

**MANDENI MUNICIPALITY  
(KZN 291)  
mSCOA DRAFT ANNUAL  
BUDGET 2022/23 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**

**SPEECH BY HIS WORSHIP, THE MAYOR CLLR TP MDLALOSE TABLING THE DRAFT  
MSCOA BUDGET, 5 YEAR INTERGRATED DEVELOPMENT PLAN (IDP), SERVICE  
DELIVERY BUDGET AND IMPLEMENTATION PLAN/SCORECARDS AND  
ORGANOGRAM FOR 2022/23 FINANCIAL YEAR AT COUNCIL MEETING HELD ON 31  
MARCH 2022 AT ISIBUSISWE HALL**

PRESENTATION

OF:

**2022-2023 DRAFT BUDGET, IDP and SDBIP**



**Honorable Speaker,  
Amakhosi Asendlunkulu  
Deputy Mayor  
Members of the Executive Committee  
Chairpersons of MPAC and Women's Caucus  
Honorable Councilors  
Municipal Manager  
Senior Management, Managers and staff  
Various stakeholders and all protocol observed  
Members of Media**

It is my honour and privilege to table before this Council the 2022- 2023 Draft Budget and Integrated Development Plan (IDP).

Today I am tabling the following documents:

- i. Draft mSCOA Annual Budget 2022/23 MTREF
- ii. Draft Schedule of Tariffs 2022/23
- iii. Draft Budget Related Policies
- iv. Draft Schedule of Service Delivery Standards MFMA Circular No.72
- v. MFMA Circular No.115 Municipal Budget Circular for the 2022/23 MTR
- vi. Integrated Development Plan (IDP).

Madam Speaker and the Council, we have just concluded the month of March which is commemorated in South Africa as Human Rights Month, this year it is celebrated under the theme: The year of Unity and Renewal: Protecting and preserving our human Rights Gains', this month's commemorations will also be used to assess the progress of the nation's constitutional democratic projects.

Somlomo and Councillors, we are meeting here after the delivery of three important policy pronouncements by the President and the Premier in the State of the Nation Address and in the State of the Province Address respectively. Subsequent to these addresses the Minister of Finance in the Republic of South Africa delivered the 2022 National budget speech outlining funding for various programmes and interventions announced by the President in his address to the nation.

The President reminded us that even as we face steep and daunting challenges, like we have done in the past, we will overcome.

The address by the Minister of Finance has clearly defined the government commitment to the advancement of radical economic transformation with the aim to build an inclusive economy which will eventually lead to an inclusive growth for all he further mentioned that we need to strike a critical balance between saving lives and livelihoods as Our economic recovery has been un-even and risks remain high then proceed with caution.

More pleasing is fact that the budget speech has further indicated a clear redistribution of support to municipal functions to improve the service delivery and strengthening the collection of money owed as one of the focus areas for 2022 and beyond.

As the Mandeni Municipality we need to come up with programmes that will respond to the pronouncements made in the policy speeches by national and provincial government.

The world economy is expected to grow by 4.4 per cent this year. This is lower than the 4.9 per cent that was anticipated when tabling the medium-term budget policy statement (MTBPS). The Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread. In addition, continued imbalances in global value chains have limited the pace of the world's economic recovery.

The South African economy has not been shielded from these global developments. National Treasury has revised South Africa's economic growth estimate for 2021 to 4.8 per cent, from 5.1 per cent at the time of the MTBPS.

This revision reflects a combination of the impact of changes in the global environment, along with South Africa's own unique challenges. Commodity prices, which have supported South Africa's economic recovery, slowed in the second half of 2021.

Also, violent unrest in July, and restrictions imposed to manage the third wave of COVID-19 further eroded the gains South Africa made in the first half of the year. Industrial action in the manufacturing sector, and the re-emergence of loadshedding, also slowed the pace of the recovery.

Real Gross Domestic Product (GDP) growth of 2.1 per cent is projected for 2022. Over the next three years, GDP growth is expected to average 1.8 per cent. Headline inflation is expected to remain between 3 to 6 per cent target range over the 2022/23 MTEF.

In the 2022/2023 financial year we will see the acceleration of delivering services, houses, driving local economic development and providing necessary strategies to prevent and respond during disasters as part of Community Development Service's programmes.

We are operating in a challenging environment where communities expect us to expedite the provision of basic services to them, whilst on the other side we are faced with the narrowing fiscal envelope which in turn calls for development of new strategies to address the continuing increasing demand for service delivery by our communities.

Hon Speaker and the public at large, the Council held its 4 days Strategic Planning Session to craft the strategic objectives and key priorities focus areas of this Council during its term of office. The Council affirmed its strategic objectives as follows:

- To improve access to all infrastructure and services;
- Creating a conducive working environment;
- To ensure a financially viable municipality;



- To ensure a participative, transparent and accountable governance in the municipality;
- To achieve a holistic human development and capacitation for the realisation of skilled and employable workforce;
- To facilitate the creation of employment opportunities for skilled and employable people;
- To ensure that all people have access to community facilities and services;
- To aspire to a healthy, safe and crime free area and to realise a complete
- To facilitate the creation of a disaster ready community.

Hon Speaker, the Council further affirmed its Vision 2030 “to be a reliable, people centred as sustainable economic hub by 2030”. In line with the Vision, Strategic Objective and Community priorities, the Council crafted Projects and programmes which have culminated to the Draft 5 Year Municipal Integrated Development Plan 2022/23 to 2026/27.

The Draft Municipal 5 Year IDP reflects priorities in all 18 Municipal Wards and the Council shall ensure that all length and breaths of Mandeni receive services in a sustainable manner. The Council will be embarking on a full public and stakeholders consultation process during the month of April and May 2022 to present the Draft IDP where all inputs will be incorporated in to the Final Municipal 5 Year IDP and the First implementation plan for 2022/23 Financial Year.

The municipal finance management act (MFMA) requires that that we table the following to the council before the end of March each financial year.

1. Draft Integrated Development Plan (IDP)
2. Draft mSCOA Annual Budget
3. Draft Budget related policy - Imposing any municipal tax and setting any tariffs as may be required for the budget year
4. Draft Budget Related Policies

When the consultations have been done and inputs from our citizens have been taken into consideration, we will come back to the house to present the final programme of action for the municipality and its budget implication to the Council in May 2022

Honourable Speaker and Councillors, the total operating revenue is R374.7 million this indicates increase by 2.8 per cent or R9,3 million for the 2022/2023 financial year when compared to the 2021/2022 Adjustments Budget. The municipality had committed R91.2 mil from its reserves thus the total Municipal Budget is R466.8 mil for 2022/23 Financial Year.

Operational expenditure has increased by 10.3 per cent in the 2022/2023 budget and by 2.9 and 4.6 per cents for each of the respective outer years of the MTREF. The Operational Budget has budgeted for surplus of R37.7 million which will fund capital budget, further to that this includes budget for depreciation of R33,7 million and Debt impairment of 35,8 million which are non-cash items

Total capital budget of R92,1 million for 2022/2023 has increased by 16.2 per cent when compared to the 2021/2022 Adjustment Budget. The capital programme decreases to R39.6 million 2022/2023 financial year and increases to R41,3 million for 2024/2025.

The budget also indicates that the municipality is highly dependent on grants as it has received R49,6 million of conditional grants and R212,8 million from equitable share.

Meanwhile, over the years, the municipality has been able to maintain a sufficient reserve base and the current year budget has been appropriated with R92 million to assist in financing both operational and capital expenditure from internal funds.

The ability of the municipality to collect outstanding debt has been considered when estimating the cash flows. At the collection rate of 64 per cent as 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

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.

Honourable Councillors, in this regard a tariff increase of 4,8 % from 01 July 2022 for all municipal services is recommended and this is based mainly on the Consumer Price Index (CPI) inflation rate as projected by the National Treasury.

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. Bulk electricity costs are consistently much higher than inflation, having gone as high as 17.8 per cent in the 2021/22 municipal financial year. Eskom's need for increased funding means that over the period ahead they are applying for much higher tariff increases.

In their Multi-Year Price Determination (MYPD 5) application Eskom requested approval for municipal bulk tariff increases of 20.5 per cent in 2022/23, 15 per cent in 2023/24 and 10 per cent in 2024/25. NERSA rejected this revenue application at the end of September 2021 and in October 2021 ESKOM filed an application in the High Court to review NERSA's decision. Following the deliberations, NERSA has approved a 9.6 per cent tariff increase for Eskom starting from April 2022 and this figure accounts for a 3.49 per cent increase in 2022/23

The municipality included a section in its budget document listing the draft budget related policies and by-laws that are in place for reviewal purposes and these will be applied from 1 July 2022.

The 2022/2023 MTREF Division of revenue Bill has publicized the following allocations for the municipality. Further to that it should be noted that there is no allocation towards disaster relief grants for 2022/23 financial year.

- i. **Equitable Share** allocation is R212,8 million which has been increased by R21,7 million.
- ii. **MIG** allocation is R40,4 million which has been increased by R2.8 million.
- iii. **EPWP** allocation is R2.4 million which has been decreased by R63 thousand.
- iv. **FMG** allocation is R1.9 million which has remained the same as prior year.
- v. **INEP** allocation is R7,2 million which has increased by R2.3 million

- vi. Library Grant allocation of R4.4 million which has increased by R209 thousand.
- vii. **Municipal Employment Initiative Grant** from EDTEA of R1 million.
- viii. **Human Settlement** Interventions of R14.9 million.

Municipalities are under pressure to generate revenue as a result of the economic landscape, the COVID-19 pandemic, weak tariff setting and increases in key cost drivers to provide basic municipal services. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2022/23 MTREF budgets:

- Improving the effectiveness of revenue management processes and procedures;
- Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities as highlighted in the Municipal Cost Containment Regulations read with MFMA Circular No. 82;
- Ensuring value for money through the procurement process;
- The affordability of providing free basic services to all households;
- Not taking on unfunded mandates;
- Strictly control the use of costly water tankers and fix the water infrastructure to enable the sustainable provision of water;
- Prioritise the filling of critical vacant posts, especially linked to the delivery of basic services; and
- Curbing the consumption of electricity by the indigents to ensure that they do not exceed their allocation.

The Salary and Wage Collective Agreement for the period 01 July 2022 to 30 June 2024 dated 15 September 2021 through the agreement that was approved by the Bargaining Committee of the Central Council in terms of Clause 17.3 of the Constitution should be used when budgeting for employee related costs for the 2022/23 MTREF.

The salary and wage increase shall be, four comma nine percent (4.9%) with effect from 1 July 2022 and any linked benefits or conditions of service shall increase by the same rate of 4.9% with effect from 1 July 2022.

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.

The employee related cost of the municipality is currently sitting above 36.1% norm, which has been considered when preparing this financial year's Annual Budget 2022/22.

The municipality has also placed special attention on cost containment measures as per Gazette No.42514 as issued on the 7th June 2019, by ensuring amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities when preparing the mSCOA Annual Budget for 2022/2023 MTREF.

Madam Speaker and Council, it be noted that the municipality has made a steady progress in empowering local SMMEs in particular in the construction sector through set asides or sub-contracting programme which was based on the 2017 Preferential Procurement Regulations. Through implementation of the Municipal SCM policy, quite a number of Local SMMEs were able to improve their construction grading hence they are able to compete for projects of high CIDB grading.

However, the Constitutional Judgement issued on the 16<sup>th</sup> of February 2022 which deemed these Regulations to be unconstitutional as per the submission by the Afribusiness, this is considered a serious setback and previously disadvantage SMMEs will never see the light to participate in the economic opportunities.

Madam Speaker and Council, the proposed Budget for 2022/23 as informed by priorities in the Draft Integrated Development Plan, amongst other priorities will fund the following priorities:

A total of R17.2 mil has been set aside for the maintenance of existing infrastructure which includes Electricity transformers, street lights; Urban Roads and Storm water and Rural Gravel Roads.

A total of R 72.3 mil has been set aside for new infrastructure development projects and amongst others the following projects will be funded: Dokodweni Beach Development; Finalisation of Phase 2 of Swimming Pool in Ward 15; construction of Combo Court in Highview Park and Padianarga; Construction of Hlomendlini Sports field; Construction of Phase 4 Khenana Civil Works; Rehabilitation of Manono and Msomuhle Roads; Construction of Phase 2 Electricity High Mast Lights in different Wards; Finalisation of the Drivers License and Testing Centre; Construction of Phase 1 of the Mini Industries at Khenana Housing Projects; Rehabilitation of exiting Informal Traders Stalls and construction of stalls for Traders in various areas within Sundumbili Township; Installation of new Street Lights at the entrance of the Town through P415 and P459; Construction of Municipal workshop and procurement of additional Tipper Truck and Waste Compactor Truck.

The municipality will further implement electricity projects which are funded through INEP programme with a total of R7.2 mil where areas like Masomonco, Makhoba Village and Emabhanoyini; Okhovothi Area and Emhlangeni electrified.

Madam Speaker and Council, the Municipality has set a side a total of R29 mil for Community Services related programmes, this includes issues of waste collection and management; grass and verges cutting; Disaster, Fire and Emergency Services. A total of R8.1 mil set aside for Community Facilities and Beach management.

Last but not list, Madam Speaker and Council, in line with the 2021 Local Government Staff Establishment Regulations, the municipality has put together a Five-Year Organisational Development Structure which will be implemented through different Financial years.

This will ensure that the municipality builds a human capital that will assist in the implementation of these Strategic Plans. Madam Speaker and Council, in line with the Council position to in-source all of its functions, the Fire and Emergency Services will be in-sourced on a gradual basis and such shall commence in the 2022/23 Financial Year.

It is therefore upon all of us both Political and Administrative Components to work together with other stakeholders in ensuring that indeed these Municipal Strategic Service delivery Plans are fully implemented.

Somlomo, the report I am presenting today was prepared not only as a matter of legislative compliance, but also to ensure the municipality remains accountable to its community and stakeholders.

Somlomo and Council, this is a summary of all Items C58, C59, C69 and C72 which are presented in detail in your Agendas.

Hon Speaker and Council, the documents presented herewith for will be made available for public viewing and comments and copies to be placed at various Municipal buildings including Libraries for viewing and comments.

***In Conclusion:***

*Hon Speaker and Council, I therefore recommend for the adoption of the Municipal Strategic Planning Session-recommendations (C69) on page 208-209; Draft Municipal Fiver Integrated Development Plan IDP for 2022/2023 to 2026/27 (C59)-recommendations on page 116; Draft MSCOA Budget for 2022/23 Financial Year (C58)- recommendations on page 112-113 and Draft Five organisational Structure (C72)-recommendations on page 236.*

*I thank you all.*

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**CLLR TP MDLALOSE**  
**THE MAYOR**

## 1.2 Council Resolutions

### Resolution No: C58

**COUNCIL:31/03/22**

On the Council of Mandeni Municipality met through Sibusisiwe Hall Mandeni to consider the mSCOA Draft Annual Budget of the municipality for the financial year 2022/23. The Council approved and adopted the following resolutions:

1. The Council of Mandeni Municipality, acting in terms of section 16 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 2022/23 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 2022 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, 91,93,94,97,98,99,108,112 and 115 were used to guide the compilation of the 2022/23 & MTREF.

The main challenges experienced during the compilation of the 2022/23 & 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 2022/23 MTREF process.

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

The 2021/22 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 2022/23 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 consider 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 2022/23 MTREF Budget transacting across all the mSCOA seven segments in Version 6.6.1 as per MFMA Circular 115. 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 2022/23 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> March 2022 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 2022/23 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2022/23 & MTREF**

KZN291 Mandeni - Table A1 Budget Summary									
Description	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Total Revenue (excluding capital transfers and contributions)	268 009	293 445	348 760	309 163	327 992	327 992	337 020	356 700	379 398
Total Expenditure	258 420	283 370	298 917	323 462	339 729	339 729	374 709	387 892	403 716
Surplus/(Deficit) for the year	49 455	28 514	91 308	22 241	26 678	26 678	1 003	8 444	17 016
<u>Capital expenditure &amp; funds sources</u>									
Capital expenditure	237 694	254 468	272 457	73 920	79 280	79 280	92 131	39 636	41 334

Total operating revenue has increased by 2.8 per cent or R9.3 million for the 2022/23 financial year when compared to the 2021/22 Adjustments Budget. For the two outer years, operational revenue will increase by 5.8 and 6.7 per cent respectively, equating to a total revenue growth of R42.1 million over the MTREF when compared to the 2021/22 financial year.

Total operating expenditure for the 2022/23 financial year has been appropriated at R374,7 million and translates into a surplus budget of R1.0 million. Operational expenditure has increased by 10.3 per cent in the 2022/23 budget and the outer years have increased by 3.5 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 R17.0 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 R92.1 million for 2022/23 has decreased by 1.2 per cent when compared to the 2021/22 Adjustment Budget. The capital programme decreases to R39.7 million from 2023/24 financial year and then increases in 2024/25 to R41.3 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 64 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 2022/23 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Revenue By Source</b>										
Property rates	2	58 180	46 606	65 700	46 642	46 642	46 642	48 880	51 031	53 327
Service charges - electricity revenue	2	24 368	29 909	34 672	39 216	39 216	39 216	42 981	44 872	46 891
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	8 911	8 534	9 150	9 546	9 546	9 546	10 004	10 445	10 915
Rental of facilities and equipment		170	204	101	130	170	170	178	186	194
Interest earned - external investments		4 893	6 819	6 454	4 950	5 500	5 500	5 700	5 951	6 219
Interest earned - outstanding debtors		13 851	11 830	4 084	6 740	3 740	3 740	3 747	3 912	4 088
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		404	131	281	265	265	265	278	290	303
Licences and permits		1 133	762	800	695	660	660	692	722	755
Agency services		—	—	—	—	—	—	—	—	—
Transfers and subsidies		155 084	174 636	210 180	200 340	220 298	220 298	223 815	238 514	255 894
Other revenue	2	1 015	1 776	1 378	640	1 956	1 956	744	777	812
Gains		—	12 239	15 961	—	—	—	—	—	—
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>268 009</b>	<b>293 445</b>	<b>348 760</b>	<b>309 163</b>	<b>327 992</b>	<b>327 992</b>	<b>337 020</b>	<b>356 700</b>	<b>379 398</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 2021/22		2022/23 Medium Term Revenue & Expenditure Framework						
		Adjusted Budget	%	Budget Year 2022/23	%	Budget Year +1 2023/24	%	Budget Year +2 2024/25	%	
<b>Revenue By Source</b>										
Property rates	2	46 642	14.22	48 880	14.50	51 031	14.31	53 327	14.06	
Service charges - electricity revenue	2	39 216	11.96	42 981	12.75	44 872	12.58	46 891	12.36	
Service charges - water revenue	2	—	—	—	—	—	—	—	—	
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	
Service charges - refuse revenue	2	9 546	2.91	10 004	2.97	10 445	2.93	10 915	2.88	
Rental of facilities and equipment		170	0.05	178	0.05	186	0.05	194	0	
Interest earned - external investments		5 500	1.68	5 700	1.69	5 951	1.67	6 219	0	
Interest earned - outstanding debtors		3 740	1.14	3 747	1.11	3 912	1.10	4 088	0	
Dividends received		—	—	—	—	—	—	—	—	
Fines, penalties and forfeits		265	0.08	278	0.08	290	0.08	303	0	
Licences and permits		660	0.20	692	0.21	722	0.20	755	0	
Agency services		—	—	—	—	—	—	—	—	
Transfers and subsidies		220 298	67.17	223 815	66.41	238 514	66.87	255 894	0	
Other revenue	2	1 956	0.60	744	0.22	777	0.22	812	0.21	
Gains		—	—	—	—	—	—	—	—	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>327 992</b>	<b>100%</b>	<b>337 020</b>	<b>100%</b>	<b>356 700</b>	<b>100%</b>	<b>379 398</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 2022/23 financial year, revenue from rates and services charges totaled R101.9 million or 27.1 per cent.

This increases to R106.3 million and R111.3 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 6.8 per cent in 2022/23 to 9.1 percent in 2024/25.

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 13.0 per cent or 48.9 million and increases to R53.3 or 14.1 per cent by 2024/25. The third largest source is service charges from electricity revenue source totaling to 42.9 or 12.7 percent, contributing is the proposed increase of 9.6 per cent for municipal electricity tariffs for 2022/23 as approved guideline on municipal electricity price increase tariff.

As NERSA has published guideline on the municipal electricity price tariffs for the 2022/23 municipal financial year and approved an increase of 9.6%.

Interest on outstanding debtors have increased from R3.7 million to R3.7 million with an increase of 2 per cent so as to align with the approved Interest Rate by municipal council. 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 R223.8 million in the 2022/23 financial year and steadily increases to R255.9 million by 2023/24. Note that there is an increase of 1.6 per cent for the 2022/23 financial year and the year-on-year growth is 14.3 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		<b>157 762</b>	<b>181 862</b>	<b>192 372</b>	<b>202 167</b>	<b>222 182</b>	<b>222 182</b>	<b>226 242</b>	<b>244 091</b>	<b>259 635</b>
Local Government Equitable Share		146 821	167 483	181 342	191 149	211 164	211 164	212 818	230 155	247 251
Finance Management		1 900	1 900	1 900	1 850	1 850	1 850	1 850	1 850	1 850
EPWP Incentive		2 255	2 234	2 387	2 435	2 435	2 435	2 372	-	-
Integrated National Electrification		6 786	9 500	5 000	4 872	4 872	4 872	7 200	10 000	8 359
MIG (PMU)				1 743	1 861	1 861	1 861	2 002	2 086	2 175
MIG (PMU)			745							
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		<b>5 278</b>	<b>3 488</b>	<b>3 229</b>	<b>3 044</b>	<b>1 258</b>	<b>2 987</b>	<b>5 043</b>	<b>4 423</b>	<b>4 618</b>
Community Library Services Grant		3 581	1 228	2 714	1 315	1 315	1 315	1 477	1 477	1 542
Provincialization of Libraries		1 147	1 510	515	1 729	(100)	1 629	2 566	2 946	3 076
		-	-							
		50	-							
		500								
Single Land Use Scheme (COGTA)			750			43	43			
Sport and Recreation										
Municipal Employment Initiative (MELI)								1 000		
Other transfers/grants [insert description]										
<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>163 040</b>	<b>185 350</b>	<b>195 601</b>	<b>205 211</b>	<b>223 440</b>	<b>225 169</b>	<b>231 285</b>	<b>248 514</b>	<b>264 253</b>
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		<b>39 577</b>	<b>33 954</b>	<b>34 719</b>	<b>35 370</b>	<b>1 717</b>	<b>37 087</b>	<b>38 042</b>	<b>39 636</b>	<b>41 334</b>
Municipal Infrastructure Grant (MIG)		34 706	33 954	34 719	35 370	1 717	37 087	38 042	39 636	41 334
		4 871	-							
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		<b>-</b>	<b>1 131</b>	<b>800</b>	<b>1 170</b>	<b>19 169</b>	<b>20 339</b>	<b>15 342</b>	<b>-</b>	<b>-</b>
Provincialization of Libraries			1 131	800	1 170	100	1 270	380		
Sport and Recreation						58	58			
Human Settlement						19 011	19 011	14 962		
<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>39 577</b>	<b>35 085</b>	<b>35 519</b>	<b>36 540</b>	<b>20 886</b>	<b>57 426</b>	<b>53 384</b>	<b>39 636</b>	<b>41 334</b>
<b>TOTAL RECEIPTS OF TRANSFERS</b>		<b>202 617</b>	<b>220 434</b>	<b>231 120</b>	<b>241 751</b>	<b>244 326</b>	<b>282 595</b>	<b>284 669</b>	<b>288 150</b>	<b>305 587</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 third Supplementary Valuation Roll that number has since increased to 7096 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. This is the last year of this GV as the municipality is now engaging processes of appointing services provider who will be assisting the municipality with preparing the new General Valuation Roll.

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 an increase of 4.8% for the year 2022/23 which is aligned with CPI. While noting the Provisions of circular 115 and the fact that the CPI reflect an increase of 4,8%. 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 decreased to R10.9 million by 33.5 per cent in the 2022/23 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 increased from R46.6 million to R48.9 million in the 2022/23 financial year by 4.8 per cent from the 2021/22 adjustment budget. Increase in property rates has considered the increase in other tariffs by 4.8 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 temporally 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 2022/23 financial year**

<b>PROPERTY CATEGORY USE</b>	<b>CURRENT TARIFF 2021/22</b>	<b>PROPOSED TARIFF 2022/23</b>
Residential	0.0147	0.0155
Industrial	0.0250	0.0262
Commercial	0.0250	0.0262
Farms Agricultural Purpose	0.0037	0.0039
State Trust Land	0.0186	0.0195
Mining Properties	0.0250	0.0262
State owned Properties	0.0234	0.0245
Municipal Properties	0.0234	0.0245
Public Service Infrastructure	0.0037	0.0039
Public benefit organisation	0.0234	0.0039
Place of Worship	0.0234	0.0245
Vacant Land	0.0234	0.0245

## 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 2022/23 and approved an increase of 9.6 per cent.

However, having considered the Eskom increases, the consumer tariff had to be increased by 9.6 per cent to offset the additional bulk purchase cost from 1 July 2022.

