

MANDENI MUNICIPALITY (KZN 291) mSCOA FINAL 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 FINAL 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 MAY 2022 AT ISIBUSISWE HALL

PRESENTATION

OF:

2022-2023 FINAL BUDGET, IDP and SDBIP



Honorable Speaker,

Amakhosi Asendlunkulu

Deputy Mayor

Members of the Executive Committee

Chairperson of MPAC and the respected Committee

Honorable Councilors

Municipal Manager

Senior Management, Managers and staff

Ward Committees, Respected Members of the Public and

Various stakeholders and all protocol observed

It gives me great pleasure and honor to stand in front of you to present to Council

- The five-year Integrated Development Plan (IDP) 2023 - 2027
- Final mSCOA Annual Budget 2022/23 Medium Term Expenditure and Revenue Framework (MTREF)
- Final Schedule of Tariffs 2022/23
- Final Budget Related Policies
- Final Schedule of Service Delivery Standards MFMA Circular No.72
- MFMA Circular No.115 and 116 Municipal Budget Circular for the 2022/23 MTREF
- Provincial Treasury feedback on Assessment of Draft Budget 2022/23

Madam Speaker nomkhandlu wonke nezithameli zonke zomhlangano, Isifundazwe sakwaZulu-Natal sihlaselwe isimo sezikhukhula ngenyanga kaMbasa noNhlaba (April and May 2022) lapho nendawo yaseMandeni yakhahlamezeka ngesimo salezikhukhula. Imininingwane eyatholakala ngesikhathi kwenziwa ucwaningo ngomthelela odalwe izikhukhula iyaveza ukuthi kunemizi engaphezu kwamakhulu amabili namashumi ayisithupha eyachaphazeleka ngezindlela ezihlukene kodwa siyabonga kuMdali ukuthi ayikho imiphefumulo eyalahleka njengakwezinye izindawo. Selukhona uhlelo lokwakhiwa kwezindlu zesikhashana kulemizi eyasala ingenayo indawo yokufihla ikhanda, loluhlelo lwenziwa umnyango wezindlu nokuhlaliswa kwabantu (Dept of Human Settlements). Uhlelo lokuqala luveza ukuthi imizi ebalelwa Phakathi kwamashumi amane kuya emashumini ayisihlanu ezokwakhelwa lezizindlu zesikhashana.

Somlomo, ucwaningo luphinde luveze ukuthi cishe yonke imigwaqo yobhuqu (gravel) ekamasipala neyomnyango wazokuthutha (DoT) kwisifundazwe ilemele kanye neyetyela ezindaweni ezahlukeneyo. Nezindawo ezingamabhuloho ziye zalimala ngenxa yalezikhukhula okwenza isimo sibe nzima emiphakathini ngoba kunokuphazamiseka ukuhanjiswa kwezidingo nentuthuko yomphakathi. Kuyavela ukuthi imali ezodingakala ukulungisa noma ukubuyisela ingqalasizinda elimele esimeni esifanele kudingakala imali engaphezulu kwamakhulu amabili ezigidi (+R200 mil) zamarandi. Lokhu kuba isimo esingaphezulu kwamandla omkhandlu, ingakho siye safaka nesicelo kuhulumeni wesifundazwe nokazwelonke ukuthi silekeleleke ngezimali. Siyacela kumphakathi wakithi ukubekezelelelana lapho sisazama ukubuyisela isimo kwesijwayelekile noma esingcono.

Sidlulisa ukubonga kuzinhlaka ezahlukene eziye zelula isandla ukulekelela imphakathi ekhahlamezekile ngezinsiza ezahlukene, siyazi ukuthi angeke senele sonke ngesikhathi esisodwa.

Hon Speaker and Council, just to reflect on some progress made on implementation of the IDP and Budget under the current Financial Year (2021/22) I would like to highlight the following few projects:

- The municipality embarked on the project to construct the Drivers License and Testing Centre where in the process the municipality was not satisfied with the performance of the contractor hence it was terminated and new service provider to be appointed to finalise the project.
- The municipality implemented two projects on rehabilitation of internal roads in Ward 3 Kwatas / Quarters area and one project is complete and the other is over 95% complete.
- The municipality constructed Phase 1 of the Swimming Pool in Ward 15 with Phase 2 (changerooms, toilets, guard house and parking) at 50% construction stage.
- The municipality has recently launched the project on Rehabilitation of Manono Road in Ward 15 and the project of Rehabilitation of Msomuhle Road to be launched during the month of June 2022.
- The municipality constructed the link Road in Masomonco and this project also had some challenges with the contractor's performance and the quality which has been noted hence the corrective measures are put in place.
- Having heard the outcry of community about dark area contributing to crime incidents, the municipality has resorted to packaging a project for installing High Mast Lights at KwaSithebe Wards 16,17,18,10 Ekhenana and Ward 4 KwaHlomendlini and is at 90% awaiting for Eskom to energize.
- The municipality is addressing rural community access to social facilities and economic hub, hence the gravel road projects are under construction at Ward 6 and 11.
- Fencing of Ngcedomhlope Pitch is in progress and the fencing of KwaChili and KwaSithebe Sports Fields to commence during the month of June 2022.

- Kuyaqhubeka ukwakhiwa kwezindlu endaweni yakwaSithebe, eMacambini naseKhenana noma sibona ukuthi kumele kunyuswe isivinini kuloluhlele.
- Uhlelo lokulekelela lwabantu abasha abangamashumi amathathu nesithupha ukufundela izincwadi zokushayela.

Somlomo nomkhandlu wonke, bengikha phezulu nje izinto ezimbalwa khona kuningi okwenziwa umkhandlu kulonyaka mali ozophela ngenyanga ezoqala kusasa.

Madam Speaker and Council, this is a historical moment as this is the first Integrated Development Plan and Annual Budget for the new Council for the adoption. It is the IDP that carries the hopes of the communities that we proudly serve. We are equally able to use the benefit of hindsight to plan and budget for better interventions in the budget year.

