increase</b>					5.7%	2.5%	20.0%	0.3%	0.4%	-
<b>Total municipal employees headcount</b>	3, 10									
Finance personnel headcount	3, 10	<b>29</b>	<b>24</b>	<b>5</b>	<b>32</b>	<b>23</b>	<b>9</b>	<b>32</b>	<b>23</b>	<b>9</b>
Human Resources personnel headcount	3, 10	<b>267</b>	<b>217</b>	<b>50</b>	<b>281</b>	<b>224</b>	<b>57</b>	<b>282</b>	<b>225</b>	<b>57</b>

**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	Re	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Novem ber	Decemb er	January	Februar y	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue By Source</b>																
Property rates		3 887	3 887	3 887	3 887	3 887	3 887	3 887	3 887	3 887	3 887	3 887	3 887	46 642	52 239	60 255
Service charges - electricity revenue		3 268	3 268	3 268	3 268	3 268	3 268	3 268	3 268	3 268	3 268	3 268	3 268	39 216	45 099	51 042
Service charges - water revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue		796	796	796	796	796	796	796	796	796	796	796	796	9 546	10 947	11 970
Rental of facilities and equipment		11	11	11	11	11	11	11	11	11	11	11	11	130	135	141
Interest earned - external investments		413	413	413	413	413	413	413	413	413	413	413	413	4 950	5 158	5 385
Interest earned - outstanding debtors		562	562	562	562	562	562	562	562	562	562	562	562	6 740	7 023	7 332
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		22	22	22	22	22	22	22	22	22	22	22	22	265	276	288
Licences and permits		58	58	58	58	58	58	58	58	58	58	58	58	695	724	756
Agency services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies		16 695	16 695	16 695	16 695	16 695	16 695	16 695	16 695	16 695	16 695	16 695	16 695	200 340	211 711	210 023
Other revenue		53	53	53	53	53	53	53	53	53	53	53	53	640	667	696
Gains		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Revenue (excluding capital tra</b>		<b>25 764</b>	<b>25 764</b>	<b>25 764</b>	<b>25 764</b>	<b>25 764</b>	<b>25 764</b>	<b>25 764</b>	<b>25 764</b>	<b>25 764</b>	<b>25 764</b>	<b>25 764</b>	<b>25 764</b>	<b>309 163</b>	<b>333 979</b>	<b>347 889</b>
<b>Expenditure By Type</b>																
Employee related costs		8 985	8 985	8 985	8 985	8 985	8 985	8 985	8 985	8 985	8 985	8 985	8 985	107 819	112 304	117 192
Remuneration of councillors		1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	14 643	15 258	15 929
Debt impairment		2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	30 635	31 922	33 326
Depreciation & asset impairment		2 727	2 727	2 727	2 727	2 727	2 727	2 727	2 727	2 727	2 727	2 727	2 727	32 726	33 751	34 001
Finance charges		33	33	33	33	33	33	33	33	33	33	33	33	400	328	320
Bulk purchases - electricity		2 929	2 929	2 929	2 929	2 929	2 929	2 929	2 929	2 929	2 929	2 929	2 929	35 143	36 619	38 231
Inventory consumed		191	191	191	191	191	191	191	191	191	191	191	191	2 288	2 156	2 255
Contracted services		4 727	4 727	4 727	4 727	4 727	4 727	4 727	4 727	4 727	4 727	4 727	4 727	56 718	56 945	59 478
Transfers and subsidies		157	157	157	157	157	157	157	157	157	157	157	157	1 883	1 918	1 999
Other expenditure		3 434	3 434	3 434	3 434	3 434	3 434	3 434	3 434	3 434	3 434	3 434	3 434	41 206	41 764	43 476
Losses		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Expenditure</b>		<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>323 462</b>	<b>332 965</b>	<b>346 208</b>
<b>Surplus/(Deficit)</b>		<b>(1 192)</b>	<b>(1 192)</b>	<b>(1 192)</b>	<b>(1 192)</b>	<b>(1 192)</b>	<b>(1 192)</b>	<b>(1 192)</b>	<b>(1 192)</b>	<b>(1 192)</b>	<b>(1 192)</b>	<b>(1 192)</b>	<b>(1 192)</b>	<b>(14 299)</b>	<b>1 014</b>	<b>1 680</b>
Transfers and subsidies - capital (monetary allocations) (National		2 948	2 948	2 948	2 948	2 948	2 948	2 948	2 948	2 948	2 948	2 948	2 948	35 370	38 042	39 636
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-		98	98	98	98	98	98	98	98	98	98	98	98	1 170	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</b>
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</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	Re	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand																
<b>Revenue by Vote</b>																
Vote 1 - Executive and council		651	651	651	651	651	651	651	651	651	651	651	651	7 806	8 048	8 362
Vote 2 - Finance and administration		19 980	19 980	19 980	19 980	19 980	19 980	19 980	19 980	19 980	19 980	19 980	19 980	239 755	257 729	264 023
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		364	364	364	364	364	364	364	364	364	364	364	364	4 364	4 579	4 586
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		3 319	3 319	3 319	3 319	3 319	3 319	3 319	3 319	3 319	3 319	3 319	3 319	39 832	40 216	41 901
Vote 9 - Road transport		79	79	79	79	79	79	79	79	79	79	79	79	950	990	1 033
Vote 10 - Energy sources		3 288	3 288	3 288	3 288	3 288	3 288	3 288	3 288	3 288	3 288	3 288	3 288	39 454	45 346	51 300
Vote 11 - Waste Management		1 129	1 129	1 129	1 129	1 129	1 129	1 129	1 129	1 129	1 129	1 129	1 129	13 543	15 112	16 319
Vote 12 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>345 704</b>	<b>372 021</b>	<b>387 524</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive and council		3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	47 939	49 301	51 498
Vote 2 - Finance and administration		8 532	8 532	8 532	8 532	8 532	8 532	8 532	8 532	8 532	8 532	8 532	8 532	102 382	105 911	110 263
Vote 3 - Internal audit		128	128	128	128	128	128	128	128	128	128	128	128	1 539	1 604	1 674
Vote 4 - Community and social services		2 602	2 602	2 602	2 602	2 602	2 602	2 602	2 602	2 602	2 602	2 602	2 602	31 218	31 610	32 252
Vote 5 - Sport and Recreation		1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	12 592	13 007	13 539
Vote 6 - Public safety		73	73	73	73	73	73	73	73	73	73	73	73	880	917	957
Vote 7 - Housing		2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Vote 8 - Planning and Development		1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	21 226	21 161	22 122
Vote 9 - Road transport		3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	47 451	48 785	50 625
Vote 10 - Energy sources		3 952	3 952	3 952	3 952	3 952	3 952	3 952	3 952	3 952	3 952	3 952	3 952	47 420	49 348	51 459
Vote 11 - Waste Management		677	677	677	677	677	677	677	677	677	677	677	677	8 125	8 571	8 948
Vote 12 - Environmental Protection		222	222	222	222	222	222	222	222	222	222	222	222	2 669	2 729	2 849
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>323 462</b>	<b>332 965</b>	<b>346 208</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</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 2021/22												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand																
<b>Revenue - Functional</b>																
<b>Governance and administration</b>		<b>20 630</b>	<b>20 630</b>	<b>20 630</b>	<b>20 630</b>	<b>20 630</b>	<b>20 630</b>	<b>20 630</b>	<b>20 630</b>	<b>20 630</b>	<b>20 630</b>	<b>20 630</b>	<b>20 630</b>	<b>247 561</b>	<b>265 777</b>	<b>272 385</b>
Executive and council		651	651	651	651	651	651	651	651	651	651	651	651	7 806	8 048	8 362
Finance and administration		19 980	19 980	19 980	19 980	19 980	19 980	19 980	19 980	19 980	19 980	19 980	19 980	239 755	257 729	264 023
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>364</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>4 364</b>	<b>4 579</b>	<b>4 586</b>
Community and social services		364	364	364	364	364	364	364	364	364	364	364	364	4 364	4 579	4 586
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental serv</b>		<b>3 399</b>	<b>3 399</b>	<b>3 399</b>	<b>3 399</b>	<b>3 399</b>	<b>3 399</b>	<b>3 399</b>	<b>3 399</b>	<b>3 399</b>	<b>3 399</b>	<b>3 399</b>	<b>3 399</b>	<b>40 782</b>	<b>41 206</b>	<b>42 935</b>
Planning and development		3 319	3 319	3 319	3 319	3 319	3 319	3 319	3 319	3 319	3 319	3 319	3 319	39 832	40 216	41 901
Road transport		79	79	79	79	79	79	79	79	79	79	79	79	950	990	1 033
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>4 416</b>	<b>4 416</b>	<b>4 416</b>	<b>4 416</b>	<b>4 416</b>	<b>4 416</b>	<b>4 416</b>	<b>4 416</b>	<b>4 416</b>	<b>4 416</b>	<b>4 416</b>	<b>4 416</b>	<b>52 997</b>	<b>60 458</b>	<b>67 619</b>
Energy sources		3 288	3 288	3 288	3 288	3 288	3 288	3 288	3 288	3 288	3 288	3 288	3 288	39 454	45 346	51 300
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		1 129	1 129	1 129	1 129	1 129	1 129	1 129	1 129	1 129	1 129	1 129	1 129	13 543	15 112	16 319
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Functional</b>		<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>28 809</b>	<b>345 704</b>	<b>372 021</b>	<b>387 524</b>
<b>Expenditure - Functional</b>																
<b>Governance and administration</b>		<b>12 655</b>	<b>12 655</b>	<b>12 655</b>	<b>12 655</b>	<b>12 655</b>	<b>12 655</b>	<b>12 655</b>	<b>12 655</b>	<b>12 655</b>	<b>12 655</b>	<b>12 655</b>	<b>12 655</b>	<b>151 860</b>	<b>156 816</b>	<b>163 435</b>
Executive and council		3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	47 939	49 301	51 498
Finance and administration		8 532	8 532	8 532	8 532	8 532	8 532	8 532	8 532	8 532	8 532	8 532	8 532	102 382	105 911	110 263
Internal audit		128	128	128	128	128	128	128	128	128	128	128	128	1 539	1 604	1 674
<b>Community and public safety</b>		<b>3 726</b>	<b>3 726</b>	<b>3 726</b>	<b>3 726</b>	<b>3 726</b>	<b>3 726</b>	<b>3 726</b>	<b>3 726</b>	<b>3 726</b>	<b>3 726</b>	<b>3 726</b>	<b>3 726</b>	<b>44 710</b>	<b>45 554</b>	<b>46 770</b>
Community and social services		2 602	2 602	2 602	2 602	2 602	2 602	2 602	2 602	2 602	2 602	2 602	2 602	31 218	31 610	32 252
Sport and recreation		1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	12 592	13 007	13 539
Public safety		73	73	73	73	73	73	73	73	73	73	73	73	880	917	957
Housing		2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental serv</b>		<b>5 946</b>	<b>5 946</b>	<b>5 946</b>	<b>5 946</b>	<b>5 946</b>	<b>5 946</b>	<b>5 946</b>	<b>5 946</b>	<b>5 946</b>	<b>5 946</b>	<b>5 946</b>	<b>5 946</b>	<b>71 347</b>	<b>72 675</b>	<b>75 597</b>
Planning and development		1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	21 226	21 161	22 122
Road transport		3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	3 954	47 451	48 785	50 625
Environmental protection		222	222	222	222	222	222	222	222	222	222	222	222	2 669	2 729	2 849
<b>Trading services</b>		<b>4 629</b>	<b>4 629</b>	<b>4 629</b>	<b>4 629</b>	<b>4 629</b>	<b>4 629</b>	<b>4 629</b>	<b>4 629</b>	<b>4 629</b>	<b>4 629</b>	<b>4 629</b>	<b>4 629</b>	<b>55 545</b>	<b>57 919</b>	<b>60 407</b>
Energy sources		3 952	3 952	3 952	3 952	3 952	3 952	3 952	3 952	3 952	3 952	3 952	3 952	47 420	49 348	51 459
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		677	677	677	677	677	677	677	677	677	677	677	677	8 125	8 571	8 948
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Functional</b>		<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>26 955</b>	<b>323 462</b>	<b>332 965</b>	<b>346 208</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>1 853</b>	<b>22 241</b>	<b>39 056</b>	<b>41 316</b>