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 2022/23 benchmarks were increased by 9.6% as per electricity tariff benchmark.
- Block 2 - The 2022/23 benchmarks were increased by 9.6% as per the electricity tariff benchmark
- Block 3 & 4 - The 2022/23 were increased by 9.6% 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
0 - 50	86 – 95	141.13	125.09	28
51 - 350	103 – 110	155.76	170.71	329
351 - 600	147 – 155	170.83	187.23	601
>600	176 – 182	232.03	254.30	60

Service Charges- electricity revenue have increased from R39.2 million to R42.9 million in the 2022/23 financial year. Electricity revenue increase have considered proposed increase of 9.6 for municipal electricity tariffs and also the municipality has considered the level of demand by Umngeni Water based on actual consumption and the number of customers which have remained the same at 1018.

Then revenue budget has been increased by 3.8 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 have remained the same at 1018 in the 2022/23 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 2022/23 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 9.6 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 1960 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 1.9 million to R2.1 million which has considered the proposed increase of 17.8 per cent and the number of beneficiaries qualifying for free basic electricity, furthermore budget estimated is based on the actual performance for 2021/22 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 expectancy. The upgrading of the Municipality's network has therefore become a strategic priority, especially the substations and transmission lines.



The budget for the Electricity Distribution Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure (High Mast lights) to the amount of R4.6 million for 2022/23 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 R13.0 million for 2022/23.

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 9.6 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 8.2 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 R1.6 million.

Projected revenue constitutes of R10.0 million for billing to debtors and R846 thousand allocated from equitable share towards free basic services thus totaling 11.7 million. Projected expenditure is 9.2 million which is allocated for the contactors (hire of refuse removal truck, landfill site and refuse bags). Free basic services of R846 thousand and employee cost and other operational expenditure at R3.2 million, thus projected surplus of R1.6 million is projected for this service.

A 4.8 per cent increase in the waste removal tariff is proposed from 1<sup>st</sup> July 2022. Higher increases will not be viable in 2022/23 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher 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. 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 increased from R9.5 million to R10.0 million in the 2022/23 financial year with an increase in tariff of 4.8 per cent. in tariffs and the number of properties from 31 453 to 31 921 with an increase of 468 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 4601 to 4610 as per customers that are billed on municipal billing system. 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 31 453 to 31 921 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 4.8 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 4.8 per cent for property rates, 4.8 per cent for refuse removal and 9.6 per cent for electricity.

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

KZN291 Mandeni - Supporting Table SA14 Household bills											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23 % incr.	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		1 008.54	1 060.98	1 124.64	1 114.03	1 114.03	1 114.03	4.8%	1 167.51	1 178.65	1 189.79
Electricity: Basic levy		471.22	515.51	567.06	590.73	590.73	590.73	9.6%	647.44	653.34	659.25
Electricity: Consumption		2 140.46	2 341.67	2 575.84	2 683.32	2 683.32	2 683.32	9.6%	2 940.92	2 967.75	2 994.58
Water: Basic levy					-	-	-	-	-	-	-
Water: Consumption					-	-	-	-	-	-	-
Sanitation					-	-	-	-	-	-	-
Refuse removal		134.32	141.31	147.67	148.37	148.37	148.37	4.8%	155.50	156.98	158.46
Other											
<b>sub-total</b>		<b>3 754.55</b>	<b>4 059.47</b>	<b>4 415.21</b>	<b>4 536.45</b>	<b>4 536.45</b>	<b>4 536.45</b>	<b>8.3%</b>	<b>4 911.35</b>	<b>4 956.72</b>	<b>5 002.08</b>
VAT on Services											
<b>Total large household bill:</b>		<b>3 754.55</b>	<b>4 059.47</b>	<b>4 415.21</b>	<b>4 536.45</b>	<b>4 536.45</b>	<b>4 536.45</b>	<b>8.3%</b>	<b>4 911.35</b>	<b>4 956.72</b>	<b>5 002.08</b>
<b>% increase/-decrease</b>		<b>27.6%</b>	<b>8.1%</b>	<b>8.8%</b>	<b>11.7%</b>	<b>11.7%</b>	<b>11.7%</b>		<b>8.3%</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		546.14	574.54	609.01	603.27	603.27	603.27	4.8%	632.22	638.26	644.29
Electricity: Basic levy		275.80	301.72	331.89	345.74	345.74	345.74	9.6%	378.93	382.39	385.85
Electricity: Consumption		425.43	465.42	511.96	533.32	533.32	533.32	9.6%	584.52	589.85	595.19
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		128.89	135.59	141.69	142.37	142.37	142.37	4.8%	149.20	157.46	152.05
Other											
<b>sub-total</b>		<b>1 376.25</b>	<b>1 477.26</b>	<b>1 594.55</b>	<b>1 624.70</b>	<b>1 624.70</b>	<b>1 624.70</b>	<b>7.4%</b>	<b>1 744.88</b>	<b>1 767.96</b>	<b>1 777.37</b>
VAT on Services											
<b>Total small household bill:</b>		<b>1 376.25</b>	<b>1 477.26</b>	<b>1 594.55</b>	<b>1 624.70</b>	<b>1 624.70</b>	<b>1 624.70</b>	<b>7.4%</b>	<b>1 744.88</b>	<b>1 767.96</b>	<b>1 777.37</b>
<b>% increase/-decrease</b>		<b>62.4%</b>	<b>7.3%</b>	<b>7.9%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>		<b>7.4%</b>	<b>1.3%</b>	<b>0.5%</b>
<b>Monthly Account for Household - 'Indigent' Household receiving</b>	3										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<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 2022/23 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 municipality has budgeted for surplus of R19 million which will fund capital projects.

The following table is a high-level summary of the 2022/23 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Expenditure By Type</b>										
Employee related costs	2	84 280	99 700	109 315	107 819	109 069	109 069	120 763	126 076	131 750
Remuneration of councillors		13 023	13 249	13 528	14 643	14 193	14 193	14 682	15 328	16 002
Debt impairment	3	41 621	48 224	34 245	30 635	34 635	34 635	35 798	37 373	39 054
Depreciation & asset impairment	2	27 712	30 298	31 848	32 726	32 726	32 726	33 747	35 232	36 817
Finance charges		680	919	332	400	3 003	3 003	2 610	2 725	2 847
Bulk purchases - electricity	2	22 907	26 098	28 816	35 143	36 643	36 643	43 239	45 142	47 624
Inventory consumed	8	(508)	(980)	(864)	2 288	2 121	2 121	4 691	4 654	4 727
Contracted services		39 078	34 792	47 869	56 718	56 975	56 975	71 267	71 289	72 567
Transfers and subsidies		-	-	1 557	-	-	-	-	-	-
Other expenditure	4, 5	28 573	30 329	30 735	43 089	48 864	48 864	47 912	49 377	51 617
Losses		1 053	740	1 536	-	1 500	1 500	-	-	-
<b>Total Expenditure</b>		<b>258 420</b>	<b>283 370</b>	<b>298 917</b>	<b>323 462</b>	<b>339 729</b>	<b>339 729</b>	<b>374 709</b>	<b>387 194</b>	<b>403 007</b>

The budgeted allocation for employee related costs and remuneration of Councilors for the 2022/23 financial year totals R135.4 million, which equals 36.1 per cent of the total operating expenditure. An annual increase of 4.4 and 4.5 per cent has been included in the two outer years of the MTREF.

**Employee related costs** increased from R109.1 million to R120.8 million which reflects a increase of 10.7 percent. As part of the planning assumptions and interventions, increase has taken into consideration the current status of the positions filled. Further to that the municipality has opted to change the Food for Waste) program as it was on a contract basis for temporary staff to appointing 13 litter pickers who will be employed full time.

The municipality has also prioritized additional 15 positions that needs to be filled for next financial year which contributes towards service delivery as per the approved organogram. Further to that increase has also considered budget allocated towards provision for leave and long service bonus as per employees who will be due.

Increase in Employee related cost has taken into consideration the proposed increase of 4.9 per cent as proposed by SALGA Circular No.05/2022 for salary and wage increase for the period 1 July 2022 to 30 June 2023 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 and Ingwenya Nature Reserve beneficiaries which committed budget of R2.5 million: EPWP wages are funded from grant allocated in 2022/23 financial year as per business plan.

Increase in the number of positions for other municipal staff and councilors have increased from 304 to 319 when comparing to this current financial year.

Increase in employee related costs for 6 senior managers has considered an increase of 4.8 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 Councilor's have been budgeted at percentage of 38.1 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 R14.7 million which reflects an increase of 3.4 per cent. Increase in remuneration of Councilors has considered the current year's performance as per Adjustment budget 2021/22. With the mSCOA classification SDL expenditure is allocated under Other Expenditure.

Further to that the municipality has budgeted to 2 EXCO members which are still in negotiation to be converted from part time to full time members.

For the 2022/23 financial year this amounts to R35.8 million and increases to R39.1 million by 2024/25. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. With the increasing debtor's book, the majority of debt is due to Ingonyamana 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 R10.9 Million 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 50 of our debtors in our debt book are deceased people, with 25 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 R8.8 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 R33.7 million for the 2022/23 financial and equates to 9.5 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 total amount forecasted for the next financial year amounts to R33.7 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 and finance charges towards retirement benefit obligation) R2.6 million has been allocated for 2022/23 financial year, current year actual performance has been considered in determining the allocated budget. The current finance lease with Wesbank is coming to an end by the month of October 2022, the municipality has then decided to assess condition of these existing vehicles and then will replace the ones who are not in a good condition through finance lease.

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 2022/23 MTREF assumes 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 2022/23 financial year as per guideline on municipal electricity price increase. Bulk purchases have increased from 36.6 million to 43.2 million in 2022/23, 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 2021/22 financial year.

**Inventory Consumed:** For 2022/23 the appropriation against this group of expenditure has been reclassified and allocated budget of R4.7 million and continues to grow by 8 per cent for the two outer years of which budget allocation is in excess of R4.0 million by 2024/25.

Further to that budget allocated for inventory consumed relates to materials procured by the municipality towards repairs and maintenance which are vatable items. The municipality procures stores items which is often used by internal staff for maintenance of infrastructure which is undertaken internally.

**Contracted Services** for 2022/23 the appropriation against this group of expenditure has been increased by 12.1 per cent (R71.3 million) and it has grown by 1.3 for the two outer years of which budget allocation is in excess of R64.7 million by 2024/25.

As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2022/23 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into this budget cycle and it is envisaged that additional cost savings will be implemented.

As part of the compilation of the 2022/2023 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 2022/23 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 2022/23 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 comprises 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 2022/23 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. However due to mSCOA classification this item forms part of General Expenditure.

In the 2022/23 financial year, this group of expenditure totals R2.0 million and has increased by 7.9 per cent; increase in this item has also considered the percentage increase of 7.9 per cent and increase in the number of beneficiaries that qualify for free basic electricity from 1960 to 1975.

Budget allocated for free basic refuse has also considered the current year's actual performance and also, we have effected 4.8 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 31 453 to 31 921 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 R48.9 million to R47.9 million with a decrease of 11 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 2022.

Furthermore, it should be noted that other expenditure exceeds the allocated norm of 10 per cent by 12.3 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 reprioritize service delivery projects and consider the changes introduced by COVID 19.

The following table gives a breakdown of the main expenditure categories for the 2022/23 financial year.



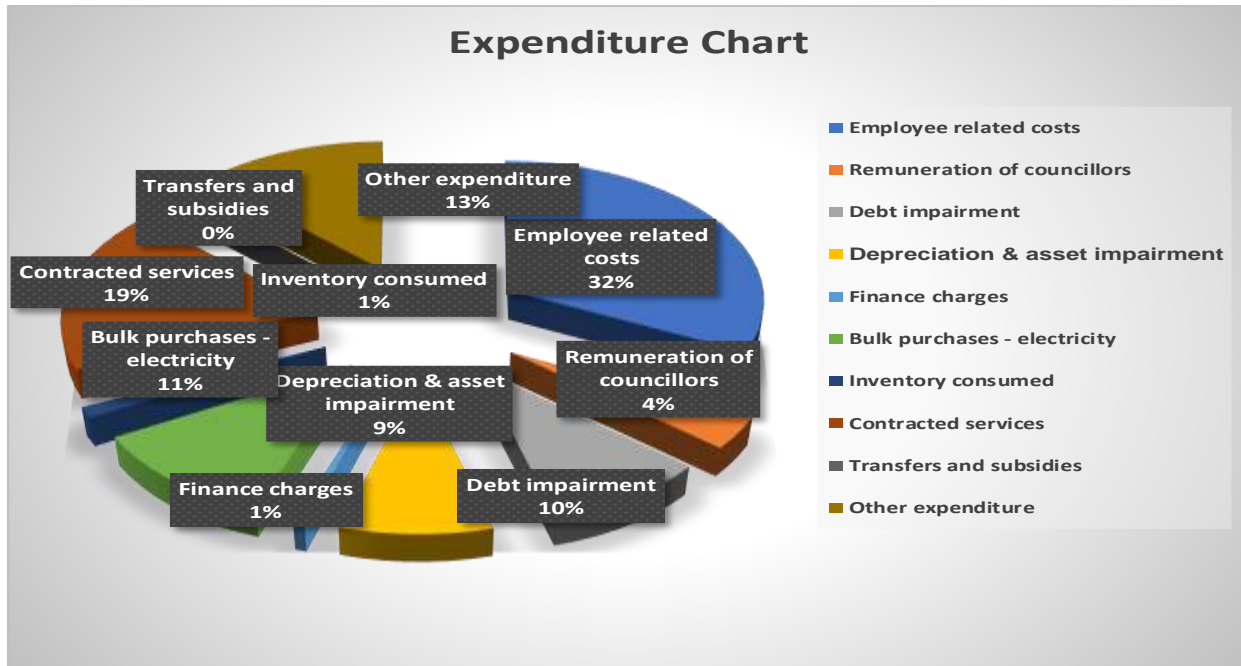


Figure 1 Main operational expenditure categories for the 2022/23 financial year

**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 2022/23 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>										
<b>Repairs and Maintenance</b>	8									
Employee related costs					23 633	23 633	23 633	24 791	26 006	26 006
Inventory Consumed (Project Maintenance)					2 288	2 288	2 288	3 230	3 165	3 192
Contracted Services		9 431	7 949	19 129	19 275	19 175	19 175	19 335	19 037	19 894
Other Expenditure					3 804	3 804	3 804	2 180	2 281	2 384
<b>Total Repairs and Maintenance Expenditure</b>	9	9 431	7 949	19 129	49 001	48 901	48 901	49 536	50 490	51 476
<b>Inventory Consumed</b>										
Inventory Consumed - Water		-	-	-	-	-	-	-	-	-
Inventory Consumed - Other		(508)	(980)	(864)	2 288	2 121	2 121	4 691	4 654	4 727
<b>Total Inventory Consumed &amp; Other Material</b>		<b>(508)</b>	<b>(980)</b>	<b>(864)</b>	<b>2 288</b>	<b>2 121</b>	<b>2 121</b>	<b>4 691</b>	<b>4 654</b>	<b>4 727</b>

During the compilation of the 2022/23 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 1.3 per cent in the 2022/23 financial year, from R48.1 million to R49.5 million. The total allocation for 2022/23 equates to R49.5 million a increase of 4 per cent in relation to the Adjustment Budget and continues to grow at 1.9 and 2.0 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 8.1 and 4.6 per cent for the respective financial years of the MTREF.

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

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

KZN291 Mandeni - Table A9 Asset Management										
Description	Re	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>EXPENDITURE OTHER ITEMS</b>		<b>36 534</b>	<b>36 916</b>	<b>48 531</b>	<b>52 001</b>	<b>51 901</b>	<b>51 901</b>	<b>53 082</b>	<b>54 269</b>	<b>56 711</b>
<b>Depreciation</b>	7	27 103	28 967	29 402	32 726	32 726	32 726	33 747	35 232	36 817
<b>Repairs and Maintenance by Asset Class</b>	3	<b>9 431</b>	<b>7 949</b>	<b>19 129</b>	<b>19 275</b>	<b>19 175</b>	<b>19 175</b>	<b>19 335</b>	<b>19 037</b>	<b>19 894</b>
<i>Roads Infrastructure</i>		3 884	2 337	4 731	4 950	5 150	5 150	6 400	6 160	6 437
<i>Storm water Infrastructure</i>		120	73	751	1 250	1 250	1 250	1 150	1 201	1 255
<i>Electrical Infrastructure</i>		1 790	991	1 279	3 250	3 550	3 550	4 200	4 385	4 582
<i>Information and Communication Infrastructure</i>		78	312	223	3 000	2 150	2 150	700	731	764
<b>Infrastructure</b>		<b>5 873</b>	<b>3 713</b>	<b>6 983</b>	<b>12 450</b>	<b>12 100</b>	<b>12 100</b>	<b>12 450</b>	<b>12 476</b>	<b>13 037</b>
Community Facilities		6	245	1 118	825	625	625	270	282	295
Sport and Recreation Facilities		279	123	538	1 250	750	750	1 350	783	818
<b>Community Assets</b>		<b>284</b>	<b>367</b>	<b>1 656</b>	<b>2 075</b>	<b>1 375</b>	<b>1 375</b>	<b>1 620</b>	<b>1 065</b>	<b>1 113</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		144	514	347	250	200	200	265	277	289
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>144</b>	<b>514</b>	<b>347</b>	<b>250</b>	<b>200</b>	<b>200</b>	<b>265</b>	<b>277</b>	<b>289</b>
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	<b>164</b>	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	<b>103</b>	<b>99</b>	-	-	-	-	-	-
<b>Machinery and Equipment</b>		<b>3 129</b>	<b>3 088</b>	<b>10 044</b>	<b>4 500</b>	<b>5 500</b>	<b>5 500</b>	<b>5 000</b>	<b>5 220</b>	<b>5 455</b>
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>36 534</b>	<b>36 916</b>	<b>48 531</b>	<b>52 001</b>	<b>51 901</b>	<b>51 901</b>	<b>53 082</b>	<b>54 269</b>	<b>56 711</b>
<i>Renewal and upgrading of Existing Assets</i>		84.9%	87.9%	86.2%	52.9%	57.5%	57.5%	40.7%	100.0%	100.0%
<i>Renewal and upgrading of Existing Assets</i>		744.3%	772.0%	798.9%	119.6%	139.3%	139.3%	111.2%	112.5%	112.3%
<i>R&amp;M as a % of PPE</i>		2.1%	1.8%	4.2%	3.5%	3.8%	3.8%	3.5%	3.5%	3.6%
<i>Renewal and upgrading and R&amp;M as a % of</i>		42.0%	46.0%	47.0%	9.0%	11.0%	11.0%	9.0%	9.0%	10.0%

For the 2022/23 financial year 64.4 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 R5.0 million of total repairs and maintenance equating to 25.9 per cent, Community assets have been allocated R1.6 million of total repairs and maintenance equating to 8.4 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 483 or more indigent households during the 2022/23 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 2022/23 Medium-term capital budget per vote**

KZN291 Mandeni- Capital Budget per vote									
Vote Description	Re	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	%	Budget Year 2022/23	%	Budget Year +1 2023/24		Budget Year +2 2024/25	
R thousand	1								
<b>Single-year expenditure to be appropriate</b>	2								
Vote 1 - Executive and council		50	0.06	620	0.67	-		-	
Vote 2 - Finance and administration		6 619	8.35	9 900	10.75	-		-	
Vote 3 - Internal audit		-	-	-	-	-		-	
Vote 4 - Community and social services		7 097	8.95	6 475	7.03	-		-	
Vote 5 - Sport and Recreation		7 907	9.97	15 143	16.44	-		-	
Vote 6 - Public safety		-	-	-	-	-		-	
Vote 7 - Housing		-	-	-	-	-		-	
Vote 8 - Planning and Development		8 308	10.48	23 940	25.98	-		-	
Vote 9 - Road transport		38 510	48.57	20 763	22.54	39 636	100%	41 334	100%
Vote 10 - Energy sources		6 389	8.06	9 170	9.95	-		-	
Vote 11 - Waste Management		4 400	5.55	6 120	6.64	-		-	
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>79 280</b>	<b>100%</b>	<b>92 131</b>	<b>100%</b>	<b>39 636</b>	<b>100%</b>	<b>41 334</b>	<b>100%</b>
<b>Total Capital Expenditure - Vote</b>		<b>79 280</b>	<b>100%</b>	<b>92 131</b>	<b>100%</b>	<b>39 636</b>	<b>100%</b>	<b>41 334</b>	<b>100%</b>

For 2022/23 an amount of R25.7 million have been appropriated for the development of infrastructure which represents 28.0 per cent of the total capital budget. In the outer years this amount totals R39.7 million and increases to R41.3 million respectively for each of the financial years. Community assets have been allocated R42.6 which represents 50.2 per cent which is the highest allocation toward capital expenditure. Transport, Machinery, Computer Furniture and Office equipment have been allocated R16.9 which represent 18.3 per cent and followed by Other assets have been allocated R6.9 million in 2022/23 which equates to 7.5 per cent

Total new assets represent 59.3 per cent or R54.6 million of the total capital budgets while renewal of existing assets represents 2.2 per cent or R2.0 million and upgrading of existing assets equates to 38.5 per cent or R35.5 million.

Capital budget funded from grants through National & Provincial Treasury equates to R38.1 million or 41.3 per cent. Budget allocated towards capital budget funded by MIG.

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 through Library Grant of R380 thousand which represents 0.4 per cent of total allocated grant.

Capital funded internally equates to 58.3 per cent or R53.7 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 R9.2 million since there have been delays with the appointed service provider in completing this project also the municipality has allocated budget of R8 million towards Machinery & Equipment for service delivery. 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 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 2022/23 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	58 180	46 606	65 700	46 642	46 642	46 642	48 880	51 031	53 327
Service charges	33 280	38 443	43 822	48 762	48 762	48 762	52 985	55 317	57 806
Investment revenue	4 893	6 819	6 454	4 950	5 500	5 500	5 700	5 951	6 219
Transfers recognised - operational	155 084	174 636	210 180	200 340	220 298	220 298	223 815	238 514	255 894
Other own revenue	16 573	26 942	22 605	8 470	6 791	6 791	5 639	5 887	6 152
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>268 009</b>	<b>293 445</b>	<b>348 760</b>	<b>309 163</b>	<b>327 992</b>	<b>327 992</b>	<b>337 020</b>	<b>356 700</b>	<b>379 398</b>
Employee costs	84 280	99 700	109 315	107 819	109 069	109 069	120 763	126 076	131 750
Remuneration of councillors	13 023	13 249	13 528	14 643	14 193	14 193	14 682	15 328	16 002
Depreciation & asset impairment	27 712	30 298	31 848	32 726	32 726	32 726	33 747	35 232	36 817
Finance charges	680	919	332	400	3 003	3 003	2 610	2 725	2 847
Inventory consumed and bulk purchase	22 399	25 118	27 952	37 432	38 765	38 765	47 930	49 795	52 351
Transfers and grants	—	—	1 557	—	—	—	—	—	—
Other expenditure	110 325	114 086	114 385	130 442	141 973	141 973	154 977	158 038	163 239
<b>Total Expenditure</b>	<b>258 420</b>	<b>283 370</b>	<b>298 917</b>	<b>323 462</b>	<b>339 729</b>	<b>339 729</b>	<b>374 709</b>	<b>387 194</b>	<b>403 007</b>
<b>Surplus/(Deficit)</b>	<b>9 590</b>	<b>10 075</b>	<b>49 843</b>	<b>(14 299)</b>	<b>(11 737)</b>	<b>(11 737)</b>	<b>(37 689)</b>	<b>(30 494)</b>	<b>(23 609)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	39 577	16 279	41 465	35 370	37 145	37 145	38 042	39 636	41 334
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	1 270	1 270	650	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>49 455</b>	<b>28 514</b>	<b>91 308</b>	<b>22 241</b>	<b>26 678</b>	<b>26 678</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>49 455</b>	<b>28 514</b>	<b>91 308</b>	<b>22 241</b>	<b>26 678</b>	<b>26 678</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	237 694	254 468	272 457	73 920	79 280	79 280	92 131	39 636	41 334
Transfers recognised - capital	138 744	151 564	162 290	33 540	38 415	38 415	38 462	39 636	41 334
Borrowing	3 881	3 881	3 881	—	—	—	—	—	—
Internally generated funds	95 070	99 023	106 286	40 380	40 865	40 865	53 669	—	—
<b>Total sources of capital funds</b>	<b>237 694</b>	<b>254 468</b>	<b>272 457</b>	<b>73 920</b>	<b>79 280</b>	<b>79 280</b>	<b>92 131</b>	<b>39 636</b>	<b>41 334</b>
<b>Financial position</b>									
Total current assets	113 772	154 065	214 426	118 289	199 121	199 121	110 657	117 658	129 745
Total non current assets	502 174	506 994	540 732	620 443	587 160	587 160	639 010	634 046	630 320
Total current liabilities	33 489	51 381	69 061	16 838	(350 013)	(350 013)	45 029	36 803	38 449
Total non current liabilities	14 053	15 833	18 697	20 924	24 327	24 327	27 394	28 185	29 167
Community wealth/Equity	429 732	429 544	429 589	700 971	731 169	731 169	677 245	686 716	692 449
<b>Cash flows</b>									
Net cash from (used) operating	58 569	81 198	341 623	18 749	81 694	81 694	39 981	45 079	53 492
Net cash from (used) investing	—	—	—	(73 920)	(98 291)	(98 291)	(107 093)	(39 636)	(41 334)
Net cash from (used) financing	1 890	893	14	(400)	(400)	(400)	(400)	(400)	(400)
<b>Cash/cash equivalents at the year end</b>	<b>60 459</b>	<b>82 091</b>	<b>341 636</b>	<b>(55 570)</b>	<b>67 931</b>	<b>67 931</b>	<b>73 721</b>	<b>78 765</b>	<b>90 523</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	60 635	111 182	182 020	65 925	172 599	172 599	73 721	78 765	90 523
Application of cash and investments	43 815	62 390	79 374	1 330	(346 393)	(346 393)	47 837	39 099	41 479
<b>Balance - surplus (shortfall)</b>	<b>16 819</b>	<b>48 792</b>	<b>102 646</b>	<b>64 595</b>	<b>518 992</b>	<b>518 992</b>	<b>25 884</b>	<b>39 665</b>	<b>49 044</b>
<b>Asset management</b>									
Asset register summary (WDV)	502 174	506 994	540 732	620 443	587 160	587 160	639 010	634 046	630 320
Depreciation	27 103	28 967	29 402	32 726	32 726	32 726	33 747	35 232	36 817
Renewal and Upgrading of Existing	201 738	223 616	234 880	39 131	45 585	45 585	37 513	39 636	41 334
Repairs and Maintenance	9 431	7 949	19 129	19 275	19 175	19 175	19 335	19 037	19 894
<b>Free services</b>									
Cost of Free Basic Services provided	—	—	—	—	—	—	—	—	—
Revenue cost of free services provided	(9 050)	0	(7 415)	17 226	23 226	23 226	11 765	12 282	12 835
<b>Households below minimum service level</b>									
Water:	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	0	0	0	0	0	0	—	—	—
Energy:	—	—	—	2	2	2	2	2	2
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 2022/23, when a small surplus as reflected.

Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

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

KZN291 Mandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Re	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		<b>52 368</b>	<b>196 923</b>	<b>276 447</b>	<b>247 561</b>	<b>269 493</b>	<b>269 493</b>	<b>272 442</b>	<b>292 322</b>	<b>312 132</b>
Executive and council		-	-	45 336	7 806	7 806	7 806	7 806	8 042	8 355
Finance and administration		52 368	196 923	231 111	239 755	261 687	261 687	264 636	284 280	303 777
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>151 113</b>	<b>47 510</b>	<b>6 741</b>	<b>4 364</b>	<b>4 482</b>	<b>4 482</b>	<b>4 643</b>	<b>4 653</b>	<b>4 858</b>
Community and social services		151 076	47 510	6 740	4 364	4 424	4 424	4 643	4 653	4 858
Sport and recreation		-	-	-	-	58	58	-	-	-
Public safety		37	1	1	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>44 152</b>	<b>20 428</b>	<b>45 983</b>	<b>40 782</b>	<b>42 586</b>	<b>42 586</b>	<b>44 548</b>	<b>42 904</b>	<b>44 744</b>
Planning and development		37 752	13 076	44 903	39 832	41 671	41 671	43 589	41 903	43 698
Road transport		6 400	7 351	1 080	950	915	915	959	1 001	1 046
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>42 142</b>	<b>47 023</b>	<b>46 224</b>	<b>52 997</b>	<b>49 847</b>	<b>49 847</b>	<b>54 078</b>	<b>56 458</b>	<b>58 998</b>
Energy sources		24 698	30 136	34 748	39 454	39 454	39 454	43 225	45 127	47 157
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		17 444	16 887	11 476	13 543	10 393	10 393	10 853	11 331	11 841
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	<b>289 774</b>	<b>311 884</b>	<b>375 395</b>	<b>345 704</b>	<b>366 408</b>	<b>366 408</b>	<b>375 712</b>	<b>396 336</b>	<b>420 732</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		<b>148 037</b>	<b>157 678</b>	<b>160 165</b>	<b>160 960</b>	<b>175 000</b>	<b>175 000</b>	<b>187 291</b>	<b>197 247</b>	<b>204 177</b>
Executive and council		36 606	35 224	40 036	46 428	48 437	48 437	54 126	56 594	59 126
Finance and administration		111 382	122 455	120 129	114 532	126 562	126 562	133 165	140 653	145 051
Internal audit		48	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>26 142</b>	<b>30 786</b>	<b>30 188</b>	<b>36 610</b>	<b>35 196</b>	<b>35 196</b>	<b>41 230</b>	<b>41 591</b>	<b>43 462</b>
Community and social services		21 742	23 635	19 554	23 118	22 594	22 594	28 037	28 445	29 725
Sport and recreation		4 212	6 949	10 596	12 592	11 842	11 842	11 913	11 809	12 341
Public safety		142	139	38	880	740	740	1 260	1 315	1 375
Housing		47	64	-	20	20	20	20	21	22
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>50 853</b>	<b>53 004</b>	<b>64 018</b>	<b>68 538</b>	<b>68 720</b>	<b>68 720</b>	<b>77 880</b>	<b>77 043</b>	<b>80 394</b>
Planning and development		16 278	15 971	16 252	21 226	21 232	21 232	23 564	21 589	22 445
Road transport		29 565	33 050	44 542	44 643	44 869	44 869	50 592	51 565	53 885
Environmental protection		5 009	3 983	3 225	2 669	2 619	2 619	3 725	3 888	4 063
<b>Trading services</b>		<b>40 877</b>	<b>44 788</b>	<b>47 513</b>	<b>57 354</b>	<b>59 314</b>	<b>59 314</b>	<b>68 308</b>	<b>71 313</b>	<b>74 974</b>
Energy sources		30 899	33 796	36 875	46 420	48 220	48 220	56 242	58 716	61 810
Water management		-	-	-	-	-	-	-	-	-
Waste water management		2 443	2 290	853	2 809	2 809	2 809	2 800	2 923	3 055
Waste management		7 535	8 703	9 785	8 125	8 285	8 285	9 266	9 674	10 109
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	<b>265 909</b>	<b>286 257</b>	<b>301 885</b>	<b>323 462</b>	<b>338 229</b>	<b>338 229</b>	<b>374 709</b>	<b>387 194</b>	<b>403 007</b>
<b>Surplus/(Deficit) for the year</b>		<b>23 865</b>	<b>25 627</b>	<b>73 511</b>	<b>22 241</b>	<b>28 178</b>	<b>28 178</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</b>



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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and council		-	-	45 336	7 806	7 806	7 806	7 806	8 042	8 355
Vote 2 - Finance and administration		52 368	196 923	231 111	239 755	261 687	261 687	264 636	284 280	303 777
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		151 076	47 510	6 740	4 364	4 424	4 424	4 643	4 653	4 858
Vote 5 - Sport and Recreation		-	-	-	-	58	58	-	-	-
Vote 6 - Public safety		37	1	1	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		37 752	13 076	44 903	39 832	41 671	41 671	43 589	41 903	43 698
Vote 9 - Road transport		6 400	7 351	1 080	950	915	915	959	1 001	1 046
Vote 10 - Energy sources		24 698	30 136	34 748	39 454	39 454	39 454	43 225	45 127	47 157
Vote 11 - Waste Management		17 444	16 887	11 476	13 543	10 393	10 393	10 853	11 331	11 841
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>289 774</b>	<b>311 884</b>	<b>375 395</b>	<b>345 704</b>	<b>366 408</b>	<b>366 408</b>	<b>375 712</b>	<b>396 336</b>	<b>420 732</b>
<b>Expenditure by Vote to be appropriate</b>	1									
Vote 1 - Executive and council		36 606	35 224	40 036	46 428	48 437	48 437	54 126	56 594	59 126
Vote 2 - Finance and administration		111 382	122 455	120 129	114 532	126 562	126 562	133 165	140 653	145 051
Vote 3 - Internal audit		48	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		21 742	23 635	19 554	23 118	22 594	22 594	28 037	28 445	29 725
Vote 5 - Sport and Recreation		4 212	6 949	10 596	12 592	11 842	11 842	11 913	11 809	12 341
Vote 6 - Public safety		142	139	38	880	740	740	1 260	1 315	1 375
Vote 7 - Housing		47	64	-	20	20	20	20	21	22
Vote 8 - Planning and Development		16 278	15 971	16 252	21 226	21 232	21 232	23 564	21 589	22 445
Vote 9 - Road transport		32 008	35 339	45 395	47 451	47 678	47 678	53 392	54 488	56 940
Vote 10 - Energy sources		30 899	33 796	36 875	46 420	48 220	48 220	56 242	58 716	61 810
Vote 11 - Waste Management		7 535	8 703	9 785	8 125	8 285	8 285	9 266	9 674	10 109
Vote 12 - Environmental Protection		5 009	3 983	3 225	2 669	2 619	2 619	3 725	3 888	4 063
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>265 909</b>	<b>286 257</b>	<b>301 885</b>	<b>323 462</b>	<b>338 229</b>	<b>338 229</b>	<b>374 709</b>	<b>387 194</b>	<b>403 007</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>23 865</b>	<b>25 627</b>	<b>73 511</b>	<b>22 241</b>	<b>28 178</b>	<b>28 178</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1									
<b>Revenue By Source</b>										
Property rates	2	58 180	46 606	65 700	46 642	46 642	46 642	48 880	51 031	53 327
Service charges - electricity revenue	2	24 368	29 909	34 672	39 216	39 216	39 216	42 981	44 872	46 891
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	8 911	8 534	9 150	9 546	9 546	9 546	10 004	10 445	10 915
Rental of facilities and equipment		170	204	101	130	170	170	178	186	194
Interest earned - external investments		4 893	6 819	6 454	4 950	5 500	5 500	5 700	5 951	6 219
Interest earned - outstanding debtors		13 851	11 830	4 084	6 740	3 740	3 740	3 747	3 912	4 088
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		404	131	281	265	265	265	278	290	303
Licences and permits		1 133	762	800	695	660	660	692	722	755
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		155 084	174 636	210 180	200 340	220 298	220 298	223 815	238 514	255 894
Other revenue	2	1 015	1 776	1 378	640	1 956	1 956	744	777	812
Gains		-	12 239	15 961	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and</b>		<b>268 009</b>	<b>293 445</b>	<b>348 760</b>	<b>309 163</b>	<b>327 992</b>	<b>327 992</b>	<b>337 020</b>	<b>356 700</b>	<b>379 398</b>
<b>Expenditure By Type</b>										
Employee related costs	2	84 280	99 700	109 315	107 819	109 069	109 069	120 763	126 076	131 750
Remuneration of councillors		13 023	13 249	13 528	14 643	14 193	14 193	14 682	15 328	16 002
Debt impairment	3	41 621	48 224	34 245	30 635	34 635	34 635	35 798	37 373	39 054
Depreciation & asset impairment	2	27 712	30 298	31 848	32 726	32 726	32 726	33 747	35 232	36 817
Finance charges		680	919	332	400	3 003	3 003	2 610	2 725	2 847
Bulk purchases - electricity	2	22 907	26 098	28 816	35 143	36 643	36 643	43 239	45 142	47 624
Inventory consumed	8	(508)	(980)	(864)	2 288	2 121	2 121	4 691	4 654	4 727
Contracted services		39 078	34 792	47 869	56 718	56 975	56 975	71 267	71 289	72 567
Transfers and subsidies		-	-	1 557	-	-	-	-	-	-
Other expenditure	4, 5	28 573	30 329	30 735	43 089	48 864	48 864	47 912	49 377	51 617
Losses		1 053	740	1 536	-	1 500	1 500	-	-	-
<b>Total Expenditure</b>		<b>258 420</b>	<b>283 370</b>	<b>298 917</b>	<b>323 462</b>	<b>339 729</b>	<b>339 729</b>	<b>374 709</b>	<b>387 194</b>	<b>403 007</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (monetary allocations) (National		9 590	10 075	49 843	(14 299)	(11 737)	(11 737)	(37 689)	(30 494)	(23 609)
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	1 270	1 270	650	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>49 455</b>	<b>28 514</b>	<b>91 308</b>	<b>22 241</b>	<b>26 678</b>	<b>26 678</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>49 455</b>	<b>28 514</b>	<b>91 308</b>	<b>22 241</b>	<b>26 678</b>	<b>26 678</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>49 455</b>	<b>28 514</b>	<b>91 308</b>	<b>22 241</b>	<b>26 678</b>	<b>26 678</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>49 455</b>	<b>28 514</b>	<b>91 308</b>	<b>22 241</b>	<b>26 678</b>	<b>26 678</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</b>

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

Total revenue is R375.7 million in 2022/23 and escalates to R420.7 million by 2024/25. This represents a year-on-year increase of 4.4 per cent for the 2022/23 financial year and 6.2 per cent for the 2024/25 financial year.

Revenue to be generated from property rates is 48.9 million in the 2022/23 financial year and increases to R53.4 million by 2022/23 which represents 9.1 per cent of the operating revenue base of the Municipality. Increase in property rates has considered the increase in other tariffs by 4.8 per cent.

Services charges relating to electricity and refuse removal constitutes the component of the revenue basket of the Municipality totaling R52.9 million for the 2022/23 financial year and increasing to R57.8 million by 2024/25. For the 2022/23 financial year services charges amount to 14.1 per cent of the total revenue base and grows by 13.7 per cent per annum over the medium-term. This growth has mainly been attributed by effecting 9.6 per cent increase for electricity and 4.8 per cent for refuse. The municipality has also considered the agreement between the Municipality and Umngeni water for the Thukela water works project for the supply of bulk electricity.

Rental of facilities and equipment have been increased in the 2022/23 financial year from R170 thousand to R178 thousand with an increase of 4.8%. Budget amount has also considered the increase on rental tariffs at 4.8%, decrease in the budget has considered the level of demand for the utilization of municipal properties and the actual collection to date.

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 R5.5 million to R5.7 million for 2022/23 financial year, increase of 3.6 per cent has considered the projected closing balance for investments and the 2022/23 and Gazetted Grants which will be transferred to the municipality as publicized. The municipality has applied the market interest rate of 4.25 per cent which is below the current interest rate of 4.25 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 R5.7 million, R5.9 million and R6.2 million for the respective three financial years of the 2022/23 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

Interest on Outstanding have been increased from R3.7 million to R3.7 million for 2022/23; increase of 0.2 per cent is based on the level of outstanding debtors as the large bulk of debt are 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 for Interest on outstanding debtors will remain at 2% as approved by Council. 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 its billing will result to a significant decline in the Interest revenue.

Fines have been increased from R265 thousand to R278 thousand; increase of 4.8 percent, proposed budget for fines is based on the current year's actual performance for 2021/22 collection. 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 R660 million to R692 thousand for 2022/23 financial year; increase of 4.8 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 4.8 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 R1.9 million to R744 thousand for 2022/23 financial year decrease of 62 per cent has considered the increase in tariffs by 4.8 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. Decrease is due the fact that the municipality received Insurance Refund and funding from LG Seta which was not publicized in DORA. LG Seta funding is determined by skills plan that is submitted annually to SETA.

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 increased over the MTREF by 1.6 per cent and then increases by 6.6 per cent to 7.3 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 R2.0 million has been allocated towards operation activities of the PMU unit.

Bulk purchases have significantly increased over the 2021/22 adjustment budget to 2022/23 period escalating from R36.6 million to R36.7 million with exclusion of VAT at 15 per cent of R6.5 million. Total inclusive of VAT is R43,2 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**

KZN291-Mandeni Capital Expenditure - Vote										
Vote Description	Re	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1									
<b>Single-year expenditure to be approved</b>	2									
Vote 1 - Executive and council		3 949	1 525	826	20	50	50	620	-	-
Vote 2 - Finance and administration		55 799	58 884	69 143	5 150	6 619	6 619	9 900	-	-
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		78 835	80 707	80 240	11 958	7 097	7 097	6 475	-	-
Vote 5 - Sport and Recreation		301	301	4 540	5 754	7 907	7 907	15 143	-	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		25	1 638	5 537	8 135	8 308	8 308	23 940	-	-
Vote 9 - Road transport		72 627	90 937	91 612	30 703	38 510	38 510	20 763	39 636	41 334
Vote 10 - Energy sources		26 158	20 476	20 559	8 200	6 389	6 389	9 170	-	-
Vote 11 - Waste Management		-	-	-	4 000	4 400	4 400	6 120	-	-
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>237 694</b>	<b>254 468</b>	<b>272 457</b>	<b>73 920</b>	<b>79 280</b>	<b>79 280</b>	<b>92 131</b>	<b>39 636</b>	<b>41 334</b>
<b>Total Capital Expenditure - Vote</b>		<b>237 694</b>	<b>254 468</b>	<b>272 457</b>	<b>73 920</b>	<b>79 280</b>	<b>79 280</b>	<b>92 131</b>	<b>39 636</b>	<b>41 334</b>
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>		<b>59 748</b>	<b>60 409</b>	<b>69 969</b>	<b>5 170</b>	<b>6 669</b>	<b>6 669</b>	<b>10 520</b>	<b>-</b>	<b>-</b>
Executive and council		3 949	1 525	826	20	50	50	620	-	-
Finance and administration		55 799	58 884	69 143	5 150	6 619	6 619	9 900	-	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>79 136</b>	<b>81 008</b>	<b>84 780</b>	<b>17 713</b>	<b>15 003</b>	<b>15 003</b>	<b>21 618</b>	<b>-</b>	<b>-</b>
Community and social services		78 835	80 707	80 240	11 958	7 097	7 097	6 475	-	-
Sport and recreation		301	301	4 540	5 754	7 907	7 907	15 143	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>72 652</b>	<b>92 574</b>	<b>97 149</b>	<b>38 838</b>	<b>46 818</b>	<b>46 818</b>	<b>44 703</b>	<b>39 636</b>	<b>41 334</b>
Planning and development		25	1 638	5 537	8 135	8 308	8 308	23 940	-	-
Road transport		72 627	90 937	91 612	30 703	38 510	38 510	20 763	39 636	41 334
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>26 158</b>	<b>20 476</b>	<b>20 559</b>	<b>12 200</b>	<b>10 789</b>	<b>10 789</b>	<b>15 290</b>	<b>-</b>	<b>-</b>
Energy sources		26 158	20 476	20 559	8 200	6 389	6 389	9 170	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	4 000	4 400	4 400	6 120	-	-
<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>237 694</b>	<b>254 468</b>	<b>272 457</b>	<b>73 920</b>	<b>79 280</b>	<b>79 280</b>	<b>92 131</b>	<b>39 636</b>	<b>41 334</b>
<b>Funded by:</b>										
National Government		138 512	151 333	162 290	32 370	37 088	37 088	38 082	39 636	41 334
Provincial Government		231	231	-	1 170	1 328	1 328	380	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial)		-	-	-	-	-	-	-	-	-
Departmental Agencies, Households, Non-profit Institutions, Private		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>138 744</b>	<b>151 564</b>	<b>162 290</b>	<b>33 540</b>	<b>38 415</b>	<b>38 415</b>	<b>38 462</b>	<b>39 636</b>	<b>41 334</b>
<b>Borrowing</b>	6	<b>3 881</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>95 070</b>	<b>99 023</b>	<b>106 286</b>	<b>40 380</b>	<b>40 865</b>	<b>40 865</b>	<b>53 669</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	7	<b>237 694</b>	<b>254 468</b>	<b>272 457</b>	<b>73 920</b>	<b>79 280</b>	<b>79 280</b>	<b>92 131</b>	<b>39 636</b>	<b>41 334</b>

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

- 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>ASSETS</b>										
<b>Current assets</b>										
Cash		58 901	109 354	120 192	6 448	172 599	172 599	73 721	78 765	90 523
Call investment deposits	1	1 734	1 828	61 828	59 477	—	—	—	—	—
Consumer debtors	1	66 414	68 854	47 358	44 093	22 143	22 143	32 096	33 887	34 004
Other debtors		(13 785)	(26 951)	(15 815)	7 247	3 348	3 348	4 166	4 283	4 458
Current portion of long-term receivables		—	—	—	—	—	—	—	—	—
Inventory	2	508	980	864	1 025	1 031	1 031	673	723	760
<b>Total current assets</b>		<b>113 772</b>	<b>154 065</b>	<b>214 426</b>	<b>118 289</b>	<b>199 121</b>	<b>199 121</b>	<b>110 657</b>	<b>117 658</b>	<b>129 745</b>
<b>Non current assets</b>										
Long-term receivables		—	—	—	—	—	—	—	—	—
Investments		—	—	—	—	—	—	—	—	—
Investment property		57 877	70 116	84 587	70 116	84 587	84 587	84 587	84 587	84 587
Investment in Associate		—	—	—	—	—	—	—	—	—
Property, plant and equipment	3	443 462	436 098	455 471	549 237	502 024	502 024	553 855	548 857	545 099
Biological		—	—	—	—	—	—	—	—	—
Intangible		836	780	674	1 091	549	549	568	602	633
Other non-current assets		—	—	—	—	—	—	—	—	—
<b>Total non current assets</b>		<b>502 174</b>	<b>506 994</b>	<b>540 732</b>	<b>620 443</b>	<b>587 160</b>	<b>587 160</b>	<b>639 010</b>	<b>634 046</b>	<b>630 320</b>
<b>TOTAL ASSETS</b>		<b>615 947</b>	<b>661 058</b>	<b>755 158</b>	<b>738 733</b>	<b>786 281</b>	<b>786 281</b>	<b>749 667</b>	<b>751 704</b>	<b>760 065</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft	1	—	—	—	—	—	—	—	—	—
Borrowing	4	2 704	1 764	4 717	780	766	766	326	334	375
Consumer deposits		176	389	299	283	183	183	174	202	216
Trade and other payables	4	28 834	47 109	61 385	15 826	(350 962)	(350 962)	44 528	36 267	37 858
Provisions		1 775	2 120	2 660	(51)	—	—	—	—	—
<b>Total current liabilities</b>		<b>33 489</b>	<b>51 381</b>	<b>69 061</b>	<b>16 838</b>	<b>(350 013)</b>	<b>(350 013)</b>	<b>45 029</b>	<b>36 803</b>	<b>38 449</b>
<b>Non current liabilities</b>										
Borrowing		38	6	—	725	—	—	—	—	—
Provisions		14 015	15 827	18 697	20 198	24 327	24 327	27 394	28 185	29 167
<b>Total non current liabilities</b>		<b>14 053</b>	<b>15 833</b>	<b>18 697</b>	<b>20 924</b>	<b>24 327</b>	<b>24 327</b>	<b>27 394</b>	<b>28 185</b>	<b>29 167</b>
<b>TOTAL LIABILITIES</b>		<b>47 542</b>	<b>67 214</b>	<b>87 758</b>	<b>37 762</b>	<b>(325 686)</b>	<b>(325 686)</b>	<b>72 422</b>	<b>64 988</b>	<b>67 616</b>
<b>NET ASSETS</b>	5	<b>568 405</b>	<b>593 845</b>	<b>667 400</b>	<b>700 971</b>	<b>1 111 967</b>	<b>1 111 967</b>	<b>677 245</b>	<b>686 716</b>	<b>692 449</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)		227 059	226 872	226 916	699 050	729 247	729 247	675 109	684 538	690 189
Reserves	4	202 672	202 672	202 672	1 921	1 921	1 921	2 136	2 178	2 260
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>429 732</b>	<b>429 544</b>	<b>429 589</b>	<b>700 971</b>	<b>731 169</b>	<b>731 169</b>	<b>677 245</b>	<b>686 716</b>	<b>692 449</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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		1 734	1 828	1 828	26 586	20 989	20 989	24 440	25 516	26 664
Service charges		1 575	1 666	1 666	42 028	41 074	41 074	45 334	47 329	49 458
Other revenue		99	104	4 220	1 478	17 147	17 147	1 628	1 700	1 776
Transfers and Subsidies - Operational	1	42 444	55 244	280 097	204 520	225 170	225 170	231 285	248 514	264 253
Transfers and Subsidies - Capital	1	6 589	15 837	50 556	37 232	57 426	57 426	53 384	39 636	41 334
Interest		–	–	798	5 085	5 650	5 650	5 775	6 029	6 300
Dividends		–	–	–	–	–	–	–	–	–
<b>Payments</b>										
Suppliers and employees		4 977	4 328	2 457	(295 897)	(282 759)	(282 759)	(319 255)	(320 919)	(333 446)
Finance charges		–	–	–	(400)	(3 003)	(3 003)	(2 610)	(2 725)	(2 847)
Transfers and Grants	1	1 151	2 190	0	(1 883)	–	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACT</b>		<b>58 569</b>	<b>81 198</b>	<b>341 623</b>	<b>18 749</b>	<b>81 694</b>	<b>81 694</b>	<b>39 981</b>	<b>45 079</b>	<b>53 492</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		–	–	–	(73 920)	(98 291)	(98 291)	(107 093)	(39 636)	(41 334)
<b>NET CASH FROM/(USED) INVESTING ACT</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(73 920)</b>	<b>(98 291)</b>	<b>(98 291)</b>	<b>(107 093)</b>	<b>(39 636)</b>	<b>(41 334)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–
<b>Payments</b>										
Repayment of borrowing		1 890	893	14	(400)	(400)	(400)	(400)	(400)	(400)
<b>NET CASH FROM/(USED) FINANCING ACT</b>		<b>1 890</b>	<b>893</b>	<b>14</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>
<b>NET INCREASE/(DECREASE) IN CASH HE</b>		<b>60 459</b>	<b>82 091</b>	<b>341 636</b>	<b>(55 571)</b>	<b>(16 997)</b>	<b>(16 997)</b>	<b>(67 511)</b>	<b>5 043</b>	<b>11 759</b>
Cash/cash equivalents at the year begin:	2	–	–	–	1	84 928	84 928	141 233	73 721	78 765
Cash/cash equivalents at the year end:	2	<b>60 459</b>	<b>82 091</b>	<b>341 636</b>	<b>(55 570)</b>	<b>67 931</b>	<b>67 931</b>	<b>73 721</b>	<b>78 765</b>	<b>90 523</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 R24.4 million or 50 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 2020/21 FY, furthermore we have considered the impact of implementation of credit control and debt collection policy.
- Service Charges: electricity has budgeted to collect R40.8 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.
- Service Charges: Refuse has budgeted to collect R4.5 million or 45 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 2020/21 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 R178 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% R5.7 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 R74 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 R14 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 R692 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 R744 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 R231.3 million (operational) and R53.4 million (capital). Transfers and subsidized cash flow have included the INEP Allocation of R7.2 million, Human Settlement Grant of R14.9 million which have been gazetted to be received by the municipality, these allocations have been budgeted for and included in cash flow due to their agreement as the municipality serves as an agent in their regard as per GRAP 109.