To achieve sustained higher growth, there are also more fundamental, more radical transformation measures that are needed. These relate, in particular, to economic power. The relationships between labour and capital, rich and poor, black and white, men and women, town and township, urban and rural, still reflect the entrenched legacy of the past. Wealth is produced and allocated along lines that remain fundamentally unjust. The ownership of assets and the distribution of income is captured by a minority of the population – a situation that is morally wrong and economically unsustainable.

Today I am presenting to this council a budget for the year 2022/2023 of the Municipality as prescribed by the Municipal Finance Management Act (MFMA). Speaker this act requires that, in terms of chapter four the council must at least 30 days before the start of each year consider approval of the annual budget. It states that The Mayor of the municipality must table the budget at a council meeting at least by 31 May of each year.

It must be noted after council approved the draft budget in March, the Municipality has consulted the various stakeholders and communities on the IDP and 2022/23 Annual budget. Comments and inputs have been captured and factored in the final documents.

The act further states that an annual budget of the municipality must set out realistically anticipated revenue for the budget year and appropriate expenditure for the budget year under the different votes of the Municipality. Alignment of Integrated Development Plan with the budget is one of the critical undertakings that the current government has put on top of the agenda. The reasoning behind is to ensure that scarce resources are optimally allocated. Speaker it is for this background that I am presenting the budget report.

The most recent national disaster was declared in terms section of 27(1) of the Disaster Management Act, 2002 (Government Notice No. R. 2029) on 18 April 2022. The administration must ensure that internal controls are in place to ensure transparency and proper oversight and monitoring of expenditure when a disaster is declared. Further to ensure that appropriate delegations of authority related to budgeting, revenue, procurement and expenditure control management are in place to respond to unforeseen disasters.

Somlomo, what is also of great importance is that ongoing monthly monitoring and tracking progress by Council to allow for interventions in the event of wrongful expenditure and failures in service delivery.

The Financial records must be kept up to date and budgets, reporting and financial statements must be submitted in line with the reporting requirements and deadlines. The report and feedback from Provincial Treasury confirms that our municipality is in compliance with the MFMA regulations and that our **Budget is Funded**.

Value for money and efficiency in spending remain critical in our drive to ensure the effective management of public resources. We will also continue in making sure that we pay our service providers within thirty days as prescribed by the Act.

ECONOMIC OUTLOOK

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.

Low economic growth that is faced by the Country provides major challenges to us as a Local Government. Our financial situation is difficult, where we need to do more with less, but we have still produced a credible budget.

Sizimisele ukubeka konke okusemqoka eqhulwini, sisebenzise izimali ngendlela efanele, siqinisekise ukuthi izinhlelo zethu zishintsha izimpilo zabantu ngendlela efanele.

BUDGET SUMMARY

The Medium-Term Expenditure Framework proposes a total budget of **R367 million** for the 2022/23 financial year. It appropriates a total operating expenditure of **R361 million** and capital expenditure of **R 78 million**. The amount of **R72,9 million has been funded from the reserves / investments** which is funding the Capital budget and Depreciation for the year

Total operating revenue has increased by 2 per cent or R600 thousand for the 2022/2023 financial year when compared to the 2021/2022 Adjustments Budget.

Total operating expenditure for the 2022/2023 financial year has been appropriated at **R361, 7 million** and translates into a surplus budget of R5.3 million. Operational expenditure has increased by 5.8 per cent in the 2022/2023 budget and by 2.1 and 4.4 per cents for each of the respective outer years of the MTREF. Further to that it should also be noted that budget allocated has excluded VAT on all VATABLE Items in line with guidelines.

Total capital budget of R78,3 million has been committed for 2022/2023 however this shows decreased by 7.1 per cent when compared to the 2021/2022 Adjustment Budget.

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.

Citizens demand accountability to ensure public funds are used for their intended purposes. In Mahatma Gandhi's phrase: "Democracy is not a state in which people act like sheep." Umphakathi wase Mandeni awuzona izimvu ezithulayo bayasinika amaqhinga okuthi singayiqoqa kanjani imali yamarates and services.

Ms Phori : "I still wonder why we do not have TAX as a subject in school. Perhaps the government should educate people from a young age about tax, so that they will have an understanding that there is no government without taxpayers..." Quite right, Ms Phori!

Nothing for Mahhala izosilekelela ukuze sikwazi ukuqoqa siphinde sithuthukise umphakathi wethu.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality.

An increase of **4.8 per cent** is proposed to be effected on Rates Tariffs; **7.47 per cent** increase in proposed for electricity tariffs as NERSA approval, Refuse and other sources of revenue have been aligned to the Consumer Price Index (CPI) inflation of **4.8 per cent**. Siyakuqonda ukuthi abantu bakithi bathwele kanzima ngakwezomnotho njengoba nentengo kaPetrol inyuka ngamandla okunomthelele kumanani okudla kanye nezokuthutha, yingakho nomkhandlu unyuse izindleko ngo kuhambisana ne CPI.

NERSA has approved **7.47 per cent** tariff increase in 2022/23 financial Year and approved an increase of **8.6 per cent** for Bulk Purchase from EKOM in 2022/23 FY and this shows that the municipality will pay Eskom more than what they will charge the local consumers.

Further to that it should be noted that there is no allocation towards disaster relief grants for 2022/23 financial year in line with the recent floods hence we are still hoping for a positive response on our application. All grants to be received by the Municipality during 2022/23 FY are summarised as follow:

- 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.

The Employee related Costs are guided by The Salary and Wage Collective Agreement approved by the Bargaining Committee of the Central Council the salary and wage increase has been factored at **four comma nine percent (4.9%)** with effect from 1 July 2022.