**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 2021/22												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand																
<b>Multi-year expenditure to be approved</b>	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure supported</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive and council		2	2	2	2	2	2	2	2	2	2	2	2	20	-	-
Vote 2 - Finance and administration		429	429	429	429	429	429	429	429	429	429	429	429	5 150	-	-
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		842	842	842	842	842	842	842	842	842	842	842	842	10 108	-	-
Vote 5 - Sport and Recreation		480	480	480	480	480	480	480	480	480	480	480	480	5 754	10 150	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		832	832	832	832	832	832	832	832	832	832	832	832	9 985	5 000	6 500
Vote 9 - Road transport		2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	30 703	27 892	39 636
Vote 10 - Energy sources		683	683	683	683	683	683	683	683	683	683	683	683	8 200	-	-
Vote 11 - Waste Management		333	333	333	333	333	333	333	333	333	333	333	333	4 000	-	-
Vote 12 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure supported</b>	2	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>73 920</b>	<b>43 042</b>	<b>46 136</b>
<b>Total Capital Expenditure</b>	2	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>6 160</b>	<b>73 920</b>	<b>43 042</b>	<b>46 136</b>



**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 2021/22												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Capital Expenditure - Functional</b>	1															
<b>Governance and administration</b>		431	431	431	431	431	431	431	431	431	431	431	431	5 170	-	-
Executive and council		2	2	2	2	2	2	2	2	2	2	2	2	20	-	-
Finance and administration		429	429	429	429	429	429	429	429	429	429	429	429	5 150	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	15 863	10 150	-
Community and social services		842	842	842	842	842	842	842	842	842	842	842	842	10 108	-	-
Sport and recreation		480	480	480	480	480	480	480	480	480	480	480	480	5 754	10 150	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental serv</b>		3 391	3 391	3 391	3 391	3 391	3 391	3 391	3 391	3 391	3 391	3 391	3 391	40 688	32 892	46 136
Planning and development		832	832	832	832	832	832	832	832	832	832	832	832	9 985	5 000	6 500
Road transport		2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	30 703	27 892	39 636
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	12 200	-	-
Energy sources		683	683	683	683	683	683	683	683	683	683	683	683	8 200	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		333	333	333	333	333	333	333	333	333	333	333	333	4 000	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	2	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	73 920	43 042	46 136
<b>Funded by:</b>																
National Government		2 948	2 948	2 948	2 948	2 948	2 948	2 948	2 948	2 948	2 948	2 948	2 948	35 370	38 042	39 636
Provincial Government		98	98	98	98	98	98	98	98	98	98	98	98	1 170	-	-
District Municipality transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies,		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		3 045	3 045	3 045	3 045	3 045	3 045	3 045	3 045	3 045	3 045	3 045	3 045	36 540	38 042	39 636
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		3 115	3 115	3 115	3 115	3 115	3 115	3 115	3 115	3 115	3 115	3 115	3 115	37 380	5 000	6 500
<b>Total Capital Funding</b>		6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	73 920	43 042	46 136