**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 R321.9 million with exclusion of non-cash items Debt Impairment and depreciation of R69.5 million. Total suppliers and employees do not correspond to table A4 with a difference of R16.7 million which is due to 7.2 million from INEP and also included budget of R9.5 million which is an estimate of creditors opening balance other cash flow payments.
13. Capital Assets of R92.1 million corresponds with table A5 and also, we have considered R14.9 million from Department of Human Settlement as Gazette.
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 R9.5 million towards trade creditors baseline are the Audited AFS 2020/21, as the municipality anticipates that there will be accruals paid in 2022/23 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	1	60 459	82 091	341 636	(55 570)	67 931	67 931	73 721	78 765	90 523
Other current investments > 90 days		175	29 091	(159 617)	121 495	104 668	104 668	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>60 635</b>	<b>111 182</b>	<b>182 020</b>	<b>65 925</b>	<b>172 599</b>	<b>172 599</b>	<b>73 721</b>	<b>78 765</b>	<b>90 523</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers		8 641	23 969	30 021	6 720	(375 552)	(375 552)	5 497	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	19 384	20 475	27 996	(25 537)	4 832	4 832	14 946	10 915	12 312
Other provisions		15 790	17 946	21 357	20 147	24 327	24 327	27 394	28 185	29 167
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments</b>		<b>43 815</b>	<b>62 390</b>	<b>79 374</b>	<b>1 330</b>	<b>(346 393)</b>	<b>(346 393)</b>	<b>47 837</b>	<b>39 099</b>	<b>41 479</b>
<b>Surplus(shortfall)</b>		<b>16 819</b>	<b>48 792</b>	<b>102 646</b>	<b>64 595</b>	<b>518 992</b>	<b>518 992</b>	<b>25 884</b>	<b>39 665</b>	<b>49 044</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.



KZN291 Mandeni - Table A9 Asset Management										
Description	Re	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>ASSET REGISTER SUMMARY - PPE (W</b>	<b>5</b>	502 174	506 994	540 732	620 443	587 160	587 160	639 010	634 046	630 320
<i>Roads Infrastructure</i>		(49 660)	(46 785)	(64 727)	242 938	178 363	178 363	171 579	285 202	299 946
<i>Storm water Infrastructure</i>		340 992	335 320	358 272	75 968	75 968	75 968	75 268	(18 682)	(19 691)
<i>Electrical Infrastructure</i>		23 474	16 821	15 933	16 622	15 407	15 407	10 397	2 353	3 416
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	1 862	2 822	2 822	14 422	50 693	9 070
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastru</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>314 806</b>	<b>305 356</b>	<b>309 477</b>	<b>337 390</b>	<b>272 561</b>	<b>272 561</b>	<b>271 666</b>	<b>319 565</b>	<b>292 741</b>
<b>Community Assets</b>		70 314	68 439	72 526	126 825	127 074	127 074	120 962	133 948	114 275
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		57 877	70 116	84 587	70 116	84 587	84 587	84 587	84 587	84 587
<b>Other Assets</b>		18 935	21 817	24 695	39 152	40 136	40 136	42 946	36 194	37 286
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		836	780	674	1 091	549	549	568	602	633
<b>Computer Equipment</b>		2 569	2 577	3 028	3 007	5 013	5 013	42 513	1 131	1 184
<b>Furniture and Office Equipment</b>		3 745	3 987	4 369	896	2 752	2 752	2 665	1 865	41 656
<b>Machinery and Equipment</b>		7 680	8 070	11 641	15 839	22 924	22 924	27 808	24 124	24 742
<b>Transport Assets</b>		7 013	7 452	9 844	7 727	11 254	11 254	15 404	11 304	11 577
<b>Land</b>		18 400	18 400	19 890	18 400	20 310	20 310	29 890	20 725	21 637
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - 5</b>	<b>5</b>	<b>502 174</b>	<b>506 994</b>	<b>540 732</b>	<b>620 443</b>	<b>587 160</b>	<b>587 160</b>	<b>639 010</b>	<b>634 046</b>	<b>630 320</b>

### Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The budget for renewal and existing assets is below 40 per cent as per National Treasury guideline, the municipality has budgeted for 40.7 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		10 501	11 152	11 152	11 152	11 152	12 825	12 825	12 825	12 825
Piped water inside yard (but not in dwelling)		11 622	12 385	12 385	12 385	12 385	14 243	14 243	14 243	14 243
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	18 636	19 791	19 791	19 791	19 791	22 760	22 760	22 760	22 760
<i>Minimum Service Level and Above sub-total</i>		40 759	43 329	43 329	43 329	43 329	49 828	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	<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>49 828</b>
<b>Sanitation/sewage:</b>										
Flush toilet (connected to sewerage)		12 060	12 807	12 807	12 807	12 807	14 088	14 088	14 088	14 088
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		9 154	9 721	9 721	9 721	9 721	10 693	10 693	10 693	10 693
Pit toilet (ventilated)		16 174	17 177	17 177	17 177	17 177	18 895	18 895	18 895	18 895
Other toilet provisions (> min.service level)		2 868	3 045	3 045	3 045	3 045	3 350	3 350	3 350	3 350
<i>Minimum Service Level and Above sub-total</i>		40 255	42 751	42 751	42 751	42 751	47 026	47 026	47 026	47 026
Bucket toilet		472	300	300	300	300	150	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		472	300	300	300	300	150	-	-	-
<b>Total number of households</b>	5	<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>47 026</b>	<b>47 026</b>	<b>47 026</b>
<b>Energy:</b>										
Electricity (at least min.service level)		1 040	389	389	389	389	389	389	389	389
Electricity - prepaid (min.service level)		-	574	574	574	574	625	629	629	629
<i>Minimum Service Level and Above sub-total</i>		1 040	963	963	963	963	1 014	1 018	1 018	1 018
Electricity (< min.service level)		-	-	-	1 960	1 960	1 960	1 975	1 975	1 975
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	1 960	1 960	1 960	1 975	1 975	1 975
<b>Total number of households</b>	5	<b>1 040</b>	<b>963</b>	<b>963</b>	<b>2 923</b>	<b>2 923</b>	<b>2 974</b>	<b>2 993</b>	<b>2 993</b>	<b>2 993</b>
<b>Refuse:</b>										
Removed at least once a week		11 705	23 700	4 452	36 054	36 054	36 054	36 531	36 531	36 531
<i>Minimum Service Level and Above sub-total</i>		11 705	23 700	4 452	36 054	36 054	36 054	36 531	36 531	36 531
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	<b>11 705</b>	<b>23 700</b>	<b>4 452</b>	<b>36 054</b>	<b>36 054</b>	<b>36 054</b>	<b>36 531</b>	<b>36 531</b>	<b>36 531</b>
<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	1 975	1 975	1 975
Refuse (removed at least once a week)		-	23 700	23 700	36 054	36 054	36 054	36 531	36 531	36 531
<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)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements</b>										
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		30	30	30	30	30	30	30	30	30
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)		(9 050)	-	(7 415)	16 418	22 418	22 418	10 919	11 399	11 912
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)		-	0	0	807	807	807	846	883	923
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		<b>(9 050)</b>	<b>0</b>	<b>(7 415)</b>	<b>17 226</b>	<b>23 226</b>	<b>23 226</b>	<b>11 765</b>	<b>12 282</b>	<b>12 835</b>



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 2022/23.**

**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 R2.0 million has considered Eskom invoices for providing the service.**

**Transfers and subsidies have increased with a budget amount of R1.9 million from 2021/22 adjusted budget to R2.0 million in 2022/23 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 468 households in 2022/23. 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 31 921 households registered as indigent in 2022/23, 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 2022/23, increasing to R2.0 million in 2024/25. 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 R7.2 million for free basic service electricity through an electrification programme in 2022/23, and it increases to R8.4 million in 2024/25. 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 2022/23 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 2021) 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 2021. Key dates applicable to the process were:

**August 2021** – 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 2022/23 MTREF; IDP/BUDGET/PMS Technical Committee Meeting to discuss Process Plan

**September 2021** – Review of National Policies and budget plans and potential price increase of bulk resources with function and department officials

**December 2021** - 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 2022** - 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 2022** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

**25 January 2022** - Council considers the 2021/22 Mid-year Review;

**February 2022** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The 2022/23 MTREF is revised accordingly;

**28 February 2022** – Council considers the 2021/22 Adjustment Budget

**February 2022** - 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 2022** - Tabling in Council of the 2022/23 IDP and Budget MTREF for public consultation;

**April 2022** – Public consultation;

**29<sup>th</sup> April 2022** - Closing date for written comments;

**01 April to 07 June 2022** – finalization of the 2022/23 IDP and 2024/25 & 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 2022** - Tabling of the 2022/23 & MTREF before Council for consideration and approval.

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

This is the fifth generation of the municipal IDP, as this is the new ( Draft Integrated Development Plan) IDP which has been adopted by Council in March 2022. It started in August 2021 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2022/23 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 2022/23 MTREF, based on the approved 2022/23 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2022/23 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2022/23 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 2022/23 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2022/23 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2021/22 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery
- 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, 99,108,112 and 115 have been taken into consideration in the planning and prioritisation process.

### 2.3.3 Community Consultation

The Budget for 2022/23 MTREF has been tabled before Council on 31<sup>st</sup> March 2022 for community consultation which **will be** 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 **will** be communicated on the Municipality's website, and the Municipality's call centre **will** be engaged in collecting inputs via e-mail, fax and SMS.

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

Ward Committees **will be** utilised to facilitate the community consultation process from 01 April to 30 April 2022, and include 8 public briefing sessions. The applicable dates and venues **will be** published in all the local newspapers. This consultation was compared to the previous year's process. This then attributed to the additional initiatives which **will be** launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions **will be** scheduled with organised business and imbizo's **will be** 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 2022/23 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					OMM	
GGPP 03					2.3.2 Ensure the existence and functionality of the public participation structures	OMM
GGPP 04					2.3.3 Ensure functional municipal structures	Corporate services
GGPP 05						Office of the MM
<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	
				5.1.2 Facilitate the provision of new community facilities		
CSD 02				5.2 Aspire to a healthy, safe and crime free area	5.2.1 Facilitate the provision of the community health facilities	CSPS
CSD 03					5.2.2 Ensure the municipal contribution to HIV/AIDS	CSPS
CSD 04					5.2.3 Improve on road safety	CSPS
CSD 05					5.2.4 Ensure the municipal contribution to community	CSPS
CSD 06					5.3.2 Design and implement sports, arts and	CSPS
<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	
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	
				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 2022/23 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	Year Cod	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	
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)	–						
Good Governance	Responsive, accountable, effective and efficient local government	9		500	–	–	–						
Improve performance	Responsive, accountable, effective and efficient local government	9		381	460	–	(150)						
Improve the audit opinion	Responsive, accountable, effective and efficient local government	9		15 460	16 437	(24 791)	(24 468)	39 454	39 454	43 225	45 127	47 157	
Manage increase and the municipal base	A comprehensive, responsive and sustainable social protection system	13		(2 803)	0	15 030	17 226						
Manage increase and the municipal base	Responsive, accountable, effective and efficient local government	9		91 498	223 457	(292 168)	(290 335)	269 493	269 493	272 442	292 322	312 132	
Provide and maintain Library services	Responsive, accountable, effective and efficient local government	9		–	–	(4 029)	–	4 482	4 482	4 643	4 653	4 858	
TakeOn	A comprehensive, responsive and sustainable social protection system	13		(6 247)	–	–	–						
TakeOn	Responsive, accountable, effective and efficient local government	9		151 407	54 639	(4 417)	(10 744)	10 393	10 393	10 853	11 331	11 841	
To improve access to all basic services	Responsive, accountable, effective and efficient local government	9		39 577	16 279	(35 150)	(37 232)	42 586	42 586	44 548	42 904	44 744	
<b>Allocations to other priorities</b>		2											
<b>Total Revenue (excluding capital transfers and c</b>				1	289 774	311 884	(346 270)	(345 704)	366 408	366 408	375 712	396 336	420 732

**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	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand												
Ensure an integrated and aligned development	Responsive, accountable, effective and efficient local	9		36 465	35 064	44 638	47 939	47 678	47 678	54 126	56 594	59 126
Facilitate a creation of a disaster ready community	Responsive, accountable, effective and efficient local	9		102 283	111 955	102 503	102 382	128 062	128 062	133 165	140 653	145 051
Good Governance	Responsive, accountable, effective and efficient local	9		189	160	300	1 539	0	0	-	-	-
Improve performance	Responsive, accountable, effective and efficient local	9		30 321	33 383	32 365	31 218	48 437	48 437	53 392	54 488	56 940
Improve the audit opinion	Responsive, accountable, effective and efficient local	9		4 212	6 949	8 444	12 592	11 842	11 842	11 913	11 809	12 341
Manage increase and the municipal base	A comprehensive, responsive and sustainable social	13		142	139	902	880	740	740	1 260	1 315	1 375
Manage increase and the municipal base	Responsive, accountable, effective and efficient local	9		47	64	-	20	20	20	20	21	22
Provide and maintain Library services	Responsive, accountable, effective and efficient local	9		16 278	15 971	20 343	21 226	21 232	21 232	28 037	28 445	29 725
TakeOn	A comprehensive, responsive and sustainable social	13		32 008	35 339	40 901	47 451	22 594	22 594	23 564	21 589	22 445
TakeOn	Responsive, accountable, effective and efficient local	9		31 419	34 546	39 722	47 420	48 220	48 220	56 242	58 716	61 810
To improve access to all basic services	Responsive, accountable, effective and efficient local	9		7 535	8 703	11 437	8 125	8 285	8 285	9 266	9 674	10 109
				5 009	3 983	7 461	2 669	2 619	2 619	3 725	3 888	4 063
<b>Allocations to other priorities</b>												
<b>Total Expenditure</b>			1	<b>265 909</b>	<b>286 257</b>	<b>309 016</b>	<b>323 462</b>	<b>339 730</b>	<b>339 730</b>	<b>374 709</b>	<b>387 194</b>	<b>403 007</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 Code	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>												
achieve a holistic human development and incapacitating	An efficient, effective and development-oriented public	12		—	—	1 500	1 850					
Aspire to a healthy, safe and crime free area	A long and healthy life for all South Africans	2		301	301	—	—					
Aspire to a healthy, safe and crime free area	An efficient, effective and development-oriented public	12		—	—	212	150					
balance sheet budgeting	An efficient, competitive and responsive economic	6		20 484	20 476	—	—					
BRUSHCUTTING MACHINES	An efficient, effective and development-oriented public	12		—	—	100	110					
COMMUNITY CONSULTATION MEETING	An efficient, effective and development-oriented public	12		—	—	600	—	50	50	620		
Enhance the Knowledge Economy	An efficient, effective and development-oriented public	12		—	—	—	—					
Ensure an intergrated and aligned development	An efficient, competitive and responsive economic	6		—	—	—	4 800					
Ensure an intergrated and aligned development	An efficient, effective and development-oriented public	12		—	—	—	1 850					
Ensure that our people have access to community	An efficient, effective and development-oriented public	12		1 323	1 768	440	8 448	6 619	6 619	9 900		
Ensure that our people have access to community	A long and healthy life for all South Africans	2		—	—	500	1 476					
Ensure that our people have access to community	An efficient, effective and development-oriented public	12		—	—	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-oriented public	12		—	365	4 700	135					
Establishment of Driving License Testing Centre.	An efficient, effective and development-oriented public	12		25	1 087	8 000	5 000	7 097	7 097	6 475		
Expansion of Government-led job creation	An efficient, effective and development-oriented public	12		—	—	—	1 120					
Facilitate a creation of a disaster ready community	An efficient, effective and development-oriented public	12		—	—	—	—					
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-oriented public	12		—	186	400	300					
Good Governance	An efficient, effective and development-oriented public	12		—	—	510	20					
Greening of open spaces and Municipal facilities	An efficient, competitive and responsive economic	6		—	—	—	600					
Greening of open spaces and Municipal facilities	An efficient, effective and development-oriented public	12		—	—	60	70					
Improve information technology and document	An efficient, effective and development-oriented public	12		—	—	500	1 000					
Improve the audit opinion	An efficient, effective and development-oriented public	12		—	—	100	—					
Maintain and improve municipal buildings and	An efficient, effective and development-oriented public	12		3 949	1 525	2 486	900					
Maintain and improve the municipal policies	An efficient, effective and development-oriented public	12		—	—	650	1 000					
Manage increase and the municipal base	An efficient, effective and development-oriented public	12		—	—	—	400					
Procurement of 20 new skips	An efficient, competitive and responsive economic	6		—	—	740	—					
Promoting SMME, Entrepreneurial and Youth Development	An efficient, effective and development-oriented public	12		—	—	—	300					
Provide and maintain Library services	An efficient, effective and development-oriented public	12		—	—	—	150					
Provide and maintain Library services	Quality basic education	1		231	231	500	260					
Realise a completely protected	An efficient, effective and development-oriented public	12		—	—	800	1 130	7 907	7 907	15 143		
SPEAKER'S STRATEGIC PROGRAMMES	An efficient, effective and development-oriented public	12		—	—	200	—					
TakeOn	A long and healthy life for all South Africans	2		35 330	35 026	—	—	8 308	8 308	23 940		
TakeOn	An efficient, competitive and responsive economic	6		49 222	54 902	—	—					
TakeOn	An efficient, effective and development-oriented public	12		94 139	97 224	80	—					
TakeOn	Quality basic education	1		3 611	5 165	—	—					
To improve access to all basic services	A long and healthy life for all South Africans	2		—	—	6 430	2 088	6 389	6 389	9 170		
To improve access to all basic services	An efficient, competitive and responsive economic	6		29 079	36 034	24 496	28 853	38 510	38 510	20 763	39 636	41 334
To improve access to all basic services	An efficient, effective and development-oriented public	12		—	177	3 381	8 800	4 400	4 400	6 120		
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 economic	6		—	—	300	400					
To improve access to basic services	An efficient, effective and development-oriented public	12		—	—	1 500	900					
<b>Allocations to other priorities</b>			3									
<b>Total Capital Expenditure</b>			1	<b>237 694</b>	<b>254 468</b>	<b>59 655</b>	<b>73 920</b>	<b>79 280</b>	<b>79 280</b>	<b>92 131</b>	<b>39 636</b>	<b>41 334</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:

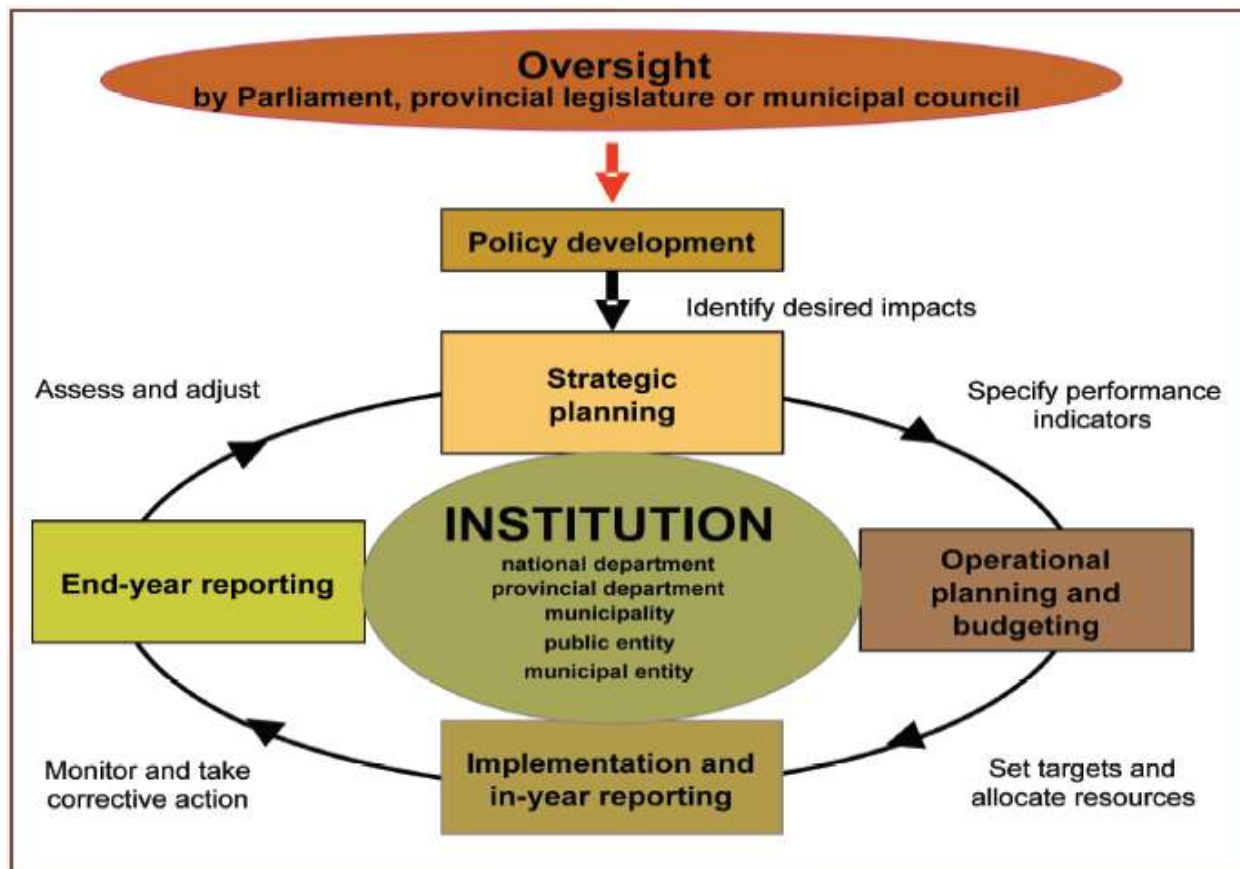
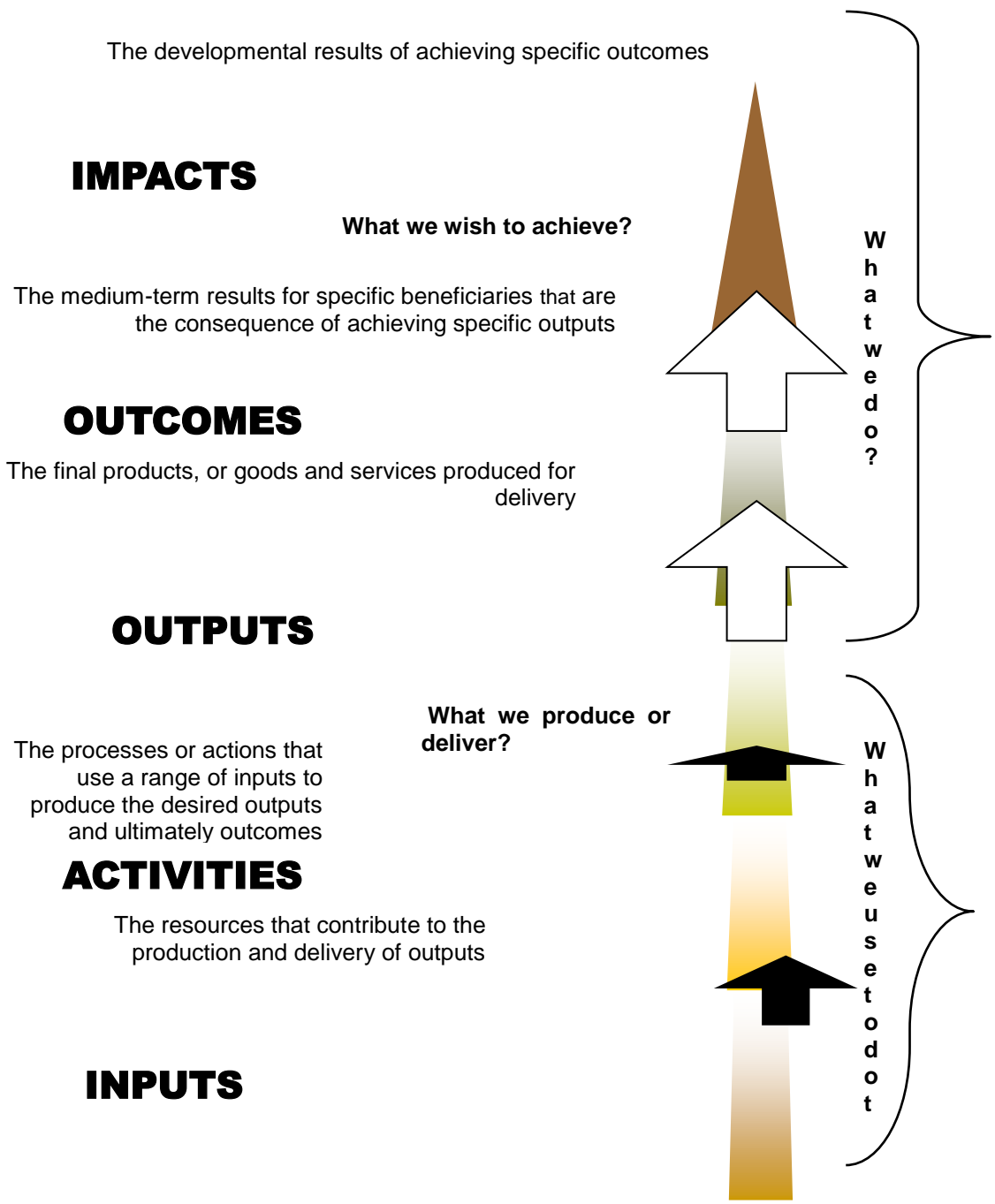