The Remuneration of Councilors shall be in accordance with determination by National Minister of Cogta however the municipality has budgeted for a proposed increase of 4.8 percent increase aligned with CPI.

Somlomo nomkhandlu, sithe uma sibuka ukuhleleka kwezezimali nezidingo zomphakathi waseMandeni sakwazi ukubuka uhlelo lwentuthuko oludidiyelwe (IDP) ukuthi luzohamba kanjani eminyakeni emihlanu ezayo kodwa ngifisa ukunikezela isithombe ngentuthuko ehleliwe kulonyaka mali esizowuqala ngenyanga kaNtulikazi:

Kulonyakamali ka2022/23 sibeke imali engu R4.9 mil ukuqala ukwakha iground lakwaHlomendlini okuzogcina kudle imali elinganiselwa kuR8milion uma seliphelile; Sibeke imali engage R5.7mil ukuqedela ukwakhiwa kweSwimming Pool eWard 15 kanye nokulungiswa kwama Combo Courts eHighview nase Padianagar; sibeke imali engage R3.3 mil ukuqedele ihholo elakhiwayo e Ward 13; sizoghubeka nokufakelwa kwama Highmast Lights ngaphansi kwesigaba sesibili ngemali elinganiselwa kuR2.6 mil ezindaweni ezakhele uWard 3, 5, 9 no 12; sibeke eceleni imali engage R3.5 mil ukuthenga iloli Elisha lokuthutha udoti, R1.6 mil ukuthenga imigqomo emikhulu yokufaka udoti (waste skips) in all Municipal

Wards); sizothenga iloli lokuthutha inkwali ukulekelela ukulungiswa kwemigwaqo esemakhaya lapho sibeke uR3mil; ukuqhubeka nokwakhiwa kweDLTC ngemali elinganiselwa ku R7mil; ukulungiswa kukaManono noMsomuhle Road sibeke imali elinganiselwa ku R7 mil; ukufakelwa kwama Street Lights uma ungena eMandeni kuya kwaSappi noma usbheke edolobheni, sibeke uR1.8mil ukuqalisa lowomsebenzi. Siphinde sabeka imali engango R5mil ukuqala ukwakha izindawo zokusebenzela kosomabhisinisi abancane eKhenana. Siphinde sabeka imali elinganiselwa kuR2.3 mil ukulekelela nokuthuthukisa osomabhisinisi abancane eMandeni jikelele

Somlomo nomkhandlu sibeke imali engango R2mil ukuqala ukuhlelela amaprojects (planning and design) athinta ukulungiswa kwemigwaqo ne-storm water eMawadini aseSundumbili; umgwaqo omkhulu osuka eMachibini ubheke KwaSithebe; ukwakhiwa kwamaSportfield amasha eMabhanoyini; Ekhenana; Ward 1, 2 KwaSishi and 6 KwaMkhize; Community Hall eKhenana, Ward. Zikhina nezinye izindawo umphakathi oveze isidingo esikhulu samahholo namaground, ukuqala ukuhlelela lamaprojects kuzokwenza ukuthi uma esephasisiwe umnyango kaCogta ngaphansi kwe Municipal Infrastructure Grant sikwazi ukufaka imali eminyakeni elandelayo.

Somlomo nomkhandlu, siphinde sabeka imali yokufakelwa kukagesi esiyithola ku INEP, sizofakela ugesi endaweni yakwaMasomonco (Ward 10) ngo R2mil; Emhlangeni (Ward 5) ngo R2mil nasendaweni yasoKhovothi (Ward 11) ngoR2.2 mil.

Ikhona futhi imali esiybeke ecaleni engaphezulu kuka R4mil ethinta izinhlelo zokuthuthukiswa kwabantu abasha ngaphansi kwehhovisi labo uma ngibala okumbalwa- ukusizwa kwabantu abasha nge Drivers License Programme; School Bursaries; Sports and Artistic Development, kodwa angikusho Somlomo noSihlalo wekomidi labantu abasha ukuthi yonke iminyango eyahlukahlukene zining izinto ezenzayo ezithinta abantu abasha okusho ukuthi imali ezogcina ihlomulise ukuthuthukiswa kwabantu abasha ingaphezulu kuka R6 mil. Kulonyaka wezimali sihlelele ukuthenga imoto yehhovisi labantu abasha ukwenza umsebenzi walo wokuhambela amaWards kanye nendawo eziqondene nezinhlelo zokuthuthukiswa kwabantu abasha esifundazweni kube ubelula.

Ngiyethembe ukuthi luzoba khona uhlelo lwe-Youth Summit lapho abantu abasha bezokwazi ukubeka izinhlelo ezizobathuthukisa ngezindlela ezahlukene kule term of office.

The municipality understands the socio dynamics of its population and has set aside funds to respond to the needs of the marginalized and vulnerable groups in our society such as women, children, elderly and people living with disabilities etc.

Hon Speaker and Council, we shall continue to work together with the Department of Human Settlements in delivering houses under Macambini; Khenana and Isithebe Housing Development. Moreover, over the coming three years the municipality will embark on the process of ensuring that those who cannot afford bond from banks and also do not qualify for the BNG (Breaking New Ground) houses are afforded an opportunity to acquire property, develop their own houses through the FLISP program which is one of the government assistant program.

In as far government investment is concerned, it is anticipated that investment in the development of Community Residential Units (CRUs) eKhenani, will continue as planned, CRU will also target low income persons and households earning below R3500 per month who are not able to be accommodated in the formal private rental market.

We shall continue to pursue the Department to prioritise amongst others projects like Manda Farm Housing; Isikhonyane Housing Phase 2; Isithebe Semi-Urban Housing Project; Macambini new Housing Project and Thorny Park Housing Project.