**Table 47 MBRR SA30 - Budgeted monthly cash flow**

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow																
MONTHLY CASH FLOWS	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Cash Receipts By Source</b>																
Property rates	2 215	2 215	2 215	2 215	2 215	2 215	2 215	2 215	2 215	2 215	2 215	2 215	26 586	26 926	27 277	
Service charges - electricity revenue	3 105	3 105	3 105	3 105	3 105	3 105	3 105	3 105	3 105	3 105	3 105	3 105	37 255	38 820	40 528	
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	398	398	398	398	398	398	398	398	398	398	398	398	4 773	4 974	5 192	
Rental of facilities and equipment	11	11	11	11	11	11	11	11	11	11	11	11	130	135	141	
Interest earned - external investments	424	424	424	424	424	424	424	424	424	424	424	424	5 085	5 298	5 531	
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	1	1	1	1	1	1	1	1	1	1	1	1	13	13	14	
Licences and permits	58	58	58	58	58	58	58	58	58	58	58	58	695	724	756	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and Subsidies - Operational	17 043	17 043	17 043	17 043	17 043	17 043	17 043	17 043	17 043	17 043	17 043	17 043	204 520	216 709	215 937	
Other revenue	53	53	53	53	53	53	53	53	53	53	53	53	640	667	696	
<b>Cash Receipts by Source</b>	<b>23 308</b>	<b>23 308</b>	<b>23 308</b>	<b>23 308</b>	<b>23 308</b>	<b>23 308</b>	<b>23 308</b>	<b>23 308</b>	<b>23 308</b>	<b>23 308</b>	<b>23 308</b>	<b>23 308</b>	<b>279 697</b>	<b>294 267</b>	<b>296 074</b>	
<b>Other Cash Flows by Source</b>																
Transfers and subsidies - Capital (monetary allocations) (National / Provincial and District)	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	37 232	40 044	41 722	
(monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Proceeds on Disposal of Fixed and Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Cash Receipts by Source</b>	<b>26 411</b>	<b>26 411</b>	<b>26 411</b>	<b>26 411</b>	<b>26 411</b>	<b>26 411</b>	<b>26 411</b>	<b>26 411</b>	<b>26 411</b>	<b>26 411</b>	<b>26 411</b>	<b>26 411</b>	<b>316 929</b>	<b>334 311</b>	<b>337 796</b>	
<b>Cash Payments by Type</b>																
Employee related costs	10 264	10 264	10 264	10 264	10 264	10 264	10 264	10 264	10 264	10 264	10 264	10 264	123 173	128 347	133 994	
Remuneration of councillors	33	33	33	33	33	33	33	33	33	33	33	33	400	328	320	
Finance charges	2 929	2 929	2 929	2 929	2 929	2 929	2 929	2 929	2 929	2 929	2 929	2 929	35 143	36 619	38 231	
Bulk purchases - electricity	191	191	191	191	191	191	191	191	191	191	191	191	2 288	2 156	2 255	
Acquisitions - water & other inventory	4 727	4 727	4 727	4 727	4 727	4 727	4 727	4 727	4 727	4 727	4 727	4 727	56 718	56 945	59 478	
Contracted services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other municipalities	157	157	157	157	157	157	157	157	157	157	157	157	1 883	1 918	1 999	
Transfers and grants - other	3 508	3 508	3 508	3 508	3 508	3 508	3 508	3 508	3 508	3 508	3 508	3 508	42 095	41 023	42 703	
Other expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Cash Payments by Type</b>	<b>21 808</b>	<b>21 808</b>	<b>21 808</b>	<b>21 808</b>	<b>21 808</b>	<b>21 808</b>	<b>21 808</b>	<b>21 808</b>	<b>21 808</b>	<b>21 808</b>	<b>21 808</b>	<b>21 808</b>	<b>261 701</b>	<b>267 335</b>	<b>278 979</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	73 920	43 042	46 136	
Repayment of borrowing	33	33	33	33	33	33	33	33	33	33	33	33	400	328	320	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Cash Payments by Type</b>	<b>28 002</b>	<b>28 002</b>	<b>28 002</b>	<b>28 002</b>	<b>28 002</b>	<b>28 002</b>	<b>28 002</b>	<b>28 002</b>	<b>28 002</b>	<b>28 002</b>	<b>28 002</b>	<b>28 002</b>	<b>336 021</b>	<b>310 705</b>	<b>325 435</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(1 591)</b>	<b>(1 591)</b>	<b>(1 591)</b>	<b>(1 591)</b>	<b>(1 591)</b>	<b>(1 591)</b>	<b>(1 591)</b>	<b>(1 591)</b>	<b>(1 591)</b>	<b>(1 591)</b>	<b>(1 591)</b>	<b>(1 591)</b>	<b>(19 092)</b>	<b>23 606</b>	<b>12 361</b>	
Cash/cash equivalents at the month/year beginning	119 889	118 298	116 707	115 116	113 525	111 934	110 343	108 752	107 161	105 570	103 979	102 388	119 889	100 797	124 403	
Cash/cash equivalents at the month/year end	118 298	116 707	115 116	113 525	111 934	110 343	108 752	107 161	105 570	103 979	102 388	100 797	100 797	124 403	136 764	

### **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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>3 875</b>	<b>11 958</b>	<b>7 228</b>	<b>1 844</b>	<b>2 400</b>	<b>2 400</b>	<b>2 062</b>	<b>-</b>	<b>-</b>
Roads Infrastructure		164	6 283	7 228	604	200	200	2 062	-	-
Roads		-	6 283	7 228	604	200	200	2 062	-	-
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		164	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		3 711	5 675	-	500	560	560	-	-	-
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	60	60	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	500	500	500	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		3 711	5 675	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	740	1 640	1 640	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	740	1 640	1 640	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>17 154</b>	<b>5 598</b>	<b>5 223</b>	<b>21 802</b>	<b>23 373</b>	<b>23 373</b>	<b>18 268</b>	<b>15 150</b>	<b>6 500</b>
Community Facilities		16 853	5 297	4 922	14 872	16 603	16 603	14 903	5 000	6 500
Halls		16 828	5 272	3 470	672	1 698	1 698	7 668	-	-
Centres		25	25	1 451	12 700	13 825	13 825	5 135	5 000	6 500
Crèches		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	250	-	-
Public Ablution Facilities		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Stalls		-	-	-	1 500	1 080	1 080	1 850	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Airports		-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		301	301	301	6 930	6 770	6 770	3 364	10 150	-
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		301	301	301	6 930	6 770	6 770	3 364	10 150	-
Capital Spares		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>400</b>	<b>400</b>	<b>300</b>	<b>-</b>	<b>-</b>
Operational Buildings		-	-	-	300	400	400	300	-	-
Municipal Offices		-	-	-	200	-	-	300	-	-
Yards		-	-	-	-	-	-	-	-	-
Stores		-	-	-	100	100	100	-	-	-
Laboratories		-	-	-	-	-	-	-	-	-
Training Centres		-	-	-	-	300	300	-	-	-
<b>Computer Equipment</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>620</b>	<b>785</b>	<b>785</b>	<b>1 330</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	-	620	785	785	1 330	-	-
<b>Furniture and Office Equipment</b>		<b>18 400</b>	<b>18 400</b>	<b>18 400</b>	<b>1 887</b>	<b>1 252</b>	<b>1 252</b>	<b>710</b>	<b>-</b>	<b>-</b>
Furniture and Office Equipment		18 400	18 400	18 400	1 887	1 252	1 252	710	-	-
<b>Machinery and Equipment</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1 760</b>	<b>14 631</b>	<b>14 631</b>	<b>7 770</b>	<b>-</b>	<b>-</b>
Machinery and Equipment		-	-	-	1 760	14 631	14 631	7 770	-	-
<b>Transport Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>5 400</b>	<b>5 000</b>	<b>5 000</b>	<b>4 350</b>	<b>-</b>	<b>-</b>
Transport Assets		-	-	-	5 400	5 000	5 000	4 350	-	-
<b>Total Capital Expenditure on new</b>	<b>1</b>	<b>39 430</b>	<b>35 955</b>	<b>30 851</b>	<b>33 613</b>	<b>47 841</b>	<b>47 841</b>	<b>34 790</b>	<b>15 150</b>	<b>6 500</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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>78 945</b>	<b>69 706</b>	<b>75 378</b>	–	<b>3 520</b>	<b>3 520</b>	<b>4 000</b>	–	–
Roads Infrastructure		58 964	49 222	54 902	–	3 520	3 520	4 000	–	–
Roads		21 422	2 645	2 645	–	3 520	3 520	4 000	–	–
Road Structures		29 826	38 718	38 326	–	–	–	–	–	–
Road Furniture		7 716	7 859	13 931	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		19 981	20 484	20 476	–	–	–	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		14 101	14 604	14 604	–	–	–	–	–	–
LV Networks		5 879	5 879	5 871	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
<b>Community Assets</b>		<b>38 599</b>	<b>44 410</b>	<b>45 964</b>	–	–	–	<b>300</b>	–	–
Community Facilities		36 140	41 950	43 505	–	–	–	300	–	–
Halls		4 657	14 409	14 409	–	–	–	–	–	–
Centres		25 588	21 158	21 158	–	–	–	–	–	–
Crèches		–	–	–	–	–	–	–	–	–
Clinics/Care Centres		–	–	–	–	–	–	–	–	–
Fire/Ambulance Stations		–	–	–	–	–	–	–	–	–
Testing Stations		–	–	–	–	–	–	–	–	–
Museums		–	–	–	–	–	–	–	–	–
Galleries		–	–	–	–	–	–	–	–	–
Theatres		–	–	–	–	–	–	–	–	–
Libraries		3 122	3 611	5 165	–	–	–	–	–	–
Cemeteries/Crematoria		–	–	–	–	–	–	–	–	–
Police		–	–	–	–	–	–	–	–	–
Parks		–	–	–	–	–	–	–	–	–
Public Open Space		–	–	–	–	–	–	–	–	–
Nature Reserves		–	–	–	–	–	–	–	–	–
Public Ablution Facilities		507	507	507	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Stalls		2 266	2 266	2 266	–	–	–	300	–	–
Abattoirs		–	–	–	–	–	–	–	–	–
Airports		–	–	–	–	–	–	–	–	–
Taxi Ranks/Bus Terminals		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		2 459	2 459	2 459	–	–	–	–	–	–
Indoor Facilities		2 459	2 459	2 459	–	–	–	–	–	–
Outdoor Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
<b>Other assets</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>400</b>	<b>–</b>	<b>–</b>
Operational Buildings		–	–	–	–	–	–	400	–	–
Municipal Offices		–	–	–	–	–	–	400	–	–
Pay/Enquiry Points		–	–	–	–	–	–	–	–	–
Building Plan Offices		–	–	–	–	–	–	–	–	–
Workshops		–	–	–	–	–	–	–	–	–
<b>Computer Equipment</b>		<b>4 811</b>	<b>5 017</b>	<b>5 309</b>	–	–	–	–	–	–
Computer Equipment		4 811	5 017	5 309	–	–	–	–	–	–
<b>Furniture and Office Equipment</b>		<b>4 998</b>	<b>5 791</b>	<b>6 328</b>	–	–	–	–	–	–
Furniture and Office Equipment		4 998	5 791	6 328	–	–	–	–	–	–
<b>Machinery and Equipment</b>		<b>9 804</b>	<b>12 015</b>	<b>12 282</b>	–	–	–	–	–	–
Machinery and Equipment		9 804	12 015	12 282	–	–	–	–	–	–
<b>Transport Assets</b>		<b>14 794</b>	<b>14 576</b>	<b>16 565</b>	–	–	–	–	–	–
Transport Assets		14 794	14 576	16 565	–	–	–	–	–	–
<b>Land</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Land		–	–	–	–	–	–	–	–	–
<b>Zoo's, Marine and Non-biological Anir</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 Anir		–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure on rene</b>	<b>1</b>	<b>151 950</b>	<b>151 515</b>	<b>161 826</b>	<b>–</b>	<b>3 520</b>	<b>3 520</b>	<b>4 700</b>	<b>–</b>	<b>–</b>
<b>Renewal of Existing Assets as % of</b>		<b>265.9%</b>	<b>63.7%</b>	<b>63.6%</b>	<b>0.0%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>7.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Renewal of Existing Assets as % of</b>		<b>542.9%</b>	<b>559.0%</b>	<b>558.7%</b>	<b>0.0%</b>	<b>11.7%</b>	<b>11.7%</b>	<b>14.4%</b>	<b>0.0%</b>	<b>0.0%</b>