Figure 2 Planning, budgeting and reporting cycle

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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Vote 1 - 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%	12500.0%
<b>New Roads to be constructed</b>	kilometres		9500.0%	10500.0%	10500.0%	10500.0%	10000.0%	10000.0%	10000.0%	10000.0%
<b>rural gravel roads repaired</b>	kilometres		23900.0%	25000.0%	25000.0%	25000.0%	27500.0%	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%	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;</b>										
<b>Sub-function 1 - Electricity</b>										
<i>electrification infrastructure (Dry</i>	number of		29800.0%	27800.0%	27800.0%	27800.0%	25000.0%	26000.0%	27092.0%	28284.0%
<i>Installation of 200 new</i>	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 - Maintain</b>										
<b>Electricity &amp; repairs</b>	percentage		4500.0%	5500.0%	5500.0%	5500.0%	5500.0%	5720.0%	5960.2%	6222.5%
<i>Insert measure/s description</i>										
<b>And so on for the rest of the</b>										

The following table sets out the municipality's main performance objectives and benchmarks for the 2022/23 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Borrowing Management</b>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	-0.5%	0.0%	0.1%	0.2%	1.0%	1.0%	0.8%	0.8%	0.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	-1.1%	0.0%	0.2%	0.7%	3.2%	3.2%	2.7%	2.6%	2.6%
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%
<b>Safety of Capital</b>										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	37.8%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>										
Current Ratio	Current assets/current liabilities	3.4	3.0	3.1	7.0	(0.6)	(0.6)	2.5	3.2	3.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.4	3.0	3.1	7.0	(0.6)	(0.6)	2.5	3.2	3.4
Liquidity Ratio	Monetary Assets/Current Liabilities	1.8	2.2	2.6	3.9	(0.5)	(0.5)	1.6	2.1	2.4
<b>Revenue Management</b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		3.6%	4.1%	3.2%	71.9%	65.1%	4.7%	68.5%	68.5%
Current Debtors Collection Rate (Cash receipts % of Outstanding Debtors to Revenue)		3.6%	4.1%	3.2%	71.9%	65.1%	65.1%	68.5%	68.5%	68.5%
Longstanding Debtors Recovered	Total Outstanding Debtors to Annual Revenue Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	19.6%	14.3%	9.0%	16.6%	7.8%	7.8%	10.8%	10.7%	10.1%
<b>Creditors Management</b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))									
Creditors to Cash and Investments		32.8%	24.0%	8.8%	-16.4%	36.2%	36.2%	52.9%	46.0%	41.8%
<b>Other Indicators</b>										
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated									
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated									
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.4%	34.0%	31.3%	34.9%	33.3%	33.3%	35.8%	35.3%	34.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.3%	38.5%	35.2%	39.6%	37.6%	37.6%	40.2%	39.6%	38.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.5%	2.7%	5.5%	6.2%	5.8%	5.8%	5.7%	5.3%	5.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.6%	10.6%	9.2%	10.7%	10.9%	10.9%	10.8%	10.6%	10.5%
<b>IDP regulation financial viability indicators</b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	(126.4)	151.4	25.3	18.0	18.0	18.0	17.6	17.6	18.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	57.4%	49.2%	28.8%	53.7%	26.7%	26.7%	35.5%	35.8%	34.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.4	4.2	16.6	(2.5)	3.0	3.0	2.9	3.0	3.3

## 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 2021/22 MTREF the current ratio is 4.3 in the 2022/23 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 2021/22 financial year the ratio was 5.0 and as part of the financial planning strategy it has been reduced to 4.3 in the 2022/23 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer-term financial planning objectives this ratio will have to be set at a minimum of 1.

### 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 2022/23 financial year 31 921 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 2022/23 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 64 per cent on current billings, current year's overall collection rate of 64 per cent has determined the 2022/23 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> March 2022. 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 March 2022.



### **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 March 2022. 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
- Fleet Management Policy

## **2.8 Overview of budget assumptions**

### **2.8.1 External factors**

The world economy is expected to grow by 4.4 per cent this year. This is lower than the 4.9 per cent that was anticipated when tabling the medium-term budget policy statement (MTBPS). The Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread. In addition, continued imbalances in global value chains have limited the pace of the world's economic recovery.

The South African economy has not been shielded from these global developments. National Treasury has revised South Africa's economic growth estimate for 2021 to 4.8 per cent, from 5.1 per cent at the time of the MTBPS.

This revision reflects a combination of the impact of changes in the global environment, along with South Africa's own unique challenges. Commodity prices, which have supported South Africa's economic recovery, slowed in the second half of 2021.

Also, violent unrest in July, and restrictions imposed to manage the third wave of COVID-19 further eroded the gains South Africa made in the first half of the year.

Industrial action in the manufacturing sector, and the re-emergence of load shedding, also slowed the pace of the recovery.

Real Gross Domestic Product (GDP) growth of 2.1 per cent is projected for 2022. Over the next three years, GDP growth is expected to average 1.8 per cent.

Headline inflation is expected to remain between 3 to 6 per cent target range over the 2022/23 MTEF.

### **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 (64 per cent) of annual billings for property rates. Cash flow is assumed to be 64 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 64% 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 2021 to 30 June 2024 dated 15 September 2021 through the agreement that was approved by the Bargaining Committee of the Central Council in terms of Clause 17.3 of the Constitution should be used when budgeting for employee related costs for the 2022/23 MTREF.

The **salary and wage increase** shall be, four comma nine percent (4.9%) with effect from 1 July 2022 and any linked benefits or conditions of service shall increase by the same rate of 4.9% with effect from 1 July 2022.

The **minimum wage** shall increase by the same percentage of 4.9% to **R 9 0431.21 pm** with effect **from 1 July 2022**. The flat rate Home Owners Allowance shall increase by the same percentage of 4.9% to **R 1 011.77 pm with effect from 1 July 2022**.

In respect of **medical aid**, the maximum employer contribution rate to an employee's accredited medical scheme shall increase by the same percentage 4.9% to **R 5 007.00 with effect from 1 July 2022**.

### 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 2022/23 & MTREF of which performance has been factored into the cash flow budget.

## 2.9 Overview of budget funding

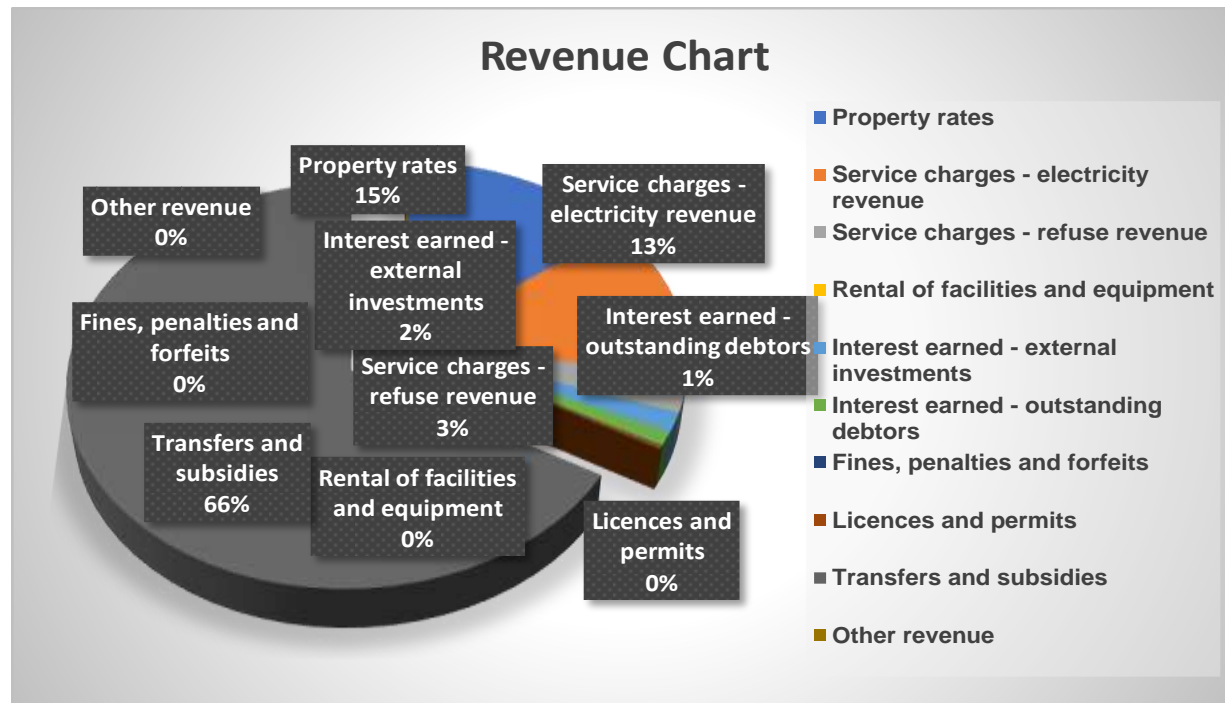
### 2.9.1 Medium-term outlook: operating revenue

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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Expenditure By Type</b>										
Employee related costs	2	84 280	99 700	109 315	107 819	109 069	109 069	120 763	126 076	131 750
Remuneration of councillors		13 023	13 249	13 528	14 643	14 193	14 193	14 682	15 328	16 002
Debt impairment	3	41 621	48 224	34 245	30 635	34 635	34 635	35 798	37 373	39 054
Depreciation & asset impairment	2	27 712	30 298	31 848	32 726	32 726	32 726	33 747	35 232	36 817
Finance charges		680	919	332	400	3 003	3 003	2 610	2 725	2 847
Bulk purchases - electricity	2	22 907	26 098	28 816	35 143	36 643	36 643	43 239	45 142	47 624
Inventory consumed	8	(508)	(980)	(864)	2 288	2 121	2 121	4 691	4 654	4 727
Contracted services		39 078	34 792	47 869	56 718	56 975	56 975	71 267	71 289	72 567
Transfers and subsidies		-	-	1 557	-	-	-	-	-	-
Other expenditure	4, 5	28 573	30 329	30 735	43 089	48 864	48 864	47 912	49 377	51 617
Losses		1 053	740	1 536	-	1 500	1 500	-	-	-
<b>Total Expenditure</b>		<b>258 420</b>	<b>283 370</b>	<b>298 917</b>	<b>323 462</b>	<b>339 729</b>	<b>339 729</b>	<b>374 709</b>	<b>387 194</b>	<b>403 007</b>

The following graph is a breakdown of the operational revenue per main category for the 2022/23 financial year.



**Figure 4 Breakdown of operating revenue over the 2022/23 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 64 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 2022/23 MTREF on the different revenue categories are:

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

KZN291 Mandeni - Supporting Table SA14 Household bills						
Description	Rate	2022/23 Medium Term Revenue & Expenditure Framework				2022/22 Total Budgeted Revenue
		Budget Year 2022/23 % incr.	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	
<b>Rand/cent</b>						
<b>Monthly Account for Household - 'Middle Income Range'</b>	1					
<b>Rates and services charges:</b>						
Property rates		4.8%	1 167.51	1 178.65	1 189.79	48 880 318
Electricity: Basic levy		9.6%	647.44	653.34	659.25	
Electricity: Consumption		9.6%	2 940.92	2 967.75	2 994.58	42 980 967
Water: Basic levy		—	—	—	—	
Water: Consumption		—	—	—	—	
Sanitation		—	—	—	—	
Refuse removal		4.8%	155.50	156.98	158.46	10 004 343
Other						
<b>sub-total</b>		<b>8.3%</b>	<b>4 911.35</b>	<b>4 956.72</b>	<b>5 002.08</b>	<b>101 865 628</b>
VAT on Services						
<b>Total large household bill:</b>		<b>8.3%</b>	<b>4 911.35</b>	<b>4 956.72</b>	<b>5 002.08</b>	<b>101 865 628</b>
<b>% increase/-decrease</b>			<b>8.3%</b>	<b>0.9%</b>	<b>0.9%</b>	

Revenue to be generated from property rates is R48.9 million in the 2022/23 financial year and increases to R53.3 million by 2024/25 which represents 9.1 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 R52,9 million for the 2022/23 financial year and increasing to R57.8 million by 2024/25. For the 2022/23 financial year services charges amount to 8.7 per cent of the total revenue base and grows by 9.1 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 R223.8 million, R238.5 million and R255.9 million for each of the respective financial years of the MTREF, or 60, 60 and 61 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 1.6 per cent and 14.3 per cent.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R5.7 million, R6.0 million and R6.2 million for the respective three financial years of the 2022/23 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget. The municipality have adjusted budget from the adjustment budget of 2021/22 of R5.5 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		60 607	19 108	54 806	65 925	172 599	172 599	73 721	78 765	90 523
Deposits - Public Investment Commission		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
<b>Municipality sub-total</b>	1	<b>60 607</b>	<b>19 108</b>	<b>54 806</b>	<b>65 925</b>	<b>172 599</b>	<b>172 599</b>	<b>73 721</b>	<b>78 765</b>	<b>90 523</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>60 607</b>	<b>19 108</b>	<b>54 806</b>	<b>65 925</b>	<b>172 599</b>	<b>172 599</b>	<b>73 721</b>	<b>78 765</b>	<b>90 523</b>

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

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity											
Investments by Maturity	Ref	Period of Investment	Type of Investment	Variable or Fixed interest rate	Interest Rate	Expiry date of investment	Opening balance	Interest to be realised	Partial/Premature Withdrawal (A)	Investment Top Up	Closing Balance
name of institution & investment	1	Yrs/Months									
<b>Parent municipality</b>											
Call account 1-GRANTS		12MNTHS	CALL ACCOUNTS	Fixed	0.0245	30 June 2022	58 120	1 200	(173 709)	118 463	4 074
Call account 2-HOUSING		12MNTHS	CALL ACCOUNTS	Fixed	0.0245	30 June 2022	1 862	130	(14 962)	14 962	1 992
Call account 3-MIG		12MNTHS	CALL ACCOUNTS	Fixed	0.0245	30 June 2022	47	120	(40 044)	40 044	167
Call account 5-TMT		12MNTHS	CALL ACCOUNTS	Fixed	0.0245	30 June 2022	271	-	-	-	271
Call account 6-INEP		12MNTHS	CALL ACCOUNTS	Fixed	0.0245	30 June 2022	23	120	(7 200)	7 200	143
Call account 7-AR		12MNTHS	CALL ACCOUNTS	Fixed	0.0245	30 June 2022	3 785	200	-	-	3 985
Call account 8- Title Deed		12MNTHS	CALL ACCOUNTS	Fixed	0.0245	30 June 2022	5 467	130	(1 500)	-	4 097
NEDBANK		12MNTHS	INVESTMENT	Fixed	0.05975	30 June 2022	30 000	700	(20 000)	-	10 700
STANDARD		12MNTHS	INVESTMENT	Fixed	0.0534	30 June 2022	65 000	1 200	(45 619)	-	20 581
NEDBANK		12MNTHS	INVESTMENT	Fixed	0.05313	30 June 2022	30 000	700	(30 000)	-	700
NEDBANK		12MNTHS	INVESTMENT	Fixed	0.0482	30 June 2022	50 000	1 200	(74 189)	50 000	27 011
											-
											-
											-
											-
											-
<b>Municipality sub-total</b>							<b>244 575</b>		<b>(407 222)</b>	<b>230 669</b>	<b>73 721</b>
<b>Entities</b>											
											-
											-
											-
											-
											-
<b>Entities sub-total</b>							<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND</b>	1						<b>244 575</b>		<b>(407 222)</b>	<b>230 669</b>	<b>73 721</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 R73.7 million, R78.7 million and increases to R90.5 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.

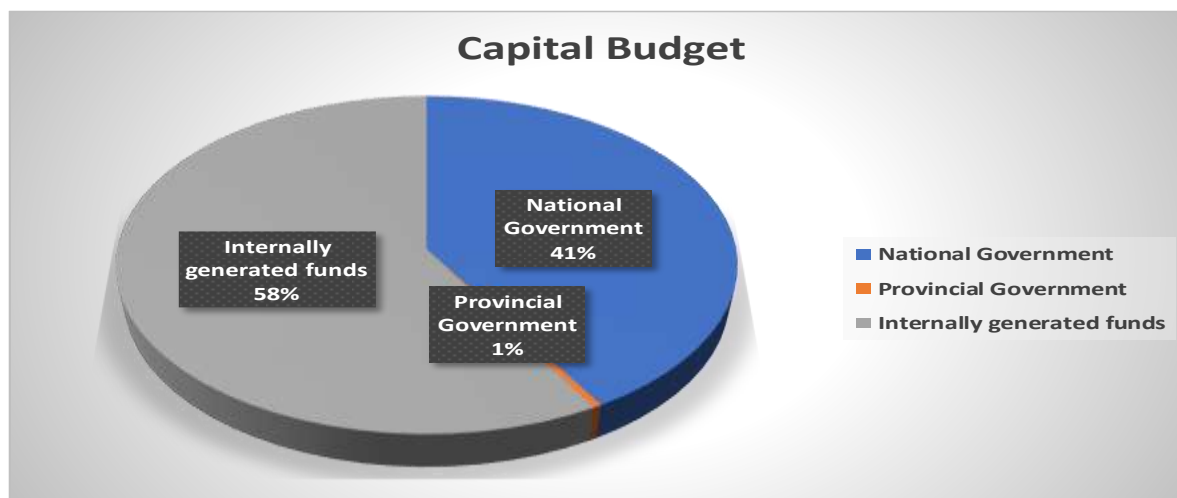
## 2.9.2 Medium-term outlook: capital revenue

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

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

KZN291 Mandeni- Capital Expenditure									
Vote Description	Re	2022/23 Medium Term Revenue & Expenditure Framework							
		Adjusted Budget	%	Budget Year 2022/23	%	Budget Year +1 2023/24	%	Budget Year +2 2024/25	%
<b>Funded by:</b>									
National Government		37 088	46.78	38 082	41.33	39 636	100.00	41 334	100.00
Provincial Government		1 328	1.68	380	0.41	—	—	—	—
District Municipality		—	—	—	—	—	—	—	—
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		40 865	51.54	53 669	58.25	—	—	—	—
<b>Transfers recognised - capital</b>	4	<b>79 280</b>	<b>100%</b>	<b>92 131</b>	<b>100%</b>	<b>39 636</b>	<b>100%</b>	<b>41 334</b>	<b>100%</b>
<b>Borrowing</b>	6	—	—	—	—	—	—	—	—
<b>Internally generated funds</b>		—	—	—	—	—	—	—	—
<b>Total Capital Funding</b>	7	<b>79 280</b>	<b>100%</b>	<b>92 131</b>	<b>100%</b>	<b>39 636</b>	<b>100%</b>	<b>41 334</b>	<b>100%</b>

The above table is graphically represented as follows for the 2022/23 financial year.



**Figure 5 Sources of capital revenue for the 2022/23 financial year**



Capital grants and receipts equates to 67.1 per cent of the total funding source which represents R30.3 million for the 2022/23 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		<b>157 762</b>	<b>181 862</b>	<b>192 372</b>	<b>202 167</b>	<b>222 182</b>	<b>222 182</b>	<b>226 242</b>	<b>244 091</b>	<b>259 635</b>
Local Government Equitable Share		146 821	167 483	181 342	191 149	211 164	211 164	212 818	230 155	247 251
Finance Management		1 900	1 900	1 900	1 850	1 850	1 850	1 850	1 850	1 850
EPWP Incentive		2 255	2 234	2 387	2 435	2 435	2 435	2 372	–	–
Integrated National Electrification		6 786	9 500	5 000	4 872	4 872	4 872	7 200	10 000	8 359
MIG (PMU)			745	1 743	1 861	1 861	1 861	2 002	2 086	2 175
MIG (PMU)										
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		<b>5 278</b>	<b>3 488</b>	<b>3 229</b>	<b>3 044</b>	<b>1 258</b>	<b>2 987</b>	<b>5 043</b>	<b>4 423</b>	<b>4 618</b>
Community Library Services Grant		3 581	1 228	2 714	1 315	1 315	1 315	1 477	1 477	1 542
Provincialization of Libraries		1 147	1 510	515	1 729	(100)	1 629	2 566	2 946	3 076
		–	–	–	–	–	–	–	–	–
		50	–	–	–	–	–	–	–	–
		500	750	–	–	–	–	–	–	–
Single Land Use Scheme (COGTA)						43	43			
Sport and Recreation										
Municipal Employment Initiative (MIG)								1 000		
Other transfers/grants [insert description]										
<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>163 040</b>	<b>185 350</b>	<b>195 601</b>	<b>205 211</b>	<b>223 440</b>	<b>225 169</b>	<b>231 285</b>	<b>248 514</b>	<b>264 253</b>
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		<b>39 577</b>	<b>33 954</b>	<b>34 719</b>	<b>35 370</b>	<b>1 717</b>	<b>37 087</b>	<b>38 042</b>	<b>39 636</b>	<b>41 334</b>
Municipal Infrastructure Grant (MIG)		34 706	33 954	34 719	35 370	1 717	37 087	38 042	39 636	41 334
		4 871	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		<b>–</b>	<b>1 131</b>	<b>800</b>	<b>1 170</b>	<b>19 169</b>	<b>20 339</b>	<b>15 342</b>	<b>–</b>	<b>–</b>
Provincialization of Libraries			1 131	800	1 170	100	1 270	380		
Sport and Recreation						58	58			
Human Settlement						19 011	19 011	14 962		
<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>39 577</b>	<b>35 085</b>	<b>35 519</b>	<b>36 540</b>	<b>20 886</b>	<b>57 426</b>	<b>53 384</b>	<b>39 636</b>	<b>41 334</b>
<b>TOTAL RECEIPTS OF TRANSFERS</b>		<b>202 617</b>	<b>220 434</b>	<b>231 120</b>	<b>241 751</b>	<b>244 326</b>	<b>282 595</b>	<b>284 669</b>	<b>288 150</b>	<b>305 587</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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		1 734	1 828	1 828	26 586	20 989	20 989	24 440	25 516	26 664
Service charges		1 575	1 666	1 666	42 028	41 074	41 074	45 334	47 329	49 458
Other revenue		99	104	4 220	1 478	17 147	17 147	1 628	1 700	1 776
Transfers and Subsidies - Operational	1	42 444	55 244	280 097	204 520	225 170	225 170	231 285	248 514	264 253
Transfers and Subsidies - Capital	1	6 589	15 837	50 556	37 232	57 426	57 426	53 384	39 636	41 334
Interest		-	-	798	5 085	5 650	5 650	5 775	6 029	6 300
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		4 977	4 328	2 457	(295 897)	(282 759)	(282 759)	(319 255)	(320 919)	(333 446)
Finance charges		-	-	-	(400)	(3 003)	(3 003)	(2 610)	(2 725)	(2 847)
Transfers and Grants	1	1 151	2 190	0	(1 883)	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACT</b>		<b>58 569</b>	<b>81 198</b>	<b>341 623</b>	<b>18 749</b>	<b>81 694</b>	<b>81 694</b>	<b>39 981</b>	<b>45 079</b>	<b>53 492</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		-	-	-	(73 920)	(98 291)	(98 291)	(107 093)	(39 636)	(41 334)
<b>NET CASH FROM/(USED) INVESTING ACT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(73 920)</b>	<b>(98 291)</b>	<b>(98 291)</b>	<b>(107 093)</b>	<b>(39 636)</b>	<b>(41 334)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing		1 890	893	14	(400)	(400)	(400)	(400)	(400)	(400)
<b>NET CASH FROM/(USED) FINANCING ACT</b>		<b>1 890</b>	<b>893</b>	<b>14</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HE</b>		<b>60 459</b>	<b>82 091</b>	<b>341 636</b>	<b>(55 571)</b>	<b>(16 997)</b>	<b>(16 997)</b>	<b>(67 511)</b>	<b>5 043</b>	<b>11 759</b>
Cash/cash equivalents at the year begin:	2	-	-	-	1	84 928	84 928	141 233	73 721	78 765
Cash/cash equivalents at the year end:	2	<b>60 459</b>	<b>82 091</b>	<b>341 636</b>	<b>(55 570)</b>	<b>67 931</b>	<b>67 931</b>	<b>73 721</b>	<b>78 765</b>	<b>90 523</b>

The above table shows that cash and cash equivalents of the Municipality were slowly increased between the 2022/23 and 2024/25 financial year moving from a positive cash balance of R97.2 to a surplus of R90.5 million with the approved 2024/25 MTREF. With the 2021/22 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 R73.7 million by the financial year end. For the 2022/23 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 R73.7 million by 2022/23 and steadily increases to R90.8 million by 2024/25. It should be noted the municipality's cash flow are improving on an annual basis.