Somlomo, bengikha phezulu nje okuqukethwe yi Integrated Development Plan ne Budget kodwa usomqulu ophelele wentuthuko edidiyelwe kuleminyaka emihlanu ezayo uzotholakala kuzona zonke izakhiwo zikamasipala, Website kant namaKhansela wonke anawo futhi sizonikeza nama Ward Committees wonke ukuze imiphakathi ifikelele kalula kuwona.

Over the next three years, we will have to adjust to significant changes in expenditure plans while improving accountability. The 2022/2023 Budget includes funding for initiatives to improve municipal revenue collection and support financially distressed municipalities.

It is therefore my pleasure to present to this Council and the Community at large the total Municipal Budget of **R440 035 886** for the 2022/23 Financial Year.

Somlomo and Council, after having considered the Community Needs as per the Final Integrated Development Plan and Budget for 2022/23, we further considered the element of human resources to drive the implementation of these two critical Municipal Strategic Service Delivery Plans hence the reviewed Organisational Structure for 2022/23 FY which is also aligned with the IDP and Budget.

The following was considered when finalising budget

- 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;
- Ensuring value for money through the procurement process;
- The affordability of providing free basic services to all households;
- Not taking on unfunded mandates;
- 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.

In Conclusion:

Therefore, I recommend that:

The Council considers and adopt the Five-Year Integrated Development Plan and mSCOA Budget for 2022/2023 MTREF and the Proposed Final Organisational Structure for 2022/23 as stated on the document of the Council Agenda **(C85, C86 and C88)** with all recommendations under each item.

Speaker, it is clear from what I have presented here today that we are focused and committed to our mandate to serve and to provide the necessary services, opportunities and development that our residents deserve and need;

- Bradley Vinson once said – “Money is a tool. Used properly it makes something beautiful; used wrong it makes a mess” •

Speaker, in closing I am deeply grateful for the invaluable inputs and feedback that we received from all stakeholders – the most important stakeholders, being our residents.

I thank you all

CLLR TP Mdlalose

The Mayor

1.2 Council Resolutions

Resolution No: C85

COUNCIL:31/05/22

On the Council of Mandeni Municipality met through Sibusisiwe Hall Mandeni to consider the mSCOA Final 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 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The mSCOA Annual Budget of the Municipality for the financial year 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 1st 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, 115 and 116 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* Final 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 31st May 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		
R thousands	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	328 592	348 402	370 728
Total Expenditure	258 420	283 370	299 817	324 012	341 779	341 779	361 725	370 138	386 344
Surplus/(Deficit) for the year	49 455	28 514	90 408	21 691	29 629	29 629	5 329	17 900	25 717
Capital expenditure & funds sources									
Capital expenditure	237 694	254 468	272 457	73 920	84 280	84 280	78 311	33 691	35 134

Total operating revenue has increased by 2 per cent or R600 thousand for the 2022/23 financial year when compared to the 2021/22 Adjustments Budget. For the two outer years, operational revenue will increase by 6.0 and 6.4 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 R361,7 million and translates into a surplus budget of R5.3 million.

Operational expenditure has increased by 5.8 per cent in the 2022/23 budget and the outer years have increased by 2.3 and 4.4 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R24.6 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 R78.3 million for 2022/23 has decreased by 7.1 per cent when compared to the 2021/22 Adjustment Budget. The capital programme decreases to R33.7 million from 2023/24 financial year and then increases in 2024/25 to R35.1 million.

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

1.4 Operating Revenue Framework

For Mandeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 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		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	58 180	46 606	65 700	46 642	46 642	46 642	52 785	48 880	51 031	53 327
Service charges - electricity revenue	2	24 368	29 909	34 672	39 216	39 216	39 216	37 779	35 824	38 141	39 858
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	8 956	8 504	8 878	9 277
Rental of facilities and equipment		170	204	101	130	170	170	147	178	186	194
Interest earned - external investments		4 893	6 819	6 454	4 950	5 500	5 500	4 250	5 700	5 951	6 219
Interest earned - outstanding debtors		13 851	11 830	4 084	6 740	3 740	3 740	2 809	3 747	3 912	4 088
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		404	131	281	265	265	265	102	278	290	303
Licences and permits		1 133	762	800	695	660	660	711	692	722	755
Agency services		—	—	—	—	—	—	—	—	—	—
Transfers and subsidies		155 084	174 636	210 180	200 340	220 298	220 298	197 369	224 045	238 514	255 894
Other revenue	2	1 015	1 776	1 378	640	1 956	1 956	1 502	744	777	812
Gains		—	12 239	15 961	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		268 009	293 445	348 760	309 163	327 992	327 992	306 411	328 592	348 402	370 728

Table 3 Percentage growth in revenue by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	Re	2022/23 Medium Term Revenue & Expenditure Framework							
R thousand	1	Adjusted Budget	%	Budget Year 2022/23	%	Budget Year +1 2023/24	%	Budget Year +2 2024/25	%
Revenue By Source									
Property rates	2	46 642	14.22	48 880	14.88	51 031	14.65	53 327	14.38
Service charges - electricity revenue	2	39 216	11.96	35 824	10.90	38 141	10.95	39 858	10.75
Service charges - water revenue	2	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	9 546	2.91	8 504	2.59	8 878	2.55	9 277	2.50
Rental of facilities and equipment		170	0.05	178	0.05	186	0.05	194	0.05
Interest earned - external investments		5 500	1.68	5 700	1.73	5 951	1.71	6 219	1.68
Interest earned - outstanding debtors		3 740	1.14	3 747	1.14	3 912	1.12	4 088	1.10
Dividends received		—	—	—	—	—	—	—	—
Fines, penalties and forfeits		265	0.08	278	0.08	290	0.08	303	0.08
Licences and permits		660	0.20	692	0.21	722	0.21	755	0.20
Agency services		—	—	—	—	—	—	—	—
Transfers and subsidies		220 298	67.17	224 045	68.18	238 514	68.46	255 894	69.02
Other revenue	2	1 956	0.60	744	0.23	777	0.22	812	0.22
Gains		—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		327 992	100%	328 592	100%	348 402	100%	370 728	100%

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 R93.2 million or 28.4 per cent.