**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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>1 809</b>	<b>5 873</b>	<b>3 713</b>	<b>10 010</b>	<b>9 130</b>	<b>9 130</b>	<b>12 450</b>	<b>12 913</b>	<b>13 394</b>
Roads Infrastructure		977	3 884	2 337	5 710	4 780	4 780	4 950	5 118	5 285
Roads		977	3 711	2 337	4 980	4 480	4 480	4 250	4 389	4 523
Road Structures		-	173	-	300	200	200	350	365	381
Road Furniture		-	-	-	430	100	100	350	365	381
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		293	120	73	1 600	1 600	1 600	1 250	1 303	1 360
Drainage Collection		293	120	73	800	800	800	1 250	1 303	1 360
Storm water Conveyance		-	-	-	800	800	800	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		539	1 790	991	2 350	2 400	2 400	3 250	3 367	3 486
Power Plants		80	-	2	150	200	200	150	156	163
HV Substations		-	82	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	449	500	500	500	600	625	653
MV Substations		0	552	0	-	-	-	150	156	163
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	24	150	150	150	200	208	218
LV Networks		109	528	291	700	700	700	1 250	1 303	1 360
Capital Spares		351	628	225	850	850	850	900	918	929
Information and Communication Infra		-	78	312	350	350	350	3 000	3 126	3 264
Data Centres		-	78	0	-	-	-	-	-	-
Core Layers		-	0	312	350	350	350	3 000	3 126	3 264
Distribution Layers		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>9</b>	<b>284</b>	<b>367</b>	<b>1 495</b>	<b>1 945</b>	<b>1 945</b>	<b>2 075</b>	<b>2 058</b>	<b>2 149</b>
Community Facilities		9	6	245	995	1 445	1 445	825	860	897
Halls		-	-	-	-	-	-	-	-	-
Centres		-	-	-	450	450	450	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		-	-	245	280	280	280	225	234	245
Cemeteries/Crematoria		-	-	-	-	-	-	-	-	-
Police		-	-	-	-	-	-	-	-	-
Parks		9	6	-	65	65	65	100	104	109
Public Open Space		-	-	-	-	-	-	-	-	-
Nature Reserves		-	-	-	-	-	-	300	313	326
Public Ablution Facilities		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Stalls		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	450	450	-	-	-
Airports		-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	-	-	200	200	200	200	208	218
Capital Spares		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	279	123	500	500	500	1 250	1 198	1 251
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	279	123	500	500	500	1 250	1 198	1 251
Capital Spares		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		<b>77</b>	<b>144</b>	<b>514</b>	<b>750</b>	<b>1 450</b>	<b>1 450</b>	<b>250</b>	<b>261</b>	<b>272</b>
Operational Buildings		77	144	514	750	1 450	1 450	250	261	272
Municipal Offices		77	144	514	750	1 450	1 450	250	261	272
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		<b>-</b>	<b>-</b>	<b>164</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	164	150	150	150	-	-	-
<b>Furniture and Office Equipment</b>		<b>1</b>	<b>-</b>	<b>103</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>
Furniture and Office Equipment		1	-	103	300	300	300	-	-	-
<b>Machinery and Equipment</b>		<b>1 219</b>	<b>3 129</b>	<b>3 088</b>	<b>4 170</b>	<b>6 370</b>	<b>6 370</b>	<b>4 500</b>	<b>4 689</b>	<b>4 795</b>
Machinery and Equipment		1 219	3 129	3 088	4 170	6 370	6 370	4 500	4 689	4 795
<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>Zoo's, Marine and Non-biological Ani</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 Ani		-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance E</b>	<b>1</b>	<b>3 115</b>	<b>9 431</b>	<b>7 949</b>	<b>16 875</b>	<b>19 345</b>	<b>19 345</b>	<b>19 275</b>	<b>19 920</b>	<b>20 609</b>

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

KZN291 Mandeni - Supporting Table SA35 Future financial implications of the capital budget								
Vote Description	Re	2021/22 Medium Term Revenue & Expenditure Framework			Forecasts			Present value
		Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	
		R thousand						
<b>Capital expenditure</b>	1							
Vote 1 - Executive and council		20	—	—				
Vote 2 - Finance and administration		5 150	—	—				
Vote 3 - Internal audit		—	—	—				
Vote 4 - Community and social services		10 108	—	—	8 750	9 654	10 079	
Vote 5 - Sport and Recreation		5 754	10 150	—		2 450		
Vote 6 - Public safety		—	—	—				
Vote 7 - Housing		—	—	—				
Vote 8 - Planning and Development		9 985	5 000	6 500	6 500			
Vote 9 - Road transport		30 703	27 892	39 636	41 221	19 745	20 634	
Vote 10 - Energy sources		8 200	—	—		1 750	1 829	
Vote 11 - Waste Management		4 000	—	—				
Vote 12 - Environmental Protection		—	—	—				
Vote 13 - [NAME OF VOTE 13]		—	—	—				
Vote 14 - [NAME OF VOTE 14]		—	—	—				
Vote 15 - [NAME OF VOTE 15]		—	—	—				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>73 920</b>	<b>43 042</b>	<b>46 136</b>	<b>56 471</b>	<b>33 599</b>	<b>32 541</b>	<b>34 331</b>
<b>Future operational costs by vote</b>	2							
Vote 1 - Executive and council		47 939	49 301	51 498	53 808	56 068	58 030	60 061
Vote 2 - Finance and administration		102 382	105 911	110 263	114 172	118 968	123 132	127 441
Vote 3 - Internal audit		1 539	1 604	1 674	1 728	1 800	1 863	1 929
Vote 4 - Community and social services		31 218	31 610	32 252	34 935	36 402	37 677	38 995
Vote 5 - Sport and Recreation		12 592	13 007	13 539	14 024	14 613	15 125	15 654
Vote 6 - Public safety		880	917	957	988	1 029	1 065	1 103
Vote 7 - Housing		20	21	22	22	23	24	25
Vote 8 - Planning and Development		21 226	21 161	22 122	23 767	24 765	25 632	26 529
Vote 9 - Road transport		47 451	48 785	50 625	53 546	55 795	57 748	59 769
Vote 10 - Energy sources		47 420	49 348	51 459	53 147	55 379	57 317	59 323
Vote 11 - Waste Management		8 125	8 571	8 948	9 234	9 622	9 959	10 307
Vote 12 - Environmental Protection		2 669	2 729	2 849	2 940	3 064	3 171	3 282
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		<b>323 462</b>	<b>332 965</b>	<b>346 208</b>	<b>362 312</b>	<b>377 529</b>	<b>390 742</b>	<b>404 418</b>
<b>Future revenue by source</b>	3							
Property rates		46 642	52 239	60 255	49 386	51 460	53 261	55 125
Service charges - electricity revenue		39 216	45 099	51 042	42 355	44 134	45 679	47 277
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue		9 546	10 947	11 970	10 702	11 152	11 542	11 946
Rental of facilities and equipment		130	135	141	146	152	157	163
<i>List other revenues sources if applicable</i>		236 880	249 753	249 659	257 648	268 469	277 866	287 591
<i>List entity summary if applicable</i>		13 290	13 848	14 457	14 920	15 547	16 091	16 654
<b>Total future revenue</b>		<b>345 704</b>	<b>372 021</b>	<b>387 524</b>	<b>375 157</b>	<b>390 914</b>	<b>404 596</b>	<b>418 757</b>
<b>Net Financial Implications</b>		<b>51 679</b>	<b>3 986</b>	<b>4 820</b>	<b>43 626</b>	<b>20 214</b>	<b>18 688</b>	<b>19 992</b>

## **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 finalized after approval of the 2021/22 MTREF during June 2021 directly aligned and informed by the 2021/22 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 52 MBRR Table SA1 - Supporting detail to budgeted financial performance