## 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 is the predicted cash and investments that are available at the end of the budget year?

How are those funds used?

What are the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	1	60 459	82 091	341 636	(55 570)	67 931	67 931	73 721	78 765	90 523
Other current investments > 90 days		175	29 091	(159 617)	121 495	104 668	104 668	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>60 635</b>	<b>111 182</b>	<b>182 020</b>	<b>65 925</b>	<b>172 599</b>	<b>172 599</b>	<b>73 721</b>	<b>78 765</b>	<b>90 523</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers		8 641	23 969	30 021	6 720	(375 552)	(375 552)	5 497	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	19 384	20 475	27 996	(25 537)	4 832	4 832	14 946	10 915	12 312
Other provisions		15 790	17 946	21 357	20 147	24 327	24 327	27 394	28 185	29 167
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments</b>		<b>43 815</b>	<b>62 390</b>	<b>79 374</b>	<b>1 330</b>	<b>(346 393)</b>	<b>(346 393)</b>	<b>47 837</b>	<b>39 099</b>	<b>41 479</b>
<b>Surplus(shortfall)</b>		<b>16 819</b>	<b>48 792</b>	<b>102 646</b>	<b>64 595</b>	<b>518 992</b>	<b>518 992</b>	<b>25 884</b>	<b>39 665</b>	<b>49 044</b>

From the above table it can be seen that the cash and investments available total 25.9 million in the 2022/23 financial year and increases to R49.0 million by 2024/25, 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 R6.8 million for 2022/23 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.

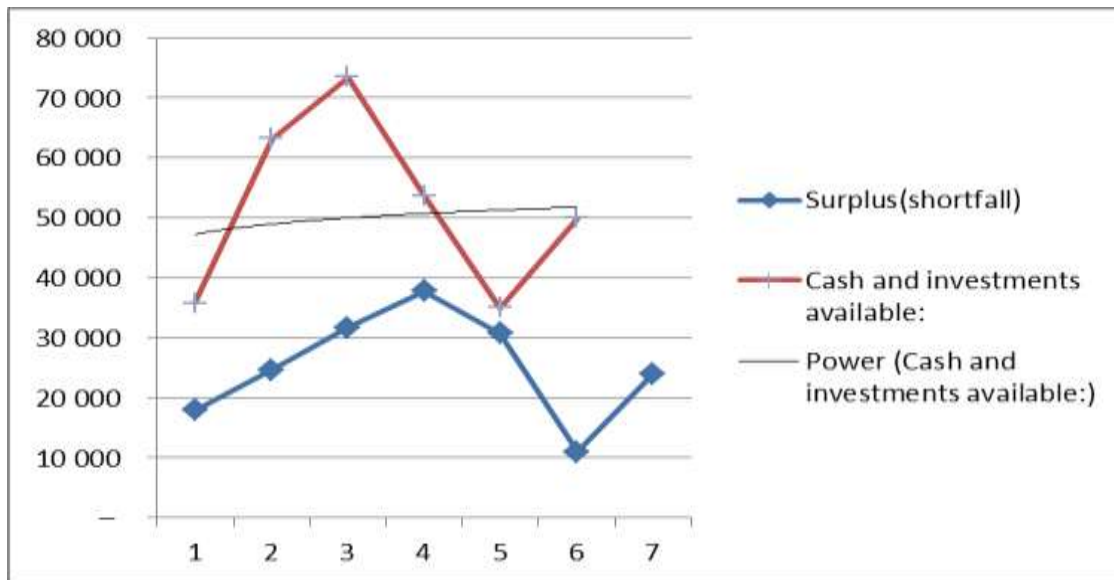
The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and 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 2022/23 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2022/23 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Funding measures</b>											
Cash/cash equivalents at the year end - R'000	18(1)b	1	60 459	82 091	341 636	(55 570)	67 931	67 931	73 721	78 765	90 523
Cash + investments at the yr end less applications	18(1)b	2	16 819	48 792	102 646	64 595	518 992	518 992	25 884	39 665	49 044
Cash year end/monthly employee/supplier payment	18(1)b	3	3.4	4.2	16.6	(2.5)	3.0	3.0	2.9	3.0	3.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	227 651	206 710	269 504	22 241	26 678	26 678	1 003	9 142	17 725
Service charge rev % change - macro CPI-X target	18(1)a,(2)	5	N.A.	(13.0%)	22.8%	(18.9%)	(6.0%)	(6.0%)	0.8%	(1.6%)	(1.5%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	3.2%	3.6%	6.6%	67.5%	77.5%	77.5%	66.4%	66.4%	66.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	45.5%	56.7%	31.3%	32.1%	36.3%	36.3%	35.1%	35.1%	35.1%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	100.0%	124.0%	124.0%	116.2%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. t	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 allocations	18(1)a	10							0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(20.4%)	(24.7%)	62.8%	(50.3%)	0.0%	42.3%	5.3%	0.8%
Long term receivables % change - incr(decr)	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	2.1%	1.8%	4.2%	3.5%	3.8%	3.8%	3.5%	3.5%	3.6%
Asset renewal % of capital budget	20(1)(vi)	14	63.7%	63.6%	63.3%	6.4%	0.3%	0.3%	2.2%	0.0%	0.0%
<b>Supporting indicators</b>											
% incr total service charges (incl prop rates)	18(1)a			(7.0%)	28.8%	(12.9%)	0.0%	0.0%	6.8%	4.4%	4.5%
% incr Property Tax	18(1)a			(19.9%)	41.0%	(29.0%)	0.0%	0.0%	4.8%	4.4%	4.5%
% incr Service charges - electricity revenue	18(1)a			22.7%	15.9%	13.1%	0.0%	0.0%	9.6%	4.4%	4.5%
% incr Service charges - water revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a			(4.2%)	7.2%	4.3%	0.0%	0.0%	4.8%	4.4%	4.5%
% 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		91 459	85 048	109 522	95 404	95 404	95 404	101 866	106 348	111 133
Service charges			91 459	85 048	109 522	95 404	95 404	95 404	101 866	106 348	111 133
Property rates			58 180	46 606	65 700	46 642	46 642	46 642	48 880	51 031	53 327
Service charges - electricity revenue			24 368	29 909	34 672	39 216	39 216	39 216	42 981	44 872	46 891
Service charges - water revenue			-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-
Service charges - refuse removal			8 911	8 534	9 150	9 546	9 546	9 546	10 004	10 445	10 915
Service charges - other			-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			170	204	101	130	170	170	178	186	194
Capital expenditure excluding capital grant funding			98 950	102 903	110 167	40 380	40 865	40 865	53 669	-	-
Cash receipts from ratepayers	18(1)a		3 407	3 598	7 714	70 092	79 210	79 210	71 402	74 544	77 898
Ratepayer & Other revenue	18(1)a		108 032	99 751	116 166	103 874	102 195	102 195	107 505	112 235	117 285
Change in consumer debtors (current and non-current)			(12 034)	(10 726)	(10 360)	19 797	(6 052)	(6 052)	(15 077)	1 907	292
Operating and Capital Grant Revenue	18(1)a		194 661	190 915	251 645	235 710	257 443	257 443	261 857	278 150	297 228
Capital expenditure - total	20(1)(vi)		237 694	254 468	272 457	73 920	79 280	79 280	92 131	39 636	41 334
Capital expenditure - renewal	20(1)(vi)		151 515	161 826	172 489	4 700	219	219	2 000	-	-
<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>											
									-	-	-
<b>Trend</b>											
Change in consumer debtors (current and non-current)			(12 034)	(10 726)	(10 360)	(2 151)	(15 077)	1 907	-	-	-

KZN291 Mandeni Supporting Table SA10 Funding measurement											
Description	MFMA section	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Total Operating Revenue</b>			268 009	293 445	348 760	309 163	327 992	327 992	337 020	356 700	379 398
<b>Total Operating Expenditure</b>			258 420	283 370	298 917	323 462	339 729	339 729	374 709	387 194	403 007
<b>Operating Performance Surplus/(Deficit)</b>			9 590	10 075	49 843	(14 299)	(11 737)	(11 737)	(37 689)	(30 494)	(23 609)
<b>Cash and Cash Equivalents (30 June 2012)</b>									73 721		
<b>Revenue</b>											
% Increase in Total Operating Revenue				9.5%	18.9%	(11.4%)	6.1%	0.0%	2.8%	5.8%	6.4%
% Increase in Property Rates Revenue				(19.9%)	41.0%	(29.0%)	0.0%	0.0%	4.8%	4.4%	4.5%
% Increase in Electricity Revenue				22.7%	15.9%	13.1%	0.0%	0.0%	9.6%	4.4%	4.5%
% Increase in Property Rates & Services Charges				(7.0%)	28.8%	(12.9%)	0.0%	0.0%	6.8%	4.4%	4.5%
<b>Expenditure</b>											
% Increase in Total Operating Expenditure				9.7%	5.5%	8.2%	5.0%	0.0%	10.3%	3.3%	4.1%
% Increase in Employee Costs				18.3%	9.6%	(1.4%)	1.2%	0.0%	10.7%	4.4%	4.5%
% Increase in Electricity Bulk Purchases				13.9%	10.4%	22.0%	4.3%	0.0%	18.0%	4.4%	5.5%
Average Cost Per Budgeted Employee Position (Remuneration)					393219.9	400814			425221		
Average Cost Per Councillor (Remuneration)					386514.2	418372			419482		
R&M % of PPE			2.1%	1.8%	4.2%	3.5%	3.8%	3.8%	3.5%	3.5%	3.6%
Asset Renewal and R&M as a % of PPE			42.0%	46.0%	47.0%	9.0%	11.0%	11.0%	9.0%	9.0%	10.0%
Debt Impairment % of Total Billable Revenue			45.5%	56.7%	31.3%	32.1%	36.3%	36.3%	35.1%	35.1%	35.1%
<b>Capital Revenue</b>											
Internally Funded & Other (R'000)			95 070	99 023	106 286	40 380	40 865	40 865	53 669	–	–
Borrowing (R'000)			3 881	3 881	3 881	–	–	–	–	–	–
Grant Funding and Other (R'000)			138 744	151 564	162 290	33 540	38 415	38 415	38 462	39 636	41 334
Internally Generated funds % of Non Grant Funding			96.1%	96.2%	96.5%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			3.9%	3.8%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			58.4%	59.6%	59.6%	45.4%	48.5%	48.5%	41.7%	100.0%	100.0%
<b>Capital Expenditure</b>											
Total Capital Programme (R'000)			237 694	254 468	272 457	73 920	79 280	79 280	92 131	39 636	41 334
Asset Renewal			201 738	223 616	234 880	39 131	45 585	45 585	37 513	39 636	41 334
Asset Renewal % of Total Capital Expenditure			84.9%	87.9%	86.2%	52.9%	57.5%	57.5%	40.7%	100.0%	100.0%
<b>Cash</b>											
Cash Receipts % of Rate Payer & Other			3.2%	3.6%	6.6%	67.5%	77.5%	77.5%	66.4%	66.4%	66.4%
Cash Coverage Ratio			0	0	0	(0)	0	0	0	0	0
<b>Borrowing</b>											
Credit Rating (2009/10)									0		
Capital Charges to Operating			(0.5%)	0.0%	0.1%	0.2%	1.0%	1.0%	0.8%	0.8%	0.8%
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)			16 819	48 792	102 646	64 595	518 992	518 992	25 884	39 665	49 044
<b>Free Services</b>											
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			(8.0%)	0.0%	(5.4%)	15.8%	21.6%	21.6%	10.4%	10.4%	10.4%
<b>High Level Outcome of Funding Compliance</b>											
Total Operating Revenue			268 009	293 445	348 760	309 163	327 992	327 992	337 020	356 700	379 398
Total Operating Expenditure			258 420	283 370	298 917	323 462	339 729	339 729	374 709	387 194	403 007
Surplus/(Deficit) Budgeted Operating Statement			9 590	10 075	49 843	(14 299)	(11 737)	(11 737)	(37 689)	(30 494)	(23 609)
Surplus/(Deficit) Considering Reserves and Cash Backing			16 819	48 792	102 646	64 595	518 992	518 992	25 884	39 665	49 044
<b>MTREF Funded (1) / Unfunded (0)</b>	15		1	1	1	1	1	1	1	1	1
<b>MTREF Funded ü / Unfunded ũ</b>	15		ü	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 2022/23 MTREF shows R97.2 million, R167.5 million and R234.5 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 2021/22 to 2023/24, moving from 2.3 to 1.7 with the adopted 2022/23 & MTREF. As part of the 2022/23 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 approximate 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 2022/23 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates is 4.8 per cent and services charges are 4.8 per cent, with the increase in electricity at 9.6 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 64 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>EXPENDITURE:</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>157 762</b>	<b>181 862</b>	<b>192 581</b>	<b>202 167</b>	<b>222 182</b>	<b>222 182</b>	<b>226 242</b>	<b>244 091</b>	<b>259 635</b>
Local Government Equitable Share		146 821	167 483	181 342	191 149	211 164	211 164	212 818	230 155	247 251
Finance Management		1 900	1 900	2 346	1 850	1 850	1 850	1 850	1 850	1 850
EPWP Incentive		2 255	2 234	2 387	2 435	2 435	2 435	2 372	-	-
Integrated National Electrification Program		6 786	9 500	6 506	4 872	4 872	4 872	7 200	10 000	8 359
MIG (PMU)					1 861	1 861	1 861	2 002	2 086	2 175
Disaster Relief Grant COVID 19			745							
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		<b>5 640</b>	<b>2 493</b>	<b>6 219</b>	<b>3 044</b>	<b>1 258</b>	<b>2 987</b>	<b>5 043</b>	<b>4 423</b>	<b>4 618</b>
Community Library Services Grant		3 581	1 228	6 219	1 315	1 315	1 315	1 477	1 477	1 542
Provincialization of Government		1 510	515		1 729	(100)	1 629	2 566	2 946	3 076
Ward Based Plan		-	-							
Sport and Recreation		50	-							
GIS Patinent Grant		500								
Spetial Development Framework Support			750			43	43			
Single Landuse Scheme										
Municipal Employment Initiative ( EDTEA)								1 000		
Other transfers/grants [insert description]										
<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 expenditure of Transfers and Grants</b>		<b>163 402</b>	<b>184 355</b>	<b>198 800</b>	<b>205 211</b>	<b>223 440</b>	<b>225 169</b>	<b>231 285</b>	<b>248 514</b>	<b>264 253</b>
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>39 577</b>	<b>33 954</b>	<b>41 647</b>	<b>35 370</b>	<b>1 717</b>	<b>37 087</b>	<b>38 042</b>	<b>39 636</b>	<b>41 334</b>
Municipal Infrastructure Grant (MIG)		34 706	33 954	41 647	35 370	1 717	37 087	38 042	39 636	41 334
Neighbourhood Development Partnerships		4 871	-							
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		<b>-</b>	<b>1 131</b>	<b>2 990</b>	<b>1 170</b>	<b>19 169</b>	<b>20 339</b>	<b>15 342</b>	<b>-</b>	<b>-</b>
Provincialization of Libraries			1 131	2 990	1 170	100	1 270	380		
Sport and Recreation						58	58			
Human Settlement						19 011	19 011	14 962		
<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 expenditure of Transfers and Grants</b>		<b>39 577</b>	<b>35 085</b>	<b>44 637</b>	<b>36 540</b>	<b>20 886</b>	<b>57 426</b>	<b>53 384</b>	<b>39 636</b>	<b>41 334</b>
<b>TOTAL EXPENDITURE OF TRANSFER</b>		<b>202 979</b>	<b>219 440</b>	<b>243 436</b>	<b>241 751</b>	<b>244 326</b>	<b>282 595</b>	<b>284 669</b>	<b>288 150</b>	<b>305 587</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
<b>Operating transfers and grants:</b>										
<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>										
<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 - CTE 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 - CTE</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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		9 422	9 848	10 186	11 225	10 775	10 775	11 854	12 375	12 920
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		1 413	1 299	1 255	1 279	1 279	1 279	919	960	1 002
Cellphone Allowance		1 423	1 420	1 427	1 455	1 455	1 455	1 469	1 534	1 602
Housing Allowances		765	681	660	684	684	684	439	458	479
Other benefits and allowances		–	–	–	–	–	–	–	–	–
<b>Sub Total - Councillors</b>		<b>13 023</b>	<b>13 249</b>	<b>13 528</b>	<b>14 643</b>	<b>14 193</b>	<b>14 193</b>	<b>14 682</b>	<b>15 328</b>	<b>16 002</b>
<b>% increase</b>	4		<b>1.7%</b>	<b>2.1%</b>	<b>8.2%</b>	<b>(3.1%)</b>	<b>–</b>	<b>3.4%</b>	<b>4.4%</b>	<b>4.4%</b>
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		3 609	4 964	5 197	5 823	5 823	5 823	5 513	5 755	6 014
Pension and UIF Contributions		10	10	0	11	11	11	11	11	12
Medical Aid Contributions		–	1	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	561	408	408	408	476	497	519
Motor Vehicle Allowance	3	705	719	737	737	737	737	737	769	804
Cellphone Allowance	3	165	181	186	186	186	186	186	194	203
Housing Allowances	3	110	134	264	264	264	264	269	281	294
Other benefits and allowances	3	1	1	1	1	1	1	1	2	2
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	815	1 510	3 628	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>		<b>5 416</b>	<b>7 520</b>	<b>10 575</b>	<b>7 430</b>	<b>7 430</b>	<b>7 430</b>	<b>7 193</b>	<b>7 510</b>	<b>7 848</b>
<b>% increase</b>	4		<b>38.9%</b>	<b>40.6%</b>	<b>(29.7%)</b>	<b>–</b>	<b>–</b>	<b>(3.2%)</b>	<b>4.4%</b>	<b>4.5%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		56 448	64 144	66 668	70 949	72 199	72 199	79 546	83 046	86 783
Pension and UIF Contributions		8 770	9 871	10 682	10 755	10 755	10 755	12 197	12 734	13 307
Medical Aid Contributions		3 952	5 193	5 722	3 949	3 949	3 949	5 500	5 742	6 000
Overtime		1 386	1 341	1 437	920	920	920	1 140	1 190	1 244
Performance Bonus		3 530	4 090	5 320	5 174	5 174	5 174	5 556	5 801	6 062
Motor Vehicle Allowance	3	3 959	3 874	3 978	4 364	4 364	4 364	4 746	4 955	5 178
Cellphone Allowance	3	473	449	469	465	465	465	531	555	580
Housing Allowances	3	379	278	288	258	258	258	299	312	326
Other benefits and allowances	3	49	54	1 035	56	56	56	1 089	1 137	1 188
Payments in lieu of leave		–	3 421	2 927	3 500	3 500	3 500	1 719	1 795	1 876
Long service awards		–	260	378	–	–	–	1 246	1 301	1 359
Post-retirement benefit obligations	6	(80)	(795)	(163)	–	–	–	–	–	–
<b>Sub Total - Other Municipal Staff</b>		<b>78 865</b>	<b>92 181</b>	<b>98 740</b>	<b>100 389</b>	<b>101 639</b>	<b>101 639</b>	<b>113 570</b>	<b>118 567</b>	<b>123 902</b>
<b>% increase</b>	4		<b>16.9%</b>	<b>7.1%</b>	<b>1.7%</b>	<b>1.2%</b>	<b>–</b>	<b>11.7%</b>	<b>4.4%</b>	<b>4.5%</b>
<b>Total Parent Municipality</b>		<b>97 303</b>	<b>112 949</b>	<b>122 843</b>	<b>122 462</b>	<b>123 262</b>	<b>123 262</b>	<b>135 445</b>	<b>141 404</b>	<b>147 752</b>
			<b>16.1%</b>	<b>8.8%</b>	<b>(0.3%)</b>	<b>0.7%</b>	<b>–</b>	<b>9.9%</b>	<b>4.4%</b>	<b>4.5%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>97 303</b>	<b>112 949</b>	<b>122 843</b>	<b>122 462</b>	<b>123 262</b>	<b>123 262</b>	<b>135 445</b>	<b>141 404</b>	<b>147 752</b>
<b>% increase</b>	4		<b>16.1%</b>	<b>8.8%</b>	<b>(0.3%)</b>	<b>0.7%</b>	<b>–</b>	<b>9.9%</b>	<b>4.4%</b>	<b>4.5%</b>
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>84 280</b>	<b>99 700</b>	<b>109 315</b>	<b>107 819</b>	<b>109 069</b>	<b>109 069</b>	<b>120 763</b>	<b>126 076</b>	<b>131 750</b>

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

KZN291 Mandeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b><u>Councillors</u></b>	3							
Speaker	4	1	773 703		40 800			814 503
Chief Whip		1	428 865		28 800			457 665
Executive Mayor		1	954 139		40 800			994 939
Deputy Executive Mayor		1	773 703		40 800			814 503
Executive Committee		5	2 647 255		537 425			3 184 679
Total for all other councillors		26	7 055 981		1 359 601			8 415 582
<b>Total Councillors</b>	8	35	12 633 646	-	2 048 226			14 681 872
<b><u>Senior Managers of the Municipality</u></b>	5							
Municipal Manager (MM)		1	1 243 071		224 306			1 467 377
Chief Finance Officer		1	761 502		446 131			1 207 633
Director Corporate Services		1	1 177 285		30 000			1 207 285
Director EDPHS		1	998 974		208 215			1 207 189
Director Technical Services		1	843 138		364 215			1 207 353
Director Community & Public Safety		1	1 022 698		174 255			1 196 954
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	6	6 046 667	-	1 447 123	-		7 493 790
<b><u>A Heading for Each Entity</u></b>	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total for municipal entities</b>	8,10	-	-	-	-	-		-
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	41	18 680 313	-	3 495 349	-		22 175 662

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

KZN291 Mandeni - Supporting Table SA24 Summary of personnel numbers										
Summary of Personnel Numbers	Ref	2020/21			Current Year 2021/22			Budget Year 2022/23		
		Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Board Members of municipal entities)	4	35	5	30	35	5	30	35	5	30
<b>Municipal employees</b>										
Municipal Manager and Senior Managers	3	6		6	6		6	6		6
Other Managers	7	18	17	1	18	17	1	20	19	1
Professionals		111	86	25	112	85	27	115	101	14
<i>Finance</i>		32	23	9	32	23	9	33	24	9
<i>Spatial/town planning</i>		12	12		12	12		13	13	
<i>Information Technology</i>		4	4		4	4		4	4	
<i>Roads</i>		9	4	5	10	5	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	27	13	41	41	-
<i>Other</i>		9	9		9	9		9	9	
Technicians		20	16	4	20	16	4	22	19	3
<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>		20	16	4	20	16	4	22	19	3
Clerks (Clerical and administrative)		25	25		20	20		23	23	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		21	21		18	18		21	21	
Elementary Occupations		77	77		75	75		77	77	
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>313</b>	<b>247</b>	<b>66</b>	<b>304</b>	<b>236</b>	<b>68</b>	<b>319</b>	<b>265</b>	<b>54</b>
<b>% increase</b>					(2.9%)	(4.5%)	3.0%	4.9%	12.3%	(20.6%)
<b>Total municipal employees headcount</b>										
Finance personnel headcount	3, 10	32	23	9	32	23	9	33	24	9
Human Resources personnel headcount	3, 10	281	224	57	272	213	59	286	241	45