This increases to R98.1 million and R102.5 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and service charges which increases from 5.2 per cent in 2022/23 to 4.5 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 14.9 per cent or 48.9 million and increases to R53.3 or 14.4 per cent by 2024/25. The third largest source is service charges from electricity revenue source totaling to 38.1 or 10.9 percent, contributing is the proposed increase of 7.47 per cent for municipal electricity tariffs for 2022/23 as approved guideline on municipal electricity price increase tariff. Further to that the municipality has excluded VAT at 15%

As NERSA has published guideline on the municipal electricity price tariffs for the 2022/23 municipal financial year and approved an increase of 7.47%.

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 R224.0 million in the 2022/23 financial year and steadily increases to R255.9 million by 2023/24. Note that there is an increase of 1.7 per cent for the 2022/23 financial year and the year-on-year growth is 6.5 per cent and then increase to 7.3 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		
R thousand		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
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		157 762	181 862	192 581	202 167	222 182	222 182	226 202	244 091	259 635
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		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	1 962	2 086	2 175
Disaster Relief Grant COVID 19			745							
Other transfers/grants [insert description]										
Provincial Government:		5 640	2 493	6 219	3 044	21 998	21 998	20 005	4 423	4 618
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	1 629	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								1 000		
Human Settlement						19 011	19 011	14 962		
District Municipality:		—	—	—	—	—	—	—	—	—
[insert description]										
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]										
Total Operating Transfers and Grants	5	163 402	184 355	198 800	205 211	244 180	244 180	246 207	248 514	264 253
Capital Transfers and Grants										
National Government:		39 577	33 954	41 647	35 370	37 087	37 087	38 082	39 636	41 334
Municipal Infrastructure Grant (MIG)		34 706	33 954	41 647	35 370	37 087	37 087	38 082	39 636	41 334
Neighbourhood Development Part		4 871	—							
Other capital transfers/grants [insert desc]										
Provincial Government:		—	1 131	2 990	1 170	1 328	1 328	380	—	—
Provincialization of Libraries			1 131	2 990	1 170	1 270	1 270	380		
Sport and Recreation						58	58			
District Municipality:		—	—	—	—	—	—	—	—	—
[insert description]										
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]										
Total Capital Transfers and Grants	5	39 577	35 085	44 637	36 540	38 415	38 415	38 462	39 636	41 334
TOTAL RECEIPTS OF TRANSFERS		202 979	219 440	243 436	241 751	282 595	282 595	284 669	288 150	305 587

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 8.6 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 7055 properties. After the completion of the third Supplementary Valuation Roll that number has since increased to 7654 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 budget has considered the increase in other tariffs by 4.8 per cent and also increase in number of properties from 7055 to 7654 with an increase of 599 properties.

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

PROPERTY CATEGORY USE	CURRENT TARIFF 2021/22	PROPOSED TARIFF 2022/23
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
Minning 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 7.47 per cent. However, having considered the Eskom increases, the consumer tariff had to be increased by 7.47 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 7.47% as per electricity tariff benchmark.
- Block 2 - The 2022/23 benchmarks were increased by 7.47% as per the electricity tariff benchmark
- Block 3 & 4 - The 2022/23 were increased by 7.47% 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	151.67	28
51 - 350	103 – 110	155.76	167.40	329
351 - 600	147 – 155	170.83	183.59	601
>600	176 – 182	232.03	249.36	60

Service Charges- electricity revenue have increased from R39.2 million to R42.1 million in the 2022/23 financial year with vat exclusive of 15 per cent at 6.3 million. Electricity revenue increase have considered proposed increase of 7.47 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 2.9 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 7.47 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 8.6 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 R9.6 million for 2022/23. Further to that contributing factor on this deficit is due to increase in revenue tariffs which is at 7.47 per cent when compared to expenditure tariffs of 8.6 per cent, however this increase reflects a deficit when comparing revenue towards expenditure. The municipality is still busy negotiating these tariffs with NERSA so as to ensure that there is an improvement in performance of this service.

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 7.47 per cent whereas the bulk purchases has been increased by 8.6 per cent which reflects that the municipality will sell electricity at a deficit of 1.13 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 R105 thousand.

Projected revenue constitutes of R8.5 million excluding vat of R1.5 million for billing to debtors and R846 thousand allocated from equitable share towards free basic services thus totaling 10.0 million. Projected expenditure is 9.3 million which is allocated for the contractors (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 1st 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. Further to that increase in refuse has also considered increase in the number of properties that will be based on changes from Supplementary Valuation Roll.

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 with vat exclusion of R1.5 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 36 054 to 36 531 with an increase of 477 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 36 054 to 36 531 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 7.47 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
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
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	7.5%	634.86	653.34	659.25
Electricity: Consumption		2 140.46	2 341.67	2 575.84	2 683.32	2 683.32	2 683.32	7.5%	2 883.76	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											
sub-total		3 754.55	4 059.47	4 415.21	4 536.45	4 536.45	4 536.45	6.7%	4 841.63	4 956.72	5 002.08
VAT on Services											
Total large household bill:		3 754.55	4 059.47	4 415.21	4 536.45	4 536.45	4 536.45	6.7%	4 841.63	4 956.72	5 002.08
% increase/-decrease			8.1%	8.8%	2.7%	—	—		6.7%	2.4%	0.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
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	7.5%	371.57	382.39	385.85
Electricity: Consumption		425.43	465.42	511.96	533.32	533.32	533.32	7.5%	573.16	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											
sub-total		1 376.25	1 477.26	1 594.55	1 624.70	1 624.70	1 624.70	6.2%	1 726.15	1 767.96	1 777.37
VAT on Services											
Total small household bill:		1 376.25	1 477.26	1 594.55	1 624.70	1 624.70	1 624.70	6.2%	1 726.15	1 767.96	1 777.37
% increase/-decrease			7.3%	7.9% 0.08	1.9% - 0.76	— - 1.00	— -		6.2%	2.4%	0.5%
Monthly Account for Household - 'Indigent' Household receiving	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		—	—	—	—	—	—	—	—	—	—
VAT on Services											
Total small household bill:		—	—	—	—	—	—	—	—	—	—
% increase/-decrease			—	—	—	—	—		—	—	—