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>REVENUE ITEMS:</b>										
<b>Property rates</b>										
Total Property Rates	6	39 114	49 130	46 606	67 509	67 509	67 509	63 060	69 347	77 715
Less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		1 512	9 050		15 030	15 030	15 030	16 418	17 108	17 461
<b>Net Property Rates</b>		<b>37 601</b>	<b>40 080</b>	<b>46 606</b>	<b>52 479</b>	<b>52 479</b>	<b>52 479</b>	<b>46 642</b>	<b>52 239</b>	<b>60 255</b>
<b>Service charges - electricity revenue</b>										
Total Service charges - electricity revenue	6	25 622	24 368	29 909	33 865	33 865	33 865	39 216	45 099	51 042
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)		-	-	-	-	-	-	-	-	-
<b>Net Service charges - electricity revenue</b>		<b>25 622</b>	<b>24 368</b>	<b>29 909</b>	<b>33 865</b>	<b>33 865</b>	<b>33 865</b>	<b>39 216</b>	<b>45 099</b>	<b>51 042</b>
<b>Service charges - refuse revenue</b>										
Total refuse removal revenue	6	8 450	8 911	8 534	9 938	9 938	9 938	10 353	11 788	12 847
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	636	727	727	727	807	841	876
<b>Net Service charges - refuse revenue</b>		<b>8 450</b>	<b>8 406</b>	<b>7 898</b>	<b>9 211</b>	<b>9 211</b>	<b>9 211</b>	<b>9 546</b>	<b>10 947</b>	<b>11 970</b>
<b>Other Revenue by source</b>										
Administrative Handling Fees		-	-	-	-	-	-	-	-	-
Bad Debts Recovered		-	-	-	-	-	-	-	-	-
Breakages and Losses Recovered		-	-	-	-	-	-	-	-	-
Collection Charges		-	53	74	132	132	132	132	138	144
Commission		-	84	87	-	-	-	100	104	109
Insurance Refund		76	0	262	-	-	-	-	-	-
Recovery Infrastructure Maintenance		-	-	-	-	-	-	-	-	-
Skills Development Levy Refund		131	196	450	-	-	-	-	-	-
Arbor City Awards Competition		-	-	-	-	-	-	-	-	-
Other Revenue		462	683	903	557	557	557	408	425	444
<b>Total 'Other' Revenue</b>	1	<b>669</b>	<b>1 015</b>	<b>1 776</b>	<b>689</b>	<b>689</b>	<b>689</b>	<b>640</b>	<b>667</b>	<b>696</b>

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

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>EXPENDITURE ITEMS:</b>										
<b>Employee related costs</b>										
Basic Salaries and Wages	2	58 751	60 057	69 108	72 695	72 695	72 695	76 772	79 973	83 468
Pension and UIF Contributions		7 753	8 780	9 880	10 906	10 906	10 906	10 766	11 218	11 711
Medical Aid Contributions		3 907	3 952	5 194	5 310	5 310	5 310	3 949	4 115	4 296
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		221	3 530	4 090	3 866	3 866	3 866	5 581	5 816	6 071
Motor Vehicle Allowance		4 525	4 664	4 594	5 295	5 295	5 295	5 101	5 315	5 549
Cellphone Allowance		578	638	630	671	671	671	651	679	709
Housing Allowances		364	489	412	411	411	411	522	543	567
Other benefits and allowances		1 227	1 435	1 396	5 383	5 383	5 383	977	1 018	1 063
Payments in lieu of leave		–	–	3 421	5 500	5 500	5 500	3 500	3 627	3 757
Long service awards		–	–	260	–	–	–	–	–	–
Post-retirement benefit obligations	4	(400)	736	715	–	–	–	–	–	–
<b>sub-total</b>	5	<b>76 926</b>	<b>84 280</b>	<b>99 700</b>	<b>110 037</b>	<b>110 037</b>	<b>110 037</b>	<b>107 819</b>	<b>112 304</b>	<b>117 192</b>
Less: Employees costs capitalised to PPE		–	–	–	–	–	–	–	–	–
<b>Total Employee related costs</b>	1	<b>76 926</b>	<b>84 280</b>	<b>99 700</b>	<b>110 037</b>	<b>110 037</b>	<b>110 037</b>	<b>107 819</b>	<b>112 304</b>	<b>117 192</b>
<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment		27 422	26 829	28 821	30 108	30 108	30 108	32 726	33 751	34 001
Lease amortisation		566	274	146	80	80	80	–	–	–
Capital asset impairment		–	609	1 331	–	–	–	–	–	–
<b>Total Depreciation &amp; asset impairment</b>	1	<b>27 988</b>	<b>27 712</b>	<b>30 298</b>	<b>30 188</b>	<b>30 188</b>	<b>30 188</b>	<b>32 726</b>	<b>33 751</b>	<b>34 001</b>
<b>Bulk purchases - electricity</b>										
Electricity bulk purchases		16 565	22 907	26 098	29 201	30 401	30 401	35 143	36 619	38 231
<b>Total bulk purchases</b>	1	<b>16 565</b>	<b>22 907</b>	<b>26 098</b>	<b>29 201</b>	<b>30 401</b>	<b>30 401</b>	<b>35 143</b>	<b>36 619</b>	<b>38 231</b>
<b>Transfers and grants</b>										
Cash transfers and grants		–	–	–	1 622	1 622	1 622	1 883	1 918	1 999
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–
<b>Total transfers and grants</b>	1	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 622</b>	<b>1 622</b>	<b>1 622</b>	<b>1 883</b>	<b>1 918</b>	<b>1 999</b>
<b>Contracted services</b>										
Outsourced Services		16 740	20 281	18 223	21 745	22 440	22 440	25 103	24 221	25 585
Consultants and Professional Services		3 416	4 928	3 884	5 103	7 759	7 759	7 313	7 585	7 904
Contractors		9 441	13 869	12 686	22 514	26 026	26 026	24 303	25 139	25 989
<b>Total contracted services</b>		<b>29 597</b>	<b>39 078</b>	<b>34 792</b>	<b>49 361</b>	<b>56 225</b>	<b>56 225</b>	<b>56 718</b>	<b>56 945</b>	<b>59 478</b>
<b>Other Expenditure By Type</b>										
Collection costs		–	–	–	520	1 240	1 240	1 350	1 407	1 469
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–
Audit fees		1 798	1 943	2 367	2 500	2 500	2 500	2 000	2 084	2 176
Other Expenditure		34 282	26 631	27 963	35 169	38 224	38 224	37 856	38 273	39 832
<b>Total 'Other' Expenditure</b>	1	<b>36 080</b>	<b>28 573</b>	<b>30 329</b>	<b>38 189</b>	<b>41 964</b>	<b>41 964</b>	<b>41 206</b>	<b>41 764</b>	<b>43 476</b>
<b>Repairs and Maintenance</b>										
Employee related costs		6 648	13 686	16 781	19 652	21 764	21 764	23 633	25 663	27 868
Inventory Consumed (Project Maintenance)		10 530	12 316	18 777	8 068	8 068	8 068	–	–	–
Contracted Services		3 115	9 431	7 949	16 875	19 345	19 345	19 275	19 920	20 609
Other Expenditure		–	–	–	–	–	–	6 093	6 348	6 628
<b>Total Repairs and Maintenance Expenditure</b>	9	<b>20 293</b>	<b>35 432</b>	<b>43 507</b>	<b>44 595</b>	<b>49 177</b>	<b>49 177</b>	<b>49 001</b>	<b>51 932</b>	<b>55 105</b>