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



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

<b>KZN291 Mandeni - Supporting Table SA25 Budgeted monthly revenue and expenditure</b>																
<b>Description</b>	<b>Re</b>	<b>Budget Year 2022/23</b>												<b>Medium Term Revenue and Expenditure Framework</b>		
		<b>July</b>	<b>August</b>	<b>Sept.</b>	<b>October</b>	<b>Novem ber</b>	<b>Decemb er</b>	<b>January</b>	<b>Februar y</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Budget Year 2022/23</b>	<b>Budget Year +1 2023/24</b>	<b>Budget Year +2 2024/25</b>
<b>R thousand</b>																
<b>Revenue By Source</b>																
Property rates		4 073	4 073	4 073	4 073	4 073	4 073	4 073	4 073	4 073	4 073	4 073	4 073	48 880	51 031	53 327
Service charges - electricity revenue		3 582	3 582	3 582	3 582	3 582	3 582	3 582	3 582	3 582	3 582	3 582	3 582	42 981	44 872	46 891
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		834	834	834	834	834	834	834	834	834	834	834	834	10 004	10 445	10 915
Rental of facilities and equipment		15	15	15	15	15	15	15	15	15	15	15	15	178	186	194
Interest earned - external investments		475	475	475	475	475	475	475	475	475	475	475	475	5 700	5 951	6 219
Interest earned - outstanding debtors		312	312	312	312	312	312	312	312	312	312	312	312	3 747	3 912	4 088
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		23	23	23	23	23	23	23	23	23	23	23	23	278	290	303
Licences and permits		58	58	58	58	58	58	58	58	58	58	58	58	692	722	755
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		18 651	18 651	18 651	18 651	18 651	18 651	18 651	18 651	18 651	18 651	18 651	18 651	223 815	238 514	255 894
Other revenue		62	62	62	62	62	62	62	62	62	62	62	62	744	777	812
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfer)</b>		<b>28 085</b>	<b>28 085</b>	<b>28 085</b>	<b>28 085</b>	<b>28 085</b>	<b>28 085</b>	<b>28 085</b>	<b>28 085</b>	<b>28 085</b>	<b>28 085</b>	<b>28 085</b>	<b>28 085</b>	<b>337 020</b>	<b>356 700</b>	<b>379 398</b>
<b>Expenditure By Type</b>																
Employee related costs		10 064	10 064	10 064	10 064	10 064	10 064	10 064	10 064	10 064	10 064	10 064	10 064	120 763	126 076	131 750
Remuneration of councillors		1 223	1 223	1 223	1 223	1 223	1 223	1 223	1 223	1 223	1 223	1 223	1 223	14 682	15 328	16 002
Debt impairment		2 983	2 983	2 983	2 983	2 983	2 983	2 983	2 983	2 983	2 983	2 983	2 983	35 798	37 373	39 054
Depreciation & asset impairment		2 812	2 812	2 812	2 812	2 812	2 812	2 812	2 812	2 812	2 812	2 812	2 812	33 747	35 232	36 817
Finance charges		218	218	218	218	218	218	218	218	218	218	218	218	2 610	2 725	2 847
Bulk purchases - electricity		3 603	3 603	3 603	3 603	3 603	3 603	3 603	3 603	3 603	3 603	3 603	3 603	43 239	45 142	47 624
Inventory consumed		391	391	391	391	391	391	391	391	391	391	391	391	4 691	4 654	4 727
Contracted services		5 939	5 939	5 939	5 939	5 939	5 939	5 939	5 939	5 939	5 939	5 939	5 939	71 267	71 289	72 567
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		3 993	3 993	3 993	3 993	3 993	3 993	3 993	3 993	3 993	3 993	3 993	3 993	47 912	49 377	51 617
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>374 709</b>	<b>387 194</b>	<b>403 007</b>
<b>Surplus/(Deficit)</b>																
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public		(3 141)	(3 141)	(3 141)	(3 141)	(3 141)	(3 141)	(3 141)	(3 141)	(3 141)	(3 141)	(3 141)	(3 141)	(37 689)	(30 494)	(23 609)
Transfers and subsidies - capital (in-kind -		3 170	3 170	3 170	3 170	3 170	3 170	3 170	3 170	3 170	3 170	3 170	3 170	38 042	39 636	41 334
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</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 2022/23												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
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	8 042	8 355
Vote 2 - Finance and administration		22 053	22 053	22 053	22 053	22 053	22 053	22 053	22 053	22 053	22 053	22 053	22 053	264 636	284 280	303 777
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		387	387	387	387	387	387	387	387	387	387	387	387	4 643	4 653	4 858
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	43 589	41 903	43 698
Vote 9 - Road transport		80	80	80	80	80	80	80	80	80	80	80	80	959	1 001	1 046
Vote 10 - Energy sources		3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	43 225	45 127	47 157
Vote 11 - Waste Management		904	904	904	904	904	904	904	904	904	904	904	904	10 853	11 331	11 841
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>31 309</b>	<b>31 309</b>	<b>31 309</b>	<b>31 309</b>	<b>31 309</b>	<b>31 309</b>	<b>31 309</b>	<b>31 309</b>	<b>31 309</b>	<b>31 309</b>	<b>31 309</b>	<b>31 309</b>	<b>375 712</b>	<b>396 336</b>	<b>420 732</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive and council		4 510	4 510	4 510	4 510	4 510	4 510	4 510	4 510	4 510	4 510	4 510	4 510	54 126	56 594	59 126
Vote 2 - Finance and administration		11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	133 165	139 955	144 342
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		2 336	2 336	2 336	2 336	2 336	2 336	2 336	2 336	2 336	2 336	2 336	2 336	28 037	29 143	30 434
Vote 5 - Sport and Recreation		993	993	993	993	993	993	993	993	993	993	993	993	11 913	11 809	12 341
Vote 6 - Public safety		105	105	105	105	105	105	105	105	105	105	105	105	1 260	1 315	1 375
Vote 7 - Housing		2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Vote 8 - Planning and Development		1 964	1 964	1 964	1 964	1 964	1 964	1 964	1 964	1 964	1 964	1 964	1 964	23 564	21 589	22 445
Vote 9 - Road transport		4 449	4 449	4 449	4 449	4 449	4 449	4 449	4 449	4 449	4 449	4 449	4 449	53 392	54 488	56 940
Vote 10 - Energy sources		4 687	4 687	4 687	4 687	4 687	4 687	4 687	4 687	4 687	4 687	4 687	4 687	56 242	58 716	61 810
Vote 11 - Waste Management		772	772	772	772	772	772	772	772	772	772	772	772	9 266	9 674	10 109
Vote 12 - Environmental Protection		310	310	310	310	310	310	310	310	310	310	310	310	3 725	3 888	4 063
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>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>31 226</b>	<b>374 709</b>	<b>387 194</b>	<b>403 007</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>1 003</b>	<b>9 142</b>	<b>17 725</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 2022/23												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Novem ber	Decemb er	January	Februar y	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Revenue - Functional</b>																
<b>Governance and administration</b>		22 704	22 704	22 704	22 704	22 704	22 704	22 704	22 704	22 704	22 704	22 704	22 704	272 442		
Executive and council		651	651	651	651	651	651	651	651	651	651	651	651	7 806		
Finance and administration		22 053	22 053	22 053	22 053	22 053	22 053	22 053	22 053	22 053	22 053	22 053	22 053	264 636		
Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—		
<b>Community and public safety</b>		387	387	387	387	387	387	387	387	387	387	387	387	4 643		
Community and social services		387	387	387	387	387	387	387	387	387	387	387	387	4 643		
Sport and recreation		—	—	—	—	—	—	—	—	—	—	—	—	—		
Public safety		—	—	—	—	—	—	—	—	—	—	—	—	—		
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—		
Health		—	—	—	—	—	—	—	—	—	—	—	—	—		
<b>Economic and environmental serv</b>		3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	44 548		
Planning and development		3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	43 589		
Road transport		80	80	80	80	80	80	80	80	80	80	80	80	959		
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	1 001		
<b>Trading services</b>		4 507	4 507	4 507	4 507	4 507	4 507	4 507	4 507	4 507	4 507	4 507	4 507	54 078		
Energy sources		3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	43 225		
Water management		—	—	—	—	—	—	—	—	—	—	—	—	45 127		
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	47 157		
Waste management		904	904	904	904	904	904	904	904	904	904	904	904	10 853		
<b>Other</b>		—	—	—	—	—	—	—	—	—	—	—	—	—		
<b>Total Revenue - Functional</b>		31 309	31 309	31 309	31 309	31 309	31 309	31 309	31 309	31 309	31 309	31 309	31 309	375 712		
<b>Expenditure - Functional</b>																
<b>Governance and administration</b>		15 608	15 608	15 608	15 608	15 608	15 608	15 608	15 608	15 608	15 608	15 608	15 608	187 291		
Executive and council		4 510	4 510	4 510	4 510	4 510	4 510	4 510	4 510	4 510	4 510	4 510	4 510	54 126		
Finance and administration		11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	133 165		
Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	139 955		
<b>Community and public safety</b>		3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	41 230		
Community and social services		2 336	2 336	2 336	2 336	2 336	2 336	2 336	2 336	2 336	2 336	2 336	2 336	28 037		
Sport and recreation		993	993	993	993	993	993	993	993	993	993	993	993	29 143		
Public safety		105	105	105	105	105	105	105	105	105	105	105	105	30 434		
Housing		2	2	2	2	2	2	2	2	2	2	2	2	11 913		
Health		—	—	—	—	—	—	—	—	—	—	—	—	11 809		
<b>Economic and environmental serv</b>		6 490	6 490	6 490	6 490	6 490	6 490	6 490	6 490	6 490	6 490	6 490	6 490	77 880		
Planning and development		1 964	1 964	1 964	1 964	1 964	1 964	1 964	1 964	1 964	1 964	1 964	1 964	23 564		
Road transport		4 216	4 216	4 216	4 216	4 216	4 216	4 216	4 216	4 216	4 216	4 216	4 216	21 589		
Environmental protection		310	310	310	310	310	310	310	310	310	310	310	310	22 445		
<b>Trading services</b>		5 692	5 692	5 692	5 692	5 692	5 692	5 692	5 692	5 692	5 692	5 692	5 692	77 043		
Energy sources		4 687	4 687	4 687	4 687	4 687	4 687	4 687	4 687	4 687	4 687	4 687	4 687	23 564		
Water management		—	—	—	—	—	—	—	—	—	—	—	—	21 589		
Waste water management		233	233	233	233	233	233	233	233	233	233	233	233	22 445		
Waste management		772	772	772	772	772	772	772	772	772	772	772	772	50 592		
<b>Other</b>		—	—	—	—	—	—	—	—	—	—	—	—	51 565		
<b>Total Expenditure - Functional</b>		31 226	31 226	31 226	31 226	31 226	31 226	31 226	31 226	31 226	31 226	31 226	31 226	374 709		
<b>Surplus/(Deficit) before assoc.</b>		84	84	84	84	84	84	84	84	84	84	84	84	1 003		
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	9 142		
<b>Surplus/(Deficit)</b>		84	84	84	84	84	84	84	84	84	84	84	84	17 725		

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

KZN291 Mandeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)														Medium Term Revenue and Expenditure Framework		
Description	Re	Budget Year 2022/23												Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June			
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 sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive and council		52	52	52	52	52	52	52	52	52	52	52	52	620	-	-
Vote 2 - Finance and administration		825	825	825	825	825	825	825	825	825	825	825	825	9 900	-	-
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		540	540	540	540	540	540	540	540	540	540	540	540	6 475	-	-
Vote 5 - Sport and Recreation		1 262	1 262	1 262	1 262	1 262	1 262	1 262	1 262	1 262	1 262	1 262	1 262	15 143	-	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	23 940	-	-
Vote 9 - Road transport		1 730	1 730	1 730	1 730	1 730	1 730	1 730	1 730	1 730	1 730	1 730	1 730	20 763	39 636	41 334
Vote 10 - Energy sources		764	764	764	764	764	764	764	764	764	764	764	764	9 170	-	-
Vote 11 - Waste Management		510	510	510	510	510	510	510	510	510	510	510	510	6 120	-	-
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>	2	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>92 131</b>	<b>39 636</b>	<b>41 334</b>
<b>Total Capital Expenditure</b>	2	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>7 678</b>	<b>92 131</b>	<b>39 636</b>	<b>41 334</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 2022/23												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Capital Expenditure - Functional</b>	1															
<b>Governance and administration</b>		877	877	877	877	877	877	877	877	877	877	877	877	10 520	-	-
Executive and council		52	52	52	52	52	52	52	52	52	52	52	52	620	-	-
Finance and administration		825	825	825	825	825	825	825	825	825	825	825	825	9 900	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		1 801	1 801	1 801	1 801	1 801	1 801	1 801	1 801	1 801	1 801	1 801	1 801	21 618	-	-
Community and social services		540	540	540	540	540	540	540	540	540	540	540	540	6 475	-	-
Sport and recreation		1 262	1 262	1 262	1 262	1 262	1 262	1 262	1 262	1 262	1 262	1 262	1 262	15 143	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental serv</b>		3 725	3 725	3 725	3 725	3 725	3 725	3 725	3 725	3 725	3 725	3 725	3 725	44 703	39 636	41 334
Planning and development		1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	23 940	-	-
Road transport		1 730	1 730	1 730	1 730	1 730	1 730	1 730	1 730	1 730	1 730	1 730	1 730	20 763	39 636	41 334
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	15 290	-	-
Energy sources		764	764	764	764	764	764	764	764	764	764	764	764	9 170	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		510	510	510	510	510	510	510	510	510	510	510	510	6 120	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	2	7 678	7 678	7 678	7 678	7 678	7 678	7 678	7 678	7 678	7 678	7 678	7 678	92 131	39 636	41 334
<b>Funded by:</b>																
National Government		3 173	3 173	3 173	3 173	3 173	3 173	3 173	3 173	3 173	3 173	3 173	3 173	38 082	39 636	41 334
Provincial Government		32	32	32	32	32	32	32	32	32	32	32	32	380	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental Agencies,		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	38 462	39 636	41 334
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		4 472	4 472	4 472	4 472	4 472	4 472	4 472	4 472	4 472	4 472	4 472	4 472	53 669	-	-
<b>Total Capital Funding</b>		7 678	7 678	7 678	7 678	7 678	7 678	7 678	7 678	7 678	7 678	7 678	7 678	92 131	39 636	41 334

Table 47 MBRR SA30 - Budgeted monthly cash flow

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS													Medium Term Revenue and Expenditure Framework		
Budget Year 2022/23													Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June			
<b>Cash Receipts By Source</b>															
Property rates	2 037	2 037	2 037	2 037	2 037	2 037	2 037	2 037	2 037	2 037	2 037	2 037	24 440	25 516	26 662
Service charges - electricity revenue	3 403	3 403	3 403	3 403	3 403	3 403	3 403	3 403	3 403	3 403	3 403	3 403	40 832	42 629	44 544
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	375	375	375	375	375	375	375	375	375	375	375	375	4 502	4 700	4 912
Rental of facilities and equipment	15	15	15	15	15	15	15	15	15	15	15	15	178	186	194
Interest earned - external investments	481	481	481	481	481	481	481	481	481	481	481	481	5 775	6 029	6 300
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1	1	1	1	1	1	1	1	1	1	1	1	14	14	14
Licences and permits	58	58	58	58	58	58	58	58	58	58	58	58	692	722	751
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	19 274	19 274	19 274	19 274	19 274	19 274	19 274	19 274	19 274	19 274	19 274	19 274	231 285	248 514	264 254
Other revenue	62	62	62	62	62	62	62	62	62	62	62	62	744	777	810
<b>Cash Receipts by Source</b>	<b>25 705</b>	<b>25 705</b>	<b>25 705</b>	<b>25 705</b>	<b>25 705</b>	<b>25 705</b>	<b>25 705</b>	<b>25 705</b>	<b>25 705</b>	<b>25 705</b>	<b>25 705</b>	<b>25 705</b>	<b>308 462</b>	<b>329 087</b>	<b>348 453</b>
<b>Other Cash Flows by Source</b>															
Transfers and Subsidies - Capital (monetary allocations) (National / Provincial and District)	4 449	4 449	4 449	4 449	4 449	4 449	4 449	4 449	4 449	4 449	4 449	4 449	53 384	39 636	41 332
(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 investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>30 154</b>	<b>30 154</b>	<b>30 154</b>	<b>30 154</b>	<b>30 154</b>	<b>30 154</b>	<b>30 154</b>	<b>30 154</b>	<b>30 154</b>	<b>30 154</b>	<b>30 154</b>	<b>30 154</b>	<b>361 846</b>	<b>368 723</b>	<b>389 785</b>
<b>Cash Payments by Type</b>															
Employee related costs	11 287	11 287	11 287	11 287	11 287	11 287	11 287	11 287	11 287	11 287	11 287	11 287	135 445	141 404	147 753
Remuneration of councillors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance charges	218	218	218	218	218	218	218	218	218	218	218	218	2 610	2 725	2 840
Bulk purchases - electricity	3 603	3 603	3 603	3 603	3 603	3 603	3 603	3 603	3 603	3 603	3 603	3 603	43 239	45 142	47 620
Acquisitions - water & other inventory	391	391	391	391	391	391	391	391	391	391	391	391	4 691	4 654	4 720
Contracted services	5 939	5 939	5 939	5 939	5 939	5 939	5 939	5 939	5 939	5 939	5 939	5 939	71 267	69 559	72 564
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	5 384	5 384	5 384	5 384	5 384	5 384	5 384	5 384	5 384	5 384	5 384	5 384	64 612	60 161	60 777
<b>Cash Payments by Type</b>	<b>26 822</b>	<b>26 822</b>	<b>26 822</b>	<b>26 822</b>	<b>26 822</b>	<b>26 822</b>	<b>26 822</b>	<b>26 822</b>	<b>26 822</b>	<b>26 822</b>	<b>26 822</b>	<b>26 822</b>	<b>321 865</b>	<b>323 644</b>	<b>336 253</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	8 924	8 924	8 924	8 924	8 924	8 924	8 924	8 924	8 924	8 924	8 924	8 924	107 093	39 636	41 332
Repayment of borrowing	33	33	33	33	33	33	33	33	33	33	33	33	400	400	400
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>35 780</b>	<b>35 780</b>	<b>35 780</b>	<b>35 780</b>	<b>35 780</b>	<b>35 780</b>	<b>35 780</b>	<b>35 780</b>	<b>35 780</b>	<b>35 780</b>	<b>35 780</b>	<b>35 780</b>	<b>429 357</b>	<b>363 680</b>	<b>378 020</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(5 626)</b>	<b>(5 626)</b>	<b>(5 626)</b>	<b>(5 626)</b>	<b>(5 626)</b>	<b>(5 626)</b>	<b>(5 626)</b>	<b>(5 626)</b>	<b>(5 626)</b>	<b>(5 626)</b>	<b>(5 626)</b>	<b>(5 626)</b>	<b>(67 511)</b>	<b>5 043</b>	<b>11 751</b>
Cash/cash equivalents at the month/year	141 233	135 607	129 981	124 355	118 729	113 103	107 477	101 851	96 225	90 599	84 973	79 347	141 233	73 721	78 764
Cash/cash equivalents at the month/year	135 607	129 981	124 355	118 729	113 103	107 477	101 851	96 225	90 599	84 973	79 347	73 721	73 721	78 765	90 520