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 R5.3 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	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Expenditure By Type											
Employee related costs	2	84 280	99 700	109 315	107 819	109 069	109 069	91 062	124 828	127 697	133 279
Remuneration of councillors		13 023	13 249	13 528	14 643	14 193	14 193	11 020	14 682	15 328	16 002
Debt impairment	3	41 621	48 224	34 245	30 635	34 635	34 635	18 972	42 548	44 123	45 804
Depreciation & asset impairment	2	27 712	30 298	31 848	32 726	32 726	32 726	25 570	33 747	35 232	36 817
Finance charges		680	919	332	400	3 003	3 003	57	410	415	420
Bulk purchases - electricity	2	22 907	26 098	28 816	35 143	36 643	36 643	30 014	33 950	35 444	37 393
Inventory consumed	8	(508)	(980)	(864)	2 288	2 135	2 135	971	3 987	3 956	4 018
Contracted services		39 078	34 792	47 869	56 718	56 960	56 960	40 399	63 868	62 041	64 646
Transfers and subsidies		-	-	1 557	-	-	-	-	-	-	-
Other expenditure	4, 5	28 573	30 329	31 635	43 639	50 914	50 914	35 035	43 705	45 904	47 964
Losses		1 053	740	1 536	-	1 500	1 500	1 500	-	-	-
Total Expenditure		258 420	283 370	299 817	324 012	341 779	341 779	254 600	361 725	370 138	386 344

The budgeted allocation for employee related costs and remuneration of Councilors for the 2022/23 financial year totals R139.5 million, which equals 38.6 per cent of the total operating expenditure. An annual increase of 2.5 and 4.4 per cent has been included in the two outer years of the MTREF.

Employee related costs increased from R109.1 million to R124.8 million which reflects a increase of 14.5 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.

The municipality has also allocated budget of R4.0 million towards employee benefit obligations for Long Service Award and Retirement benefit liability in accordance with GRAP 25. Further to that budget allocated has been based on last financial year's report that was received from Actuaries and has prioritized Current service cost, Interest cost, benefit payment and actuarial gain and losses.

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.

The municipality annually conducts employee headcount and payroll verification process which is facilitated by Internal Audit on an annual basis. The same report is then submitted to AG for audit purposes.

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 38.6 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.

Debt Impairment and Debt Write off: For the 2022/23 financial year this amounts to R42.5 million and increases to R45.8 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 Ingonyama Trust and Residential Households, budget allocated has considered this debt is irrecoverable based on the historical avenues undertaken in recovering it.

Debt Impairment of R42.5 million has been split between Contribution to provision of R35.8 million and Bad Debt written off of R6.8 million.

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 its 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 in 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 there 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 non-paying debtors. So, their exemption subsequently results 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 in 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 R6.8 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 9.3 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 R410 thousand 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. Budget that was allocated during draft has been reallocated to employee related costs as per GRAP 25 requirements.

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 8.6 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 40.0 million with VAT Exclusive of R6.1 million 2022/23 with an allocated budget of R33.9 million, which is due to proposed increase of 8.6 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 ten (10) 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 allocated budget of R3.9 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. Budget allocated has excluded VAT of R704 thousand.

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 (R63.9 million) and it has grown by 1.3 for the two outer years of which budget allocation is in excess of R64.6 million by 2024/25. Budget allocated has excluded VAT portion of R7.3 million towards vatable items.

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.

Significant Increases from 2021/22 to 2022/23 Financial year:

- Animal Care R500 thousand, 100 per cent increase is due to the fact that the municipality has been planning to go out on tender to source services of animal care, however it was noted that budget allocated in the current year is not sufficient. Therefore, we have gone on market and set realistic budget estimates.
- Grass Cutting R3.3 million, 65 per cent increase is due to the fact that the municipality previously identify this project as one of cost containment arears, however it was noted during this financial year that their existing services provider there has been poor performance due to the municipality reducing arears that needs to be cut. Therefore, the municipality has returned back to its original plan of increasing arears.
- Medical Exam R500 thousand, R1567 per cent increase is due to the municipality's plan to absorb permanently 13 litter pickers and also ensure that all employees who are employed in hazardous areas are taken for medical exam twice in year as per Labor Regulations.
- Security Services R13.1 million 21 per cent increase the municipality has appointed a new service provider this financial year with different tariffs, further to that the municipality has also outsourced services of Political Office Bearers VIP Security.

- Catering R2.1 million 88 per cent increase is due to lessened COVID Regulation as bulk of project were put on hold so as to address the regulations, however now that things are back to normal the municipality has reprioritized community consultation programs.

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 R2.1 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 1876 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 36 054 to 36 531 due to anticipation that there will be additional households that qualify for free basic refuse as the municipality annually reviews its indigent register.

Other expenditure comprises of various line items relating to the daily operations of the municipality. Other expenditure has been decreased from R50.4 million to R43.7 million with exclusive of VAT of 15 per cent at R4.2 million with a decrease of 4.9 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 7th June 2020 to take effect on the 1st July 2022.

Furthermore, it should be noted that other expenditure exceeds the allocated norm of 10 per cent by 12.1 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.