**Table 53 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 - Executiv e and council	Vote 2 - Finance and administr	Vote 3 - Internal audit	Vote 4 - Communi ty and social	Vote 5 - Sport and Recreati	Vote 6 - Public safety	Vote 7 - Housing	Vote 8 - Planning and Develop	Vote 9 - Road transport	Vote 10 - Energy sources	Vote 11 - Waste Manage ment	Vote 12 - Environ mental Protectio	Vote 13 - [NAME OF VOTE	Vote 14 - [NAME OF VOTE	Vote 15 - [NAME OF VOTE	Total
<b>R thousand</b>	1																
<b>Revenue By Source</b>																	
Property rates		-	46 642	-	-	-	-	-	-	-	-	-	-	-	-	-	46 642
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	39 216	-	-	-	-	-	39 216
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	9 546	-	-	-	-	9 546
Rental of facilities and equipment		-	-	-	130	-	-	-	-	-	-	-	-	-	-	-	130
Interest earned - external investments		-	4 950	-	-	-	-	-	-	-	-	-	-	-	-	-	4 950
Interest earned - outstanding debtors		-	2 637	-	-	-	-	-	-	-	105	3 997	-	-	-	-	6 740
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	10	-	-	-	-	255	-	-	-	-	-	-	265
Licences and permits		-	-	-	-	-	-	-	-	695	-	-	-	-	-	-	695
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		7 806	185 193	-	3 044	-	-	-	4 297	-	-	-	-	-	-	-	200 340
Transfers and subsidies		-	333	-	10	-	-	-	165	-	132	-	-	-	-	-	640
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital tra</b>		<b>7 806</b>	<b>239 755</b>	<b>-</b>	<b>3 194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 462</b>	<b>950</b>	<b>39 454</b>	<b>13 543</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>309 163</b>
<b>Expenditure By Type</b>																	
Employee related costs		12 767	36 140	-	12 265	5 819	-	-	15 271	16 182	3 217	3 696	2 463	-	-	-	107 819
Remuneration of councillors		14 643	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14 643
Debt impairment		-	30 635	-	-	-	-	-	-	-	-	-	-	-	-	-	30 635
Depreciation & asset impairment		-	3 863	-	2 716	671	-	-	-	24 405	1 071	-	-	-	-	-	32 726
Finance charges		-	400	-	-	-	-	-	-	-	-	-	-	-	-	-	400
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	35 143	-	-	-	-	-	35 143
Inventory consumed		185	-	-	1 200	20	-	-	883	-	-	-	-	-	-	-	2 288
Contracted services		7 846	10 608	1 539	13 576	6 035	300	20	3 369	6 100	4 100	3 125	100	-	-	-	56 718
Transfers and subsidies		-	-	-	-	-	-	-	-	-	1 883	-	-	-	-	-	1 883
Other expenditure		12 498	20 736	-	1 461	48	580	-	1 703	765	2 006	1 304	106	-	-	-	41 206
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>47 939</b>	<b>102 382</b>	<b>1 539</b>	<b>31 218</b>	<b>12 592</b>	<b>880</b>	<b>20</b>	<b>21 226</b>	<b>47 451</b>	<b>47 420</b>	<b>8 125</b>	<b>2 669</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323 462</b>
<b>Surplus/(Deficit)</b>		<b>(40 133)</b>	<b>137 373</b>	<b>(1 539)</b>	<b>(28 024)</b>	<b>(12 592)</b>	<b>(880)</b>	<b>(20)</b>	<b>(16 765)</b>	<b>(46 501)</b>	<b>(7 967)</b>	<b>5 418</b>	<b>(2 669)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14 299)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	35 370	-	-	-	-	-	-	-	-
Transfers and subsidies - capital		-	-	-	1 170	-	-	-	-	-	-	-	-	-	-	-	1 170
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(40 133)</b>	<b>137 373</b>	<b>(1 539)</b>	<b>(26 854)</b>	<b>(12 592)</b>	<b>(880)</b>	<b>(20)</b>	<b>18 606</b>	<b>(46 501)</b>	<b>(7 967)</b>	<b>5 418</b>	<b>(2 669)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22 241</b>

Table 54 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN291 Mandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'										
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Consumer debtors</b>										
Consumer debtors		148 063	185 882	223 989	(59 175)	294 216	294 216	287 437	305 497	323 348
Less: Provision for debt impairment		(105 950)	(119 467)	(155 135)	–	(241 886)	(241 886)	(243 344)	(256 853)	(267 334)
<b>Total Consumer debtors</b>	2	<b>42 113</b>	<b>66 414</b>	<b>68 854</b>	<b>(59 175)</b>	<b>52 330</b>	<b>52 330</b>	<b>44 093</b>	<b>48 644</b>	<b>56 014</b>
<b>Debt impairment provision</b>										
Balance at the beginning of the year		–	–	–	–	(241 886)	(241 886)	(205 859)	(217 631)	(226 207)
Contributions to the provision		(84 096)	(94 982)	(121 578)	–	–	–	(30 635)	(31 922)	(33 326)
Bad debts written off		(21 854)	(24 486)	(33 556)	–	–	–	(6 850)	(7 300)	(7 800)
<b>Balance at end of year</b>		<b>(105 950)</b>	<b>(119 467)</b>	<b>(155 135)</b>	<b>–</b>	<b>(241 886)</b>	<b>(241 886)</b>	<b>(243 344)</b>	<b>(256 853)</b>	<b>(267 334)</b>
<b>Consumables</b>										
<b>Standard Rated</b>										
<b>Opening Balance</b>		–	–	–	–	770	770	815	782	816
Acquisitions		–	–	–	–	–	–	623	666	700
Issues	7	406	406	770	(508)	–	–	(623)	(656)	(685)
Adjustments	8	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–
<b>Closing balance - Consumables Sta</b>		<b>406</b>	<b>406</b>	<b>770</b>	<b>(508)</b>	<b>770</b>	<b>770</b>	<b>815</b>	<b>792</b>	<b>831</b>
<b>Zero Rated</b>										
<b>Opening Balance</b>		–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	800	834	870
Issues	7	–	–	–	–	–	–	(800)	(834)	(870)
Adjustments	8	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–
<b>Closing balance - Consumables Zer</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Materials and Supplies</b>										
<b>Opening Balance</b>		–	–	–	–	209	209	209	218	228
Acquisitions		–	–	–	–	–	–	865	656	685
Issues	7	107	102	209	–	–	–	(865)	(666)	(700)
Adjustments	8	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–
<b>Closing balance - Materials and Sup</b>		<b>107</b>	<b>102</b>	<b>209</b>	<b>–</b>	<b>209</b>	<b>209</b>	<b>209</b>	<b>208</b>	<b>213</b>
<b>Closing Balance - Inventory &amp; Const</b>		<b>513</b>	<b>508</b>	<b>980</b>	<b>(508)</b>	<b>980</b>	<b>980</b>	<b>1 025</b>	<b>1 000</b>	<b>1 044</b>
<b>Property, plant and equipment (PPE)</b>										
PPE at cost/valuation (excl. finance le		547 299	579 070	593 496	534 721	697 621	697 621	752 711	779 506	816 080
Leases recognised as PPE	3	29 596	32 382	35 176	–	–	–	–	–	–
Less: Accumulated depreciation		148 618	167 990	192 574	10	192 574	192 574	203 475	231 610	232 005
<b>Total Property, plant and equipm</b>	2	<b>428 277</b>	<b>443 462</b>	<b>436 098</b>	<b>534 711</b>	<b>505 047</b>	<b>505 047</b>	<b>549 237</b>	<b>547 896</b>	<b>584 075</b>
<b>LIABILITIES</b>										
<b>Current liabilities - Borrowing</b>										
Short term loans (other than bank ove		–	–	–	(1 317)	–	–	–	–	–
Current portion of long-term liabilities		3 761	2 704	1 764	–	440	440	780	902	964
<b>Total Current liabilities - Borrowing</b>		<b>3 761</b>	<b>2 704</b>	<b>1 764</b>	<b>(1 317)</b>	<b>440</b>	<b>440</b>	<b>780</b>	<b>902</b>	<b>964</b>
<b>Trade and other payables</b>										
Trade Payables	5	30 884	19 811	19 738	15 873	17 372	17 372	13 978	16 237	15 886
Other creditors		60	83	58	–	–	–	–	–	–
Unspent conditional transfers		10 419	9 792	26 159	(5 685)	5 589	5 589	6 720	–	–
VAT		7 617	(852)	1 154	–	–	–	–	–	–
<b>Total Trade and other payables</b>	2	<b>48 980</b>	<b>28 834</b>	<b>47 109</b>	<b>10 188</b>	<b>22 961</b>	<b>22 961</b>	<b>20 698</b>	<b>16 237</b>	<b>15 886</b>
<b>Non current liabilities - Borrowing</b>										
Borrowing	4	–	–	–	289	440	440	725	654	413
Finance leases (including PPP asset		–	–	–	–	–	–	–	–	–
<b>Total Non current liabilities - Borrow</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>289</b>	<b>440</b>	<b>440</b>	<b>725</b>	<b>654</b>	<b>413</b>
<b>Provisions - non-current</b>										
Retirement benefits		14 403	14 015	15 827	(17 764)	19 645	19 645	20 198	21 046	21 972
Refuse landfill site rehabilitation		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
<b>Total Provisions - non-current</b>		<b>14 403</b>	<b>14 015</b>	<b>15 827</b>	<b>(17 764)</b>	<b>19 645</b>	<b>19 645</b>	<b>20 198</b>	<b>21 046</b>	<b>21 972</b>
<b>CHANGES IN NET ASSETS</b>										
<b>Accumulated Surplus/(Deficit)</b>										
Accumulated Surplus/(Deficit) - openi		–	–	–	–	638 199	638 199	684 567	739 541	779 421
GRAP adjustments		–	–	–	–	–	–	–	–	–
Restated balance		–	–	–	–	638 199	638 199	684 567	739 541	779 421
Surplus/(Deficit)		76 261	30 849	27 878	36 527	61 425	61 425	22 241	39 056	41 316
Transfers to/from Reserves		29 567	29 567	29 567	–	–	–	–	–	–
Depreciation offsets		178 196	178 196	178 196	–	–	–	–	–	–
Other adjustments		3 953	3 617	3 703	628 364	–	–	–	–	–
<b>Accumulated Surplus/(Deficit)</b>	1	<b>287 978</b>	<b>242 230</b>	<b>239 345</b>	<b>664 891</b>	<b>699 624</b>	<b>699 624</b>	<b>706 808</b>	<b>778 597</b>	<b>820 738</b>
<b>Reserves</b>										
Housing Development Fund		50 941	50 941	50 941	–	1 837	1 837	1 921	2 002	2 090
Capital replacement		–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–
Other reserves		(0)	(0)	(0)	–	–	–	–	–	–
Revaluation		151 731	151 731	151 731	–	–	–	–	–	–
<b>Total Reserves</b>	2	<b>202 672</b>	<b>202 672</b>	<b>202 672</b>	<b>–</b>	<b>1 837</b>	<b>1 837</b>	<b>1 921</b>	<b>2 002</b>	<b>2 090</b>
<b>TOTAL COMMUNITY WEALTH/E</b>	2	<b>490 650</b>	<b>444 902</b>	<b>442 017</b>	<b>664 891</b>	<b>701 461</b>	<b>701 461</b>	<b>708 730</b>	<b>780 599</b>	<b>822 828</b>