### **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 1	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure on new assets by Asset Class/Sub-class										
<b>Infrastructure</b>		<b>11 958</b>	<b>7 228</b>	<b>6 283</b>	<b>2 062</b>			<b>7 803</b>		
Roads Infrastructure		6 283	7 228	6 283	2 062			4 403		
Roads		6 283	7 228	6 283	2 062			4 403		
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure										
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		5 675						1 800		
Power Plants										
HV Substations								1 800		
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks		5 675								
Capital Spares										
Solid Waste Infrastructure								1 600		
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points								1 600		
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
<b>Community Assets</b>		<b>5 598</b>	<b>5 223</b>	<b>11 404</b>	<b>18 268</b>	<b>13 575</b>	<b>13 575</b>	<b>30 576</b>		
Community Facilities		5 297	4 922	6 864	14 903	8 425	8 425	18 336		
Halls		5 272	3 470	1 113	7 668	3 107	3 107	3 636		
Centres		25	1 451	5 537	5 135	4 118	4 118	9 200		
Libraries					250	350	350	200		
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls				214	1 850	850	850	5 300		
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		301	301	4 540	3 364	5 151	5 151	12 240		
Indoor Facilities										
Outdoor Facilities		301	301	4 540	3 364	5 151	5 151	12 240		
Capital Spares										
<b>Other assets</b>					<b>300</b>	<b>300</b>	<b>300</b>	<b>400</b>		
Operational Buildings					300	300	300	400		
Municipal Offices					300	300	300	300		
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores								100		
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
<b>Biological or Cultivated Assets</b>										
Biological or Cultivated Assets										
<b>Intangible Assets</b>										
Servitudes										
Licences and Rights										
<b>Computer Equipment</b>					1 330	2 840	2 840	140		
Computer Equipment					1 330	2 840	2 840	140		
<b>Furniture and Office Equipment</b>		18 400	18 400	19 890	710	570	570	1 183		
Furniture and Office Equipment		18 400	18 400	19 890	710	570	570	1 183		
<b>Machinery and Equipment</b>					7 770	10 690	10 690	5 066		
Machinery and Equipment					7 770	10 690	10 690	5 066		
<b>Transport Assets</b>					4 350	5 300	5 300	9 450		
Transport Assets					4 350	5 300	5 300	9 450		
<b>Land</b>						420	420			
Land						420	420			
<b>Zoo's, Marine and Non-biological Assets</b>										
Zoo's, Marine and Non-biological Assets										
<b>Total Capital Expenditure on new</b>	<b>1</b>	<b>35 955</b>	<b>30 851</b>	<b>37 577</b>	<b>34 790</b>	<b>33 695</b>	<b>33 695</b>	<b>54 618</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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>	<b>1</b>									
<b>Infrastructure</b>		<b>69 706</b>	<b>75 378</b>	<b>80 165</b>	<b>4 000</b>	-	-	-	-	-
Roads Infrastructure		49 222	54 902	59 606	4 000	-	-	-	-	-
Roads		2 645	2 645	2 645	4 000	-	-	-	-	-
Road Structures		38 718	38 326	42 059	-	-	-	-	-	-
Road Furniture		7 859	13 931	14 902	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		20 484	20 476	20 559	-	-	-	-	-	-
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		14 604	14 604	14 604	-	-	-	-	-	-
LV Networks		5 879	5 871	5 955	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>44 410</b>	<b>45 964</b>	<b>43 387</b>	<b>300</b>	-	-	<b>2 000</b>	-	-
Community Facilities		41 950	43 505	40 928	300	-	-	2 000	-	-
Halls		14 409	14 409	14 409	-	-	-	-	-	-
Centres		21 158	21 158	17 959	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		3 611	5 165	5 787	-	-	-	-	-	-
Cemeteries/Crematoria		-	-	-	-	-	-	-	-	-
Police		-	-	-	-	-	-	-	-	-
Parks		-	-	-	-	-	-	-	-	-
Public Open Space		-	-	-	-	-	-	-	-	-
Nature Reserves		-	-	-	-	-	-	-	-	-
Public Ablution Facilities		507	507	507	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Stalls		2 266	2 266	2 266	300	-	-	2 000	-	-
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>400</b>	<b>219</b>	<b>219</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		-	-	-	400	219	219	-	-	-
Municipal Offices		-	-	-	400	219	219	-	-	-
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<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>5 017</b>	<b>5 309</b>	<b>5 412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		5 017	5 309	5 412	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		<b>5 791</b>	<b>6 328</b>	<b>7 220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Furniture and Office Equipment		5 791	6 328	7 220	-	-	-	-	-	-
<b>Machinery and Equipment</b>		<b>12 015</b>	<b>12 282</b>	<b>16 190</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and Equipment		12 015	12 282	16 190	-	-	-	-	-	-
<b>Transport Assets</b>		<b>14 576</b>	<b>16 565</b>	<b>20 115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transport Assets		14 576	16 565	20 115	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>1</b>	<b>151 515</b>	<b>161 826</b>	<b>172 489</b>	<b>4 700</b>	<b>219</b>	<b>219</b>	<b>2 000</b>	<b>-</b>	<b>-</b>
<b>Renewal of Existing Assets as % of Total Expenditure</b>		<b>301.7%</b>	<b>63.6%</b>	<b>63.3%</b>	<b>6.4%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>2.2%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Renewal of Existing Assets as % of Total Expenditure</b>		<b>559.0%</b>	<b>558.7%</b>	<b>586.7%</b>	<b>14.4%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>5.9%</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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>5 873</b>	<b>3 713</b>	<b>6 983</b>	<b>12 450</b>	<b>12 100</b>	<b>12 100</b>	<b>12 450</b>	<b>12 476</b>	<b>13 037</b>
Roads Infrastructure		3 884	2 337	4 731	4 950	5 150	5 150	6 400	6 160	6 437
Roads		3 711	2 337	4 464	4 250	4 450	4 450	5 950	5 690	5 946
Road Structures		173	—	241	350	350	350	300	313	327
Road Furniture		—	—	26	350	350	350	150	157	164
Capital Spares		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		120	73	751	1 250	1 250	1 250	1 150	1 201	1 255
Drainage Collection		120	73	653	1 250	1 250	1 250	1 150	1 201	1 255
Storm water Conveyance		—	—	98	—	—	—	—	—	—
Attenuation		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		1 790	991	1 279	3 250	3 550	3 550	4 200	4 385	4 582
Power Plants		—	2	27	150	150	150	200	209	218
HV Substations		82	—	—	—	—	—	—	—	—
HV Switching Station		—	—	—	—	—	—	—	—	—
HV Transmission Conductors		—	449	41	600	1 300	1 300	2 000	2 088	2 182
MV Substations		552	0	6	150	150	150	50	52	55
MV Switching Stations		—	—	—	—	—	—	—	—	—
MV Networks		—	24	27	200	120	120	200	209	218
LV Networks		528	291	310	1 250	850	850	750	783	818
Capital Spares		628	225	868	900	980	980	1 000	1 044	1 091
Information and Communication Infra		78	312	223	3 000	2 150	2 150	700	731	764
Data Centres		78	0	—	—	—	—	—	—	—
Core Layers		0	312	223	3 000	2 150	2 150	700	731	764
Distribution Layers		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
<b>Community Assets</b>		<b>284</b>	<b>367</b>	<b>1 656</b>	<b>2 075</b>	<b>1 375</b>	<b>1 375</b>	<b>1 620</b>	<b>1 065</b>	<b>1 113</b>
Community Facilities		6	245	1 118	825	625	625	270	282	295
Halls		—	—	—	—	—	—	—	—	—
Centres		—	—	816	—	—	—	—	—	—
Crèches		—	—	—	—	—	—	—	—	—
Theatres		—	—	—	—	—	—	—	—	—
Libraries		—	245	213	225	25	25	20	21	22
Cemeteries/Crematoria		—	—	—	—	—	—	—	—	—
Police		—	—	—	—	—	—	—	—	—
Parks		6	—	89	100	100	100	150	157	164
Public Open Space		—	—	—	—	—	—	—	—	—
Nature Reserves		—	—	—	300	300	300	—	—	—
Airports		—	—	—	—	—	—	—	—	—
Taxi Ranks/Bus Terminals		—	—	—	200	200	200	100	104	109
Capital Spares		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		279	123	538	1 250	750	750	1 350	783	818
Indoor Facilities		—	—	—	—	—	—	—	—	—
Outdoor Facilities		279	123	538	1 250	750	750	1 350	783	818
Capital Spares		—	—	—	—	—	—	—	—	—
<b>Other assets</b>		<b>144</b>	<b>514</b>	<b>347</b>	<b>250</b>	<b>200</b>	<b>200</b>	<b>265</b>	<b>277</b>	<b>289</b>
Operational Buildings		144	514	347	250	200	200	265	277	289
Municipal Offices		144	514	347	250	200	200	265	277	289
Pay/Enquiry Points		—	—	—	—	—	—	—	—	—
<b>Biological or Cultivated Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
<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>164</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Computer Equipment		—	164	—	—	—	—	—	—	—
<b>Furniture and Office Equipment</b>		<b>—</b>	<b>103</b>	<b>99</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Furniture and Office Equipment		—	103	99	—	—	—	—	—	—
<b>Machinery and Equipment</b>		<b>3 129</b>	<b>3 088</b>	<b>10 044</b>	<b>4 500</b>	<b>5 500</b>	<b>5 500</b>	<b>5 000</b>	<b>5 220</b>	<b>5 455</b>
Machinery and Equipment		3 129	3 088	10 044	4 500	5 500	5 500	5 000	5 220	5 455
<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>Total Repairs and Maintenance E</b>	<b>1</b>	<b>9 431</b>	<b>7 949</b>	<b>19 129</b>	<b>19 275</b>	<b>19 175</b>	<b>19 175</b>	<b>19 335</b>	<b>19 037</b>	<b>19 894</b>
<b>R&amp;M as a % of PPE</b>		<b>2.1%</b>	<b>1.8%</b>	<b>4.2%</b>	<b>3.5%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>2.0%</b>	<b>3.4%</b>	<b>3.6%</b>
<b>R&amp;M as % Operating Expenditure</b>		<b>3.6%</b>	<b>2.8%</b>	<b>6.4%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>5.6%</b>	<b>9.1%</b>	<b>5.1%</b>	<b>5.1%</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	2022/23 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - Executive and council		620	–	–	551	575	601	50
Vote 2 - Finance and administration		9 900	–	–	8 794	9 189	9 603	6 619
Vote 3 - Internal audit		–	–	–	–	–	–	–
Vote 4 - Community and social service		6 475	–	–	5 752	6 010	6 281	7 097
Vote 5 - Sport and Recreation		15 143	–	–	13 450	14 056	14 688	7 907
Vote 6 - Public safety		–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–
Vote 8 - Planning and Development		23 940	–	–	21 265	22 222	23 222	8 308
Vote 9 - Road transport		20 763	39 636	41 334	18 443	19 273	20 140	38 510
Vote 10 - Energy sources		9 170	–	–	8 145	8 512	8 895	6 389
Vote 11 - Waste Management		6 120	–	–	5 436	5 681	5 936	4 400
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>92 131</b>	<b>39 636</b>	<b>41 334</b>	<b>81 835</b>	<b>85 518</b>	<b>89 366</b>	<b>79 280</b>
<b>Future operational costs by vote</b>	2							
Vote 1 - Executive and council		54 126	56 594	59 126	60 155	62 862	65 691	48 437
Vote 2 - Finance and administration		133 165	139 955	144 342	144 310	150 804	157 590	128 062
Vote 3 - Internal audit		–	–	–	–	–	–	–
Vote 4 - Community and social service		28 037	29 143	30 434	30 126	31 481	32 898	22 594
Vote 5 - Sport and Recreation		11 913	11 809	12 341	12 870	13 449	14 055	11 842
Vote 6 - Public safety		1 260	1 315	1 375	1 223	1 278	1 335	740
Vote 7 - Housing		20	21	22	23	24	25	20
Vote 8 - Planning and Development		23 564	21 589	22 445	23 250	24 296	25 390	21 232
Vote 9 - Road transport		56 242	58 716	61 810	55 023	57 499	60 086	44 869
Vote 10 - Energy sources		50 592	51 565	53 885	55 684	58 190	60 809	48 220
Vote 11 - Waste Management		12 066	12 597	13 164	13 735	14 353	14 999	11 093
Vote 12 - Environmental Protection		3 725	3 888	4 063	4 195	4 384	4 581	2 619
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>374 709</b>	<b>387 194</b>	<b>403 007</b>	<b>400 594</b>	<b>418 621</b>	<b>437 459</b>	<b>339 729</b>
<b>Future revenue by source</b>	3							
Property rates		48 880	51 031	53 327	55 727	58 235	60 855	46 642
Service charges - electricity revenue		42 981	44 872	46 891	49 001	51 207	53 511	39 216
Service charges - water revenue		–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–
Service charges - refuse revenue		10 004	10 445	10 915	11 406	11 919	12 455	9 546
Rental of facilities and equipment		178	186	194	203	212	222	170
<i>Other Revenue</i>		11 161	11 652	12 176	12 724	13 297	13 895	12 121
<i>Transfers and subsidies</i>		262 507	278 150	297 228	310 603	324 580	339 187	258 713
<b>Total future revenue</b>		<b>375 712</b>	<b>396 336</b>	<b>420 732</b>	<b>439 665</b>	<b>459 450</b>	<b>480 125</b>	<b>366 408</b>
<b>Net Financial Implications</b>		<b>91 128</b>	<b>30 494</b>	<b>23 609</b>	<b>42 765</b>	<b>44 689</b>	<b>46 700</b>	<b>52 601</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 2022/23 MTREF during June 2022 directly aligned and informed by the 2022/23 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>										
<b>REVENUE ITEMS:</b>										
<b>Property rates</b>										
	6									
Total Property Rates		49 130	46 606	58 285	63 060	69 060	69 060	59 799	62 430	65 239
Less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		(9 050)		(7 415)	16 418	22 418	22 418	10 919	11 399	11 912
<b>Net Property Rates</b>		<b>58 180</b>	<b>46 606</b>	<b>65 700</b>	<b>46 642</b>	<b>46 642</b>	<b>46 642</b>	<b>48 880</b>	<b>51 031</b>	<b>53 327</b>
<b>Service charges - electricity revenue</b>										
	6									
Total Service charges - electricity revenue		24 368	29 909	34 672	39 216	39 216	39 216	42 981	44 872	46 891
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>24 368</b>	<b>29 909</b>	<b>34 672</b>	<b>39 216</b>	<b>39 216</b>	<b>39 216</b>	<b>42 981</b>	<b>44 872</b>	<b>46 891</b>
<b>Service charges - refuse revenue</b>										
	6									
Total refuse removal revenue		8 911	8 534	9 150	10 353	10 353	10 353	10 850	11 328	11 837
Total landfill revenue										
Less Revenue Foregone (in excess of one removal a week to indigent households)					807	807	807	846	883	923
Less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-
<b>Net Service charges - refuse revenue</b>		<b>8 911</b>	<b>8 534</b>	<b>9 150</b>	<b>9 546</b>	<b>9 546</b>	<b>9 546</b>	<b>10 004</b>	<b>10 445</b>	<b>10 915</b>
<b>Other Revenue by source</b>										
Administrative Handling Fees		-	-	-	-	-	-	-	-	-
Bad Debts Recovered		-	-	-	-	-	-	-	-	-
Breakages and Losses Recovered		-	-	-	-	-	-	-	-	-
Collection Charges		53	74	95	132	132	132	139	145	151
Commission		84	87	93	100	100	100	105	109	114
Insurance Refund		0	262	191	-	1 167	1 167	-	-	-
Sale of Property		-	-	-	-	-	-	-	-	-
Merchandising, Jobbing and Contracts		-	-	-	-	-	-	-	-	-
Bursary Repayment		-	-	-	-	-	-	-	-	-
Recovery Infrastructure Maintenance		-	-	-	-	-	-	-	-	-
Skills Development Levy Refund		196	450	135	-	79	79	-	-	-
Arbor City Awards Competition		-	-	-	-	-	-	-	-	-
Other Revenue		683	903	863	408	478	478	501	523	546
<b>Total 'Other' Revenue</b>	1	<b>1 015</b>	<b>1 776</b>	<b>1 378</b>	<b>640</b>	<b>1 956</b>	<b>1 956</b>	<b>744</b>	<b>777</b>	<b>812</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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>										
<b>EXPENDITURE ITEMS:</b>										
<b>Employee related costs</b>										
Basic Salaries and Wages	2	60 057	69 108	71 865	76 772	78 022	78 022	85 058	88 801	92 797
Pension and UIF Contributions		8 780	9 880	10 682	10 766	10 766	10 766	12 208	12 745	13 318
Medical Aid Contributions		3 952	5 194	5 722	3 949	3 949	3 949	5 500	5 742	6 000
Overtime		1 386	1 341	1 437	920	920	920	1 140	1 190	1 244
Performance Bonus		3 530	4 090	5 882	5 581	5 581	5 581	6 032	6 298	6 581
Motor Vehicle Allowance		4 664	4 594	4 715	5 101	5 101	5 101	5 483	5 724	5 982
Cellphone Allowance		638	630	655	651	651	651	717	749	782
Housing Allowances		489	412	552	522	522	522	569	594	620
Other benefits and allowances		50	55	1 037	57	57	57	1 091	1 139	1 190
Payments in lieu of leave		—	3 421	2 927	3 500	3 500	3 500	1 719	1 795	1 876
Long service awards		—	260	378	—	—	—	1 246	1 301	1 359
Post-retirement benefit obligations	4	736	715	3 465	—	—	—	—	—	—
<b>sub-total</b>	5	<b>84 280</b>	<b>99 700</b>	<b>109 315</b>	<b>107 819</b>	<b>109 069</b>	<b>109 069</b>	<b>120 763</b>	<b>126 076</b>	<b>131 750</b>
Less: Employees costs capitalised to PPE		—	—	—	—	—	—	—	—	—
<b>Total Employee related costs</b>	1	<b>84 280</b>	<b>99 700</b>	<b>109 315</b>	<b>107 819</b>	<b>109 069</b>	<b>109 069</b>	<b>120 763</b>	<b>126 076</b>	<b>131 750</b>
<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment		26 829	28 821	29 296	32 726	32 726	32 726	33 549	35 025	36 601
Lease amortisation		274	146	106	—	—	—	198	207	216
Capital asset impairment		609	1 331	2 447	—	—	—	—	—	—
<b>Total Depreciation &amp; asset impairment</b>	1	<b>27 712</b>	<b>30 298</b>	<b>31 848</b>	<b>32 726</b>	<b>32 726</b>	<b>32 726</b>	<b>33 747</b>	<b>35 232</b>	<b>36 817</b>
<b>Bulk purchases - electricity</b>										
Electricity bulk purchases		22 907	26 098	28 816	35 143	36 643	36 643	43 239	45 142	47 624
<b>Total bulk purchases</b>	1	<b>22 907</b>	<b>26 098</b>	<b>28 816</b>	<b>35 143</b>	<b>36 643</b>	<b>36 643</b>	<b>43 239</b>	<b>45 142</b>	<b>47 624</b>
<b>Transfers and grants</b>										
Cash transfers and grants		—	—	1 557	—	—	—	—	—	—
Non-cash transfers and grants		—	—	—	—	—	—	—	—	—
<b>Total transfers and grants</b>	1	<b>—</b>	<b>—</b>	<b>1 557</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Contracted services</b>										
<i>Outsourced Services</i>		19 135	17 107	17 770	24 728	23 804	23 804	34 116	33 954	33 552
<i>Consultants and Professional Services</i>		4 928	3 884	6 232	7 013	8 638	8 638	10 611	11 078	11 577
<i>Contractors</i>		15 016	13 802	23 867	24 978	24 533	24 533	26 541	26 257	27 439
<b>Total contracted services</b>		<b>39 078</b>	<b>34 792</b>	<b>47 869</b>	<b>56 718</b>	<b>56 975</b>	<b>56 975</b>	<b>71 267</b>	<b>71 289</b>	<b>72 567</b>
<b>Other Expenditure By Type</b>										
Collection costs		—	—	—	1 350	1 700	1 700	2 500	2 610	2 727
Contributions to 'other' provisions		—	—	—	—	—	—	—	—	—
Audit fees		1 943	2 367	1 745	2 000	2 000	2 000	2 000	2 088	2 182
<i>Other Expenditure</i>		26 631	27 963	28 990	39 739	45 164	45 164	43 412	44 679	46 708
<b>Total 'Other' Expenditure</b>	1	<b>28 573</b>	<b>30 329</b>	<b>30 735</b>	<b>43 089</b>	<b>48 864</b>	<b>48 864</b>	<b>47 912</b>	<b>49 377</b>	<b>51 617</b>
<b>Repairs and Maintenance</b>										
Employee related costs	8	—	—	—	23 633	23 633	23 633	24 791	26 006	26 006
Inventory Consumed (Project Maintenance)		—	—	—	2 288	2 288	2 288	3 230	3 165	3 192
Contracted Services		9 431	7 949	19 129	19 275	19 175	19 175	19 335	19 037	19 894
Other Expenditure		—	—	—	3 804	3 804	3 804	2 180	2 281	2 384
<b>Total Repairs and Maintenance Expenditure</b>	9	<b>9 431</b>	<b>7 949</b>	<b>19 129</b>	<b>49 001</b>	<b>48 901</b>	<b>48 901</b>	<b>49 536</b>	<b>50 490</b>	<b>51 476</b>
<b>Inventory Consumed</b>										
Inventory Consumed - Water		—	—	—	—	—	—	—	—	—
Inventory Consumed - Other		(508)	(980)	(864)	2 288	2 121	2 121	4 691	4 654	4 727
<b>Total Inventory Consumed &amp; Other Material</b>		<b>(508)</b>	<b>(980)</b>	<b>(864)</b>	<b>2 288</b>	<b>2 121</b>	<b>2 121</b>	<b>4 691</b>	<b>4 654</b>	<b>4 727</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
R thousand	1																
<b>Revenue By Source</b>																	
Property rates		–	48 880	–	–	–	–	–	–	–	–	–	–	–	–	–	48 880
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	42 981	–	–	–	–	–	42 981
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	10 004	–	–	–	–	10 004
Rental of facilities and equipment		–	–	–	178	–	–	–	–	–	–	–	–	–	–	–	178
Interest earned - external investments		–	5 700	–	–	–	–	–	–	–	–	–	–	–	–	–	5 700
Interest earned - outstanding debtors		–	2 793	–	–	–	–	–	–	–	105	849	–	–	–	–	3 747
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	10	–	–	–	–	267	–	–	–	–	–	–	278
Licences and permits		–	–	–	–	–	–	–	692	–	–	–	–	–	–	–	692
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other revenue		7 806	206 862	–	3 773	–	–	–	5 374	–	–	–	–	–	–	–	223 815
Transfers and subsidies		–	401	–	31	–	–	–	173	–	139	–	–	–	–	–	744
Gains		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital tra</b>		<b>7 806</b>	<b>264 636</b>	<b>–</b>	<b>3 993</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5 547</b>	<b>959</b>	<b>43 225</b>	<b>10 853</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>337 020</b>
<b>Expenditure By Type</b>																	
Employee related costs		15 119	35 817	–	16 295	4 777	–	–	15 707	20 466	3 185	6 000	3 396	–	–	–	120 763
Remuneration of councillors		14 682	–	–	–	–	–	–	–	–	–	–	–	–	–	–	14 682
Debt impairment		–	35 798	–	–	–	–	–	–	–	–	–	–	–	–	–	35 798
Depreciation & asset impairment		–	4 848	–	1 910	1 926	–	–	–	23 957	1 105	–	–	–	–	–	33 747
Finance charges		–	2 610	–	–	–	–	–	–	–	–	–	–	–	–	–	2 610
Bulk purchases - electricity		–	–	–	–	–	–	–	–	–	43 239	–	–	–	–	–	43 239
Inventory consumed		710	100	–	2 301	10	–	–	1 570	–	–	–	–	–	–	–	4 691
Contracted services		9 764	28 427	–	6 495	4 955	600	20	5 237	8 250	4 150	3 220	150	–	–	–	71 267
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure		13 851	25 566	–	1 037	244	660	–	1 049	719	4 563	45	178	–	–	–	47 912
Losses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>54 126</b>	<b>133 165</b>	<b>–</b>	<b>28 037</b>	<b>11 913</b>	<b>1 260</b>	<b>20</b>	<b>23 564</b>	<b>53 392</b>	<b>56 242</b>	<b>9 266</b>	<b>3 725</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>374 709</b>
<b>Surplus/(Deficit)</b>		<b>(46 320)</b>	<b>131 471</b>	<b>–</b>	<b>(24 044)</b>	<b>(11 913)</b>	<b>(1 260)</b>	<b>(20)</b>	<b>(18 017)</b>	<b>(52 433)</b>	<b>(13 017)</b>	<b>1 588</b>	<b>(3 725)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(37 689)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	38 042	–	–	–	–	–	–	–	38 042
Transfers and subsidies - capital		–	–	–	650	–	–	–	–	–	–	–	–	–	–	–	650
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(46 320)</b>	<b>131 471</b>	<b>–</b>	<b>(23 394)</b>	<b>(11 913)</b>	<b>(1 260)</b>	<b>(20)</b>	<b>20 025</b>	<b>(52 433)</b>	<b>(13 017)</b>	<b>1 588</b>	<b>(3 725)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 003</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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Consumer debtors</b>										
Consumer debtors		185 882	223 989	153 101	287 437	203 342	203 342	229 224	225 581	233 884
Less: Provision for debt impairment		(119 467)	(155 135)	(105 743)	(243 344)	(181 199)	(181 199)	(197 128)	(191 694)	(199 880)
<b>Total Consumer debtors</b>	2	<b>66 414</b>	<b>68 854</b>	<b>47 358</b>	<b>44 093</b>	<b>22 143</b>	<b>22 143</b>	<b>32 096</b>	<b>33 887</b>	<b>34 004</b>
<b>Debt impairment provision</b>										
Balance at the beginning of the year		–	–	–	(205 859)	(139 813)	(139 813)	(152 580)	(147 821)	(154 325)
Contributions to the provision		(94 982)	(121 578)	(69 775)	(30 635)	(34 635)	(34 635)	(35 798)	(37 373)	(39 054)
Bad debts written off		(24 486)	(33 556)	(35 968)	(6 850)	(6 750)	(6 750)	(8 750)	(6 500)	(6 500)
<b>Balance at end of year</b>		<b>(119 467)</b>	<b>(155 135)</b>	<b>(105 743)</b>	<b>(243 344)</b>	<b>(181 199)</b>	<b>(181 199)</b>	<b>(197 128)</b>	<b>(191 694)</b>	<b>(199 880)</b>
<b>Opening Balance</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>815</b>	<b>666</b>	<b>666</b>	<b>565</b>	<b>614</b>	<b>634</b>
Acquisitions		–	–	–	623	623	623	–	–	–
Issues	7	406	770	666	(623)	(456)	(456)	(891)	(930)	(972)
Adjustments	8	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–
<b>Closing balance - Consumables Standard Rate</b>		<b>406</b>	<b>770</b>	<b>666</b>	<b>815</b>	<b>833</b>	<b>833</b>	<b>(326)</b>	<b>(317)</b>	<b>(338)</b>
<b>Zero Rated</b>										
<b>Opening Balance</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Acquisitions		–	–	–	800	800	800	3 800	3 723	3 755
Issues	7	–	–	–	(800)	(800)	(800)	–	–	–
Adjustments	8	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–
<b>Closing balance - Consumables Zero Rated</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3 800</b>	<b>3 723</b>	<b>3 755</b>
<b>Materials and Supplies</b>										
<b>Opening Balance</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>209</b>	<b>198</b>	<b>198</b>	<b>108</b>	<b>109</b>	<b>125</b>
Acquisitions		–	–	–	865	865	865	891	930	972
Issues	7	102	209	198	(865)	(865)	(865)	(3 800)	(3 723)	(3 755)
Adjustments	8	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–
<b>Closing balance - Materials and Supplies</b>		<b>102</b>	<b>209</b>	<b>198</b>	<b>209</b>	<b>198</b>	<b>198</b>	<b>(2 801)</b>	<b>(2 684)</b>	<b>(2 657)</b>
<b>Closing Balance - Inventory &amp; Consumables</b>		<b>508</b>	<b>980</b>	<b>864</b>	<b>1 025</b>	<b>1 031</b>	<b>1 031</b>	<b>673</b>	<b>723</b>	<b>760</b>
<b>Property, plant and equipment (PPE)</b>										
PPE at cost/valuation (excl. finance leases)		579 070	593 496	631 766	752 711	642 202	642 202	725 053	726 053	726 807
Leases recognised as PPE	3	32 382	35 176	43 526	–	–	–	–	–	–
Less: Accumulated depreciation		167 990	192 574	219 821	203 475	140 178	140 178	171 198	177 196	181 708
<b>Total Property, plant and equipment (PPE)</b>	2	<b>443 462</b>	<b>436 098</b>	<b>455 471</b>	<b>549 237</b>	<b>502 024</b>	<b>502 024</b>	<b>553 855</b>	<b>548 857</b>	<b>545 099</b>
<b>LIABILITIES</b>										
<b>Current liabilities - Borrowing</b>										
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		2 704	1 764	4 717	780	766	766	326	334	375
<b>Total Current liabilities - Borrowing</b>		<b>2 704</b>	<b>1 764</b>	<b>4 717</b>	<b>780</b>	<b>766</b>	<b>766</b>	<b>326</b>	<b>334</b>	<b>375</b>
<b>Trade and other payables</b>										
Trade Payables	5	19 811	19 738	30 033	9 106	24 590	24 590	39 031	36 267	37 858
Other creditors		1 234	2 248	58	–	–	–	–	–	–
Unspent conditional transfers		8 641	23 969	30 021	6 720	(375 552)	(375 552)	5 497	–	–
VAT		(852)	1 154	1 273	–	–	–	–	–	–
<b>Total Trade and other payables</b>	2	<b>28 834</b>	<b>47 109</b>	<b>61 385</b>	<b>15 826</b>	<b>(350 962)</b>	<b>(350 962)</b>	<b>44 528</b>	<b>36 267</b>	<b>37 858</b>
<b>Non current liabilities - Borrowing</b>										
Borrowing	4	–	–	–	725	–	–	–	–	–
Finance leases (including PPP asset element)		38	6	–	–	–	–	–	–	–
<b>Total Non current liabilities - Borrowing</b>		<b>38</b>	<b>6</b>	<b>–</b>	<b>725</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Provisions - non-current</b>										
Retirement benefits		14 015	15 827	18 697	20 198	24 327	24 327	27 394	28 185	29 167
Refuse landfill site rehabilitation		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
<b>Total Provisions - non-current</b>		<b>14 015</b>	<b>15 827</b>	<b>18 697</b>	<b>20 198</b>	<b>24 327</b>	<b>24 327</b>	<b>27 394</b>	<b>28 185</b>	<b>29 167</b>
<b>CHANGES IN NET ASSETS</b>										
<b>Accumulated Surplus/(Deficit)</b>										
Accumulated Surplus/(Deficit) - opening balance		–	–	–	654 567	665 573	665 573	674 107	675 396	672 464
GRAP adjustments		–	–	–	–	–	–	–	–	–
Restated balance		–	–	–	654 567	665 573	665 573	674 107	675 396	672 464
Surplus/(Deficit)		49 455	28 514	91 308	22 241	26 678	26 678	1 003	9 142	17 725
Transfers to/from Reserves		29 567	29 567	29 567	–	–	–	–	–	–
Depreciation offsets		178 196	178 196	178 196	–	–	–	–	–	–
Other adjustments		3 617	3 703	3 747	–	–	–	–	–	–
<b>Accumulated Surplus/(Deficit)</b>	1	<b>260 836</b>	<b>239 980</b>	<b>302 819</b>	<b>676 808</b>	<b>692 251</b>	<b>692 251</b>	<b>675 109</b>	<b>684 538</b>	<b>690 189</b>
<b>Reserves</b>										
Housing Development Fund		50 941	50 941	50 941	1 921	1 921	1 921	2 136	2 178	2 260
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>1 921</b>	<b>1 921</b>	<b>1 921</b>	<b>2 136</b>	<b>2 178</b>	<b>2 260</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>463 508</b>	<b>442 653</b>	<b>505 491</b>	<b>678 730</b>	<b>694 173</b>	<b>694 173</b>	<b>677 245</b>	<b>686 716</b>	<b>692 449</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	2018/19	2019/20	2020/21	Current Year	2022/23 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												





**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           31<sup>st</sup> March 2022