Significant increases were noted from 2021/22 to 2022/23

- Vehicle Tracking R300 thousand, 50 per cent increase is due to the municipality's plan to outsource fleet management system.
- Municipal Services R2.9 million 17, per cent increase is due to increase tariffs for electricity and water services that the municipality is paying towards municipal offices and community facilities.
- Travel and subsistence R265 thousand, 231 per cent increase is due to loosened COVID regulations which were not allowing travelling. However now that we are on level one the municipality has prioritized Flights, car hire and accommodation.

- Printing, publication and books R960 thousand 33 per cent increase is due to performance noted in this current year in relation to this item. It appears that this item is understated in the current year so as to avoid unauthorized expenditure we had to increase allocated budget.

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

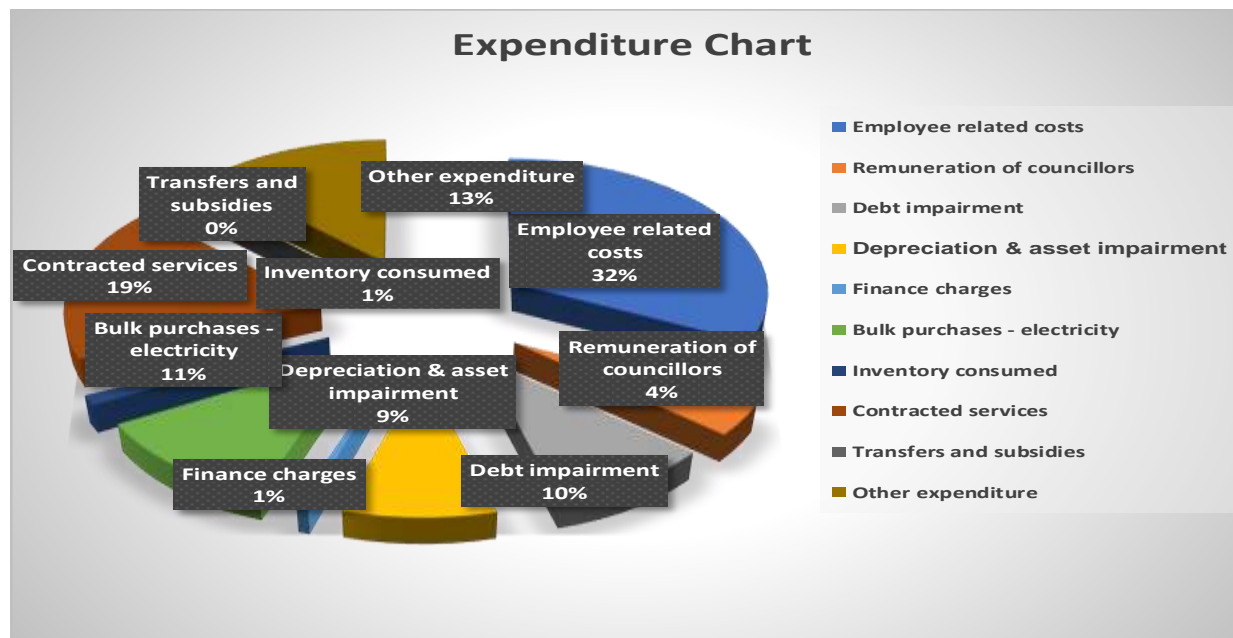


Figure 1 Main operational expenditure categories for the 2022/23 financial year

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
R thousand										
Repairs and Maintenance	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	3 987	3 956	4 018
Contracted Services		9 431	7 949	19 129	19 275	19 175	19 175	16 598	16 352	17 087
Other Expenditure					3 804	3 804	3 804	2 180	2 281	2 384
Total Repairs and Maintenance Expenditure	9	9 431	7 949	19 129	49 001	48 901	48 901	47 556	48 595	49 496
Inventory Consumed										
Inventory Consumed - Water		–	–	–	–	–	–	–	–	–
Inventory Consumed - Other		(508)	(980)	(864)	2 288	2 121	2 121	4 691	4 654	4 727
Total Inventory Consumed & Other Material		(508)	(980)	(864)	2 288	2 121	2 121	4 691	4 654	4 727

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 R47.6 million. The total allocation for 2022/23 equates to R47.6 million a increase of 2.8 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 8.0 and 7.0 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
R thousand										
EXPENDITURE OTHER ITEMS		36 534	36 916	48 531	52 001	51 901	51 901	50 344	51 583	53 905
<u>Depreciation</u>	7	27 103	28 967	29 402	32 726	32 726	32 726	33 747	35 232	36 817
<u>Repairs and Maintenance by Asset Class</u>	3	9 431	7 949	19 129	19 275	19 175	19 175	16 598	16 352	17 087
Roads Infrastructure		3 884	2 337	4 731	4 950	5 150	5 150	6 715	5 236	5 471
Storm water Infrastructure		120	73	751	1 250	1 250	1 250	978	1 021	1 066
Electrical Infrastructure		1 790	991	1 279	3 250	3 550	3 550	3 615	3 774	3 944
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		78	312	223	3 000	2 150	2 150	595	621	649
Infrastructure		5 873	3 713	6 983	12 450	12 100	12 100	11 903	10 651	11 131
Community Facilities		6	245	1 118	825	625	625	233	243	254
Sport and Recreation Facilities		279	123	538	1 250	750	750	1 260	783	818
Community Assets		284	367	1 656	2 075	1 375	1 375	1 493	1 026	1 072
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		144	514	347	250	200	200	228	238	248
Housing		-	-	-	-	-	-	-	-	-
Other Assets		144	514	347	250	200	200	228	238	248
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	164	-	-	-	-	-	-	-
Furniture and Office Equipment		-	103	99	-	-	-	-	-	-
Machinery and Equipment		3 129	3 088	10 044	4 500	5 500	5 500	2 975	4 437	4 637
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		36 534	36 916	48 531	52 001	51 901	51 901	50 344	51 583	53 905
<i>Renewal and upgrading of Existing Assets</i>		84.9%	87.9%	86.2%	52.9%	60.0%	60.0%	42.8%	77.7%	80.1%
<i>Renewal and upgrading of Existing Assets</i>		744.3%	772.0%	798.9%	119.6%	154.6%	154.6%	99.4%	74.3%	76.4%
<i>R&M as a % of PPE</i>		2.1%	1.8%	4.2%	3.5%	3.8%	3.8%	3.1%	2.9%	2.9%
<i>Renewal and upgrading and R&M as a % of</i>		42.0%	46.0%	47.0%	9.0%	12.0%	12.0%	8.0%	7.0%	7.0%