**Table 55 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.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2017/18	2018/19	2019/20	Current Year	2021/22 Medium Term Revenue & Expenditure		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population						138	134	134	134	134	134	134
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment						57	58	58	58	58	58	58
<b>Monthly household income (no. of</b>												
No income	1,					55 739	55 740	55 740	55 740	55 740	55 740	55 740
R1 - R1 600						2 071	33 612	33 612	33 612	33 612	33 612	33 612
R1 601 - R3 200						3 971	3 971	3 971	3 971	3 971	3 971	3 971
R3 201 - R6 400						9 818	9 818	9 818	9 818	9 818	9 818	9 818
R6 401 - R12 800						8 735	8 735	8 735	8 735	8 735	8 735	8 735
R12 801 - R25 600						4 414	4 414	4 414	4 414	4 414	4 414	4 414
R25 601 - R51 200						2 135	516	516	516	516	516	516
R52 201 - R102 400						1 220	-	-	-	-	-	-
R102 401 - R204 800						616	616	616	616	616	616	616
R204 801 - R409 600						88	88	88	88	88	88	88
R409 601 - R819 200						34	34	34	34	34	34	34
> R819 200						28	28	28	28	28	28	28
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13					17270.00	17270.00	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	138	138
Number of poor people in municipal						66	66	66	66	66	66	66
Number of households in municipal						38	38	38	38	38	38	38
Number of poor households in						25	25	25	25	25	25	25
Definition of poor household (R per												
<b>Housing statistics</b>												
Formal	3					33 519	33 519	33 519	33 519	33 519	33 519	33 519
Informal						4 716	4 716	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	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>												
Inflation/inflation outlook (CPIX)	6											
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>												
Property tax/service charges	7											
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.		2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
		<b>Household service targets (000)</b>									
		<b>Water:</b>									
		Piped water inside dwelling	9 851	10 501	11 152	11 152	11 152	11 152	12 825	12 825	12 825
	8	Piped water inside yard (but not	10 902	11 622	12 385	12 385	12 385	12 385	14 243	14 243	14 243
		Using public tap (at least min.s	-	-	-	-	-	-	-	-	-
	10	Other water supply (at least m	17 482	18 636	19 791	19 791	19 791	19 791	22 760	22 760	22 760
		<i>Minimum Service Level and Above sub-total</i>	38 235	40 759	43 329	43 329	43 329	43 329	49 828	49 828	49 828
	9	Using public tap (< min.service	-	-	-	-	-	-	-	-	-
	10	Other water supply (< min.serv	-	-	-	-	-	-	-	-	-
		No water supply	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		<b>Total number of households</b>	<b>38 235</b>	<b>40 759</b>	<b>43 329</b>	<b>43 329</b>	<b>43 329</b>	<b>43 329</b>	<b>49 828</b>	<b>49 828</b>	<b>49 828</b>
		<b>Sanitation/sewerage:</b>									
		Flush toilet (connected to sewe	11 313	12 060	12 807	12 807	12 807	12 807	14 088	14 088	14 088
		Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
		Chemical toilet	8 587	9 154	9 721	9 721	9 721	9 721	10 693	10 693	10 693
		Pit toilet (ventilated)	15 173	16 174	17 177	17 177	17 177	17 177	18 895	18 895	18 895
		Other toilet provisions (> min.s	2 690	2 868	3 045	3 045	3 045	3 045	3 350	3 350	3 350
		<i>Minimum Service Level and Above sub-total</i>	37 763	40 255	42 751	42 751	42 751	42 751	47 026	47 026	47 026
		Bucket toilet	472	472	300	300	300	300	150	150	150
		Other toilet provisions (< min.s	-	-	-	-	-	-	-	-	-
		No toilet provisions	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	472	472	300	300	300	300	150	150	150
		<b>Total number of households</b>	<b>38 235</b>	<b>40 727</b>	<b>43 051</b>	<b>43 051</b>	<b>43 051</b>	<b>43 051</b>	<b>47 176</b>	<b>47 176</b>	<b>47 176</b>
		<b>Energy:</b>									
		Electricity (at least min.service	1 040	1 040	389	389	389	389	406	406	406
		Electricity - prepaid (min.servic	-	-	574	574	574	574	590	590	590
		<i>Minimum Service Level and Above sub-total</i>	1 040	1 040	963	963	963	963	996	996	996
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. ser	-	-	-	-	-	-	-	-	-
		Other energy sources	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		<b>Total number of households</b>	<b>1 040</b>	<b>1 040</b>	<b>963</b>	<b>963</b>	<b>963</b>	<b>963</b>	<b>996</b>	<b>996</b>	<b>996</b>
		<b>Refuse:</b>									
		Removed at least once a week	11 705	11 705	23 700	58 028	58 028	58 028	63 192	63 192	63 192
		<i>Minimum Service Level and Above sub-total</i>	11 705	11 705	23 700	58 028	58 028	58 028	63 192	63 192	63 192
		Removed less frequently than o	-	-	-	-	-	-	-	-	-
		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>	<b>11 705</b>	<b>11 705</b>	<b>23 700</b>	<b>58 028</b>	<b>58 028</b>	<b>58 028</b>	<b>63 192</b>	<b>63 192</b>	<b>63 192</b>
<b>Municipal in-house services</b>											
		<b>Household service targets (000)</b>									
		<b>Water:</b>									
		Piped water inside dwelling	9 851	10 501	11 152	11 152	11 152	11 152	12 825	12 825	12 825
	8	Piped water inside yard (but not	10 902	11 622	12 385	12 385	12 385	12 385	14 243	14 243	14 243
		Using public tap (at least min.servic	-	-	-	-	-	-	-	-	-
	10	Other water supply (at least m	17 482	18 636	19 791	19 791	19 791	19 791	22 760	22 760	22 760
		<i>Minimum Service Level and Above sub-total</i>	38 235	40 759	43 329	43 329	43 329	43 329	49 828	49 828	49 828
	9	Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
	10	Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
		No water supply	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		<b>Total number of households</b>	<b>38 235</b>	<b>40 759</b>	<b>43 329</b>	<b>43 329</b>	<b>43 329</b>	<b>43 329</b>	<b>49 828</b>	<b>49 828</b>	<b>49 828</b>
		<b>Sanitation/sewerage:</b>									
		Flush toilet (connected to sewe	11 313	12 060	12 807	12 807	12 807	12 807	14 088	14 088	14 088
		Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
		Chemical toilet	8 587	9 154	9 721	9 721	9 721	9 721	10 693	10 693	10 693
		Pit toilet (ventilated)	15 173	16 174	17 177	17 177	17 177	17 177	18 895	18 895	18 895
		Other toilet provisions (> min.s	2 690	2 868	3 045	3 045	3 045	3 045	3 350	3 350	3 350
		<i>Minimum Service Level and Above sub-total</i>	37 763	40 255	42 751	42 751	42 751	42 751	47 026	47 026	47 026
		Bucket toilet	472	472	300	300	300	300	150	150	150
		Other toilet provisions (< min.servic	-	-	-	-	-	-	-	-	-
		No toilet provisions	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	472	472	300	300	300	300	150	150	150
		<b>Total number of households</b>	<b>38 235</b>	<b>40 727</b>	<b>43 051</b>	<b>43 051</b>	<b>43 051</b>	<b>43 051</b>	<b>47 176</b>	<b>47 176</b>	<b>47 176</b>
		<b>Energy:</b>									
		Electricity (at least min.service	1 040	1 040	389	389	389	389	406	406	406
		Electricity - prepaid (min.servic	-	-	574	574	574	574	590	590	590
		<i>Minimum Service Level and Above sub-total</i>	1 040	1 040	963	963	963	963	996	996	996
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. servic	-	-	-	-	-	-	-	-	-
		Other energy sources	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		<b>Total number of households</b>	<b>1 040</b>	<b>1 040</b>	<b>963</b>	<b>963</b>	<b>963</b>	<b>963</b>	<b>996</b>	<b>996</b>	<b>996</b>
		<b>Refuse:</b>									
		Removed at least once a week	11 705	11 705	23 700	34 328	34 328	34 328	36 761	36 761	36 761
		<i>Minimum Service Level and Above sub-total</i>	11 705	11 705	23 700	34 328	34 328	34 328	36 761	36 761	36 761
		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>	<b>11 705</b>	<b>11 705</b>	<b>23 700</b>	<b>34 328</b>	<b>34 328</b>	<b>34 328</b>	<b>36 761</b>	<b>36 761</b>	<b>36 761</b>
<b>Name of municipal entity</b>											
		<b>Total number of households</b>	-	-	-	-	-	-	-	-	-
		<b>Refuse:</b>									
		Removed at least once a week	-	-	-	23 700	23 700	23 700	26 431	26 431	26 431
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	23 700	23 700	23 700	26 431	26 431	26 431
		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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 700</b>	<b>23 700</b>	<b>23 700</b>	<b>26 431</b>	<b>26 431</b>	<b>26 431</b>

**Table 56 MBRR SA32 – List of external mechanisms**

KZN291 Mandeni - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs / Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
MATTHEW FRANCIS INC	Yrs	3	PANEL OF ATTORNEYS	30 July 2021	Rate based
MT SILINDA & ASSOCIATES INC	Yrs	3	PANEL OF ATTORNEYS	30 July 2021	Rate based
PHUMULANI NGUBANE & ASSOCIATES	Yrs	3	PANEL OF ATTORNEYS	30 July 2021	Rate based
MKHIZE MIYA INC	Yrs	3	PANEL OF ATTORNEYS	30 July 2021	Rate based
TPA LEGAL INC	Yrs	3	PANEL OF ATTORNEYS	30 July 2021	Rate based
TKN INCORPORATED	Yrs	3	PANEL OF ATTORNEYS	30 July 2021	Rate based
HTB CONSULTING	Yrs	3	INTERNAL AUDIT AND FORENSIC	30 August 2021	R 710.00 per hour
KING CETSHWAYO MUNICIPALITY	Yrs	2	MUNICIPAL DUMPING SITE	31 July 2021	Charged per tonages
PANEL OF 45 GRASS CUTTERS IN V	Yrs	3	PANEL OF 45 GRASS CUTTERS IN V	01 July 2021	0
ISICHAKA ESINGENAMONA CC	Yrs	3	SOLID WASTE REMOVAL	31 December 2021	5 125
FANA MANUFACTURING CC	Yrs	3	PANEL FOR STAFF UNIFORM	30 June 2022	Unit cost based
BARGAIN UNIFORMS	Yrs	3	PANEL FOR STAFF UNIFORM	30 June 2022	Unit cost based
UNLIMITED ABC TRADING	Yrs	3	PANEL FOR STAFF UNIFORM	30 June 2022	Unit cost based
EBUCWEBECWENI TRADING & PRO	Yrs	3	PANEL FOR STAFF UNIFORM	30 June 2022	Unit cost based
AKUQENI TRADING CC	Yrs	3	PANEL FOR STAFF UNIFORM	30 June 2022	Unit cost based
RURAL METRO EMERGENCY SERVI	Yrs	3	FIRE BRIGADE SERVICES	30 June 2022	12 160
PRO SECURE (PTY) LTD	Yrs	3	SECURITY SERVICES	31 December 2022	15 825
SNOBHO (PTY) LTD	Yrs	3	SUPPLY AND DELIVER BLACK & Y	28 February 2023	4 125
KONICA MONOLTA T/A BIDVEST	Yrs	3	20 x PRINTERS	28 February 2023	1 349
KWIKSPACE	Yrs	3	PARKHOME OFFICES	28 February 2023	989
AMALANGENI	Yrs	3	INTERNET AND WIFI CONNECTIVI	30 September 2023	14 890
VODACOM	Yrs	ONGOING	3G	30 June 2020	Unit cost based
TELKOM	Yrs	5	TELKOM SERVICES	30 June 2021	
ADVENTURE TRAVEL	Yrs	3	TRAVEL AGENCY	20 October 2022	Transactional Basis
M.M ABRAHAM (PTY) LTD	Yrs	5	LEASE OFFICE SPACE AT RENCK	30 September 2021	2 104
M.M ABRAHAM (PTY) LTD	Yrs	3	LEASE OFFICE SPACE AT MANDE	31 October 2020	1 368
ESKOM	Yrs		ELECTRICITY SUPPLY		Charge per usage
BUSINESS CONNEXION (PTY) LTD	Yrs	3	MICROSOFT LICENCES	30 June 2021	456
PAYDAY	Yrs	2	LICENCE FEE SOFTWARE	30 June 2020	
KUNENE MAKOPO	Yrs	3	INSURANCE-ASSETS	31 August 2023	2 079
CAMELSA CONSULTING	Yrs	2	MSCOA	31 October 2021	12 638
CQS BUSINESS INTERGRITY	Yrs	3	CASE WARE	28 February 2021	Charges per transaction
FNB	Yrs	5	BANKING SERVICES	30 May 2021	Charges per transaction
BPG MASS APPRAISALS	Yrs	5	PROPERTY VALUATIONS	30 June 2022	3 067
THE CAB HOLDINGS	Yrs	3	PRINTING AND MAILING OF STATE	30 June 2021	R 2.79 per unit
WESBANK	Yrs	5	MUNICIPAL FLEET	02 March 2022	4 691
CONLOG (PTY) LIMITED	Yrs	4	SMART METERS	31 August 2019	2 073
SIVEST (PTY) LTD	Yrs	3	CIVIL	30 June 2022	12.6% of the project
SMA CONSULTANTS	Yrs	3	INFRASTRUCTURE PLANNING / CI	30 June 2022	11.9% of the project
LELETU CONSULTING	Yrs	3	CIVIL	30 June 2022	11.9% of the project
YOUNG AND SATHARIA	Yrs	3	CIVIL	30 June 2022	12.6% of the project
MAKHAOTSE NARASIMULU & ASSOC	Yrs	3	INFRASTRUCTURE PLANNING / CI	30 June 2022	12.6% of the project
BVI CONSULTING ENGINEERS KZN	Yrs	3	PANEL OF CONSULTANTS	25 July 2021	9.5% of the project
NZAMAKHUZA HOLDINGS (PTY) LTD	Yrs	3	PANEL OF CONSULTANTS	25 July 2021	10.5% of the project
VERITAS ENGINEERING	Yrs	3	PANEL OF CONSULTANTS	25 July 2021	10% of the project
SKYV CONSULTING ENGINEERS (PT	Yrs	3	PANEL OF CONSULTANTS	25 July 2021	12.6% of the project
MORULA CONSULTING ENGINEERS	Yrs	3	PANEL OF CONSULTANTS	25 July 2021	10% of the project
BUCHULE ENGINEERS (PTY) LTD	Yrs	3	PANEL OF CONSULTANTS	25 July 2021	12% of the project
SRK CONSULTING (SOUTH AFRICA	Yrs	3	PANEL OF CONSULTANTS	25 July 2021	7% of the project
DNPC CONSULTING (PTY) LTD	Yrs	3	PANEL OF CONSULTANTS	25 July 2021	12.5% of the project
UKWAKHA CONSULTING ENGINEER	Yrs	3	PANEL OF CONSULTANTS	25 July 2021	11% of the project
IGS CONSULTING ENGINEERS	Yrs	3	PANEL OF CONSULTANTS	25 July 2021	10% of the project
HI-TECH CONSULTING ENGINEERS	Yrs	3	PANEL OF CONSULTANTS	25 July 2021	11% of the project
UMNIKE TRADING	Yrs	3	SUPPLY AND DELIVER ROADS AN	30 June 2022	Unit cost based /per item
NITHENSI (PTY) LTD	Yrs	3	SUPPLY AND DELIVER ROADS AN	30 June 2022	Unit cost based /per item
ZISAYINI TRADING	Yrs	3	SUPPLY AND DELIVER ROADS AN	30 June 2022	Unit cost based /per item
NJOMISA BOERDERY	Yrs	3	SUPPLY AND DELIVER ROADS AN	30 June 2022	Unit cost based /per item
ONOMBUTHU	Yrs	3	SUPPLY AND DELIVER ROADS AN	30 June 2022	Unit cost based /per item
AMATHOKOZAMAHLE	Yrs	3	SUPPLY AND DELIVER ROADS AN	30 June 2022	Unit cost based /per item
MVELARSE TRADING	Yrs	3	SUPPLY AND DELIVER ROADS AN	30 June 2022	Unit cost based /per item
HUMBLE FRANK	Yrs	3	SUPPLY AND DELIVER ROADS AN	30 June 2022	Unit cost based /per item
MVI-SSSS	Yrs	3	SUPPLY AND DELIVER ROADS AN	30 June 2022	Unit cost based /per item
NBV MKHALIPHI	Yrs	3	SUPPLY AND DELIVER ROADS AN	30 June 2022	Unit cost based /per item



**2.17 Municipal manager's quality certificate**

I S.G.Khuzwayo, 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           28<sup>th</sup> May 2021