For the 2022/23 financial year 71.7 per cent or R11.9 million of total repairs and maintenance will be spent on infrastructure assets. Infrastructure assets and Machinery & equipment have been allocated R2.9 million of total repairs and maintenance equating to 17.9 per cent, Community assets have been allocated R1.5 million of total repairs and maintenance equating to 9 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 - Table A6 Capital Expenditure								
Vote Description	Re	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework				
R thousand	1	Adjusted Budget	%	Budget Year 2022/23	%	Budget Year +1 2023/24	%	Budget Year +2 2024/25
Capital expenditure - Vote								
Single-year expenditure to be ap	2							
Vote 1 - Executive and council		50	0.06	527	0.67	—		—
Vote 2 - Finance and administration		6 619	7.85	7 395	9.44	—		—
Vote 3 - Internal audit		—		—		—		—
Vote 4 - Community and social service		7 097	8.42	6 779	8.66	5 000	14.84	3 500
Vote 5 - Sport and Recreation		7 907	9.38	13 509	17.25	10 691	31.73	5 000
Vote 6 - Public safety		—		—		—		—
Vote 7 - Housing		—		—		—		—
Vote 8 - Planning and Development		8 308	9.86	18 479	23.60	—		—
Vote 9 - Road transport		39 463	46.82	20 326	25.96	16 500	48.98	23 134
Vote 10 - Energy sources		10 437	12.38	6 095	7.78	1 500	4.45	—
Vote 11 - Waste Management		4 400	5.22	5 202	6.64	—		3 500
Vote 12 - Environmental Protection		—		—		—		—
Vote 13 - [NAME OF VOTE 13]		—		—		—		—
Vote 14 - [NAME OF VOTE 14]		—		—		—		—
Vote 15 - [NAME OF VOTE 15]		—		—		—		—
Capital single-year expenditure sub-		84 280	100%	78 311	100%	33 691	100%	35 134
Total Capital Expenditure - Vote		84 280	100%	78 311	100%	33 691	100%	35 134

For 2022/23 an amount of R23.5 million have been appropriated for the development of infrastructure which represents 30.0 per cent of the total capital budget. In the outer years this amount totals R18.0 million and increases to R23.1 million respectively for each of the financial years. Community assets have been allocated R36.3 which represents 46.3 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 57.2 per cent or R44.8 million of the total capital budgets while renewal of existing assets represents 2.2 per cent or R1.7 million and upgrading of existing assets equates to 40.7 per cent or R31.8 million.

Capital budget funded from grants through National & Provincial Treasury equates to R32.4 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 R323 thousand which represents 0.4 per cent of total allocated grant.

Capital funded internally equates to 45.6 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
R thousands									
Financial Performance									
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	44 328	47 019	49 135
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	224 045	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
Total Revenue (excluding capital transfers and contributions)	268 009	293 445	348 760	309 163	327 992	327 992	328 592	348 402	370 728
Employee costs	84 280	99 700	109 315	107 819	109 069	109 069	124 828	127 697	133 279
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	410	415	420
Inventory consumed and bulk purchase	22 399	25 118	27 952	37 432	38 779	38 779	37 937	39 399	41 411
Transfers and grants	—	—	1 557	—	—	—	—	—	—
Other expenditure	110 325	114 086	114 385	130 442	143 459	143 459	150 121	152 067	158 414
Total Expenditure	258 420	283 370	298 917	323 462	341 229	341 229	361 725	370 138	386 344
Surplus/(Deficit)	9 590	10 075	49 843	(14 299)	(13 237)	(13 237)	(33 133)	(21 736)	(15 617)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	39 865	18 438	41 465	36 540	43 415	43 415	38 462	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	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	49 455	28 514	91 308	22 241	30 179	30 179	5 329	17 900	25 717
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	49 455	28 514	91 308	22 241	30 179	30 179	5 329	17 900	25 717
Capital expenditure & funds sources									
Capital expenditure	237 694	254 468	272 457	73 920	84 280	84 280	78 311	33 691	35 134
Transfers recognised - capital	138 744	151 564	162 290	33 160	43 415	43 415	32 693	33 691	35 134
Borrowing	3 881	3 881	3 881	—	—	—	—	—	—
Internally generated funds	95 070	99 023	106 286	40 761	40 865	40 865	45 619	—	—
Total sources of capital funds	237 694	254 468	272 457	73 920	84 280	84 280	78 311	33 691	35 134
Financial position									
Total current assets	114 546	152 880	213 113	118 289	194 121	194 121	102 933	166 947	240 985
Total non current assets	502 174	506 994	540 732	620 443	592 160	592 160	625 190	641 771	668 853
Total current liabilities	27 280	44 536	65 588	16 838	(350 013)	(350 013)	37 001	32 366	33 891
Total non current liabilities	18 827	20 359	23 608	20 924	24 327	24 327	27 394	28 185	29 167
Community wealth/Equity	568 929	594 118	667 647	700 971	734 669	734 669	663 728	748 168	846 781
Cash flows									
Net cash from (used) operating	69 840	73 688	122 769	98 749	166 694	166 694	76 547	94 214	105 161
Net cash from (used) investing	(43 332)	(21 458)	(51 127)	(73 920)	(103 291)	(103 291)	(72 359)	(30 321)	(31 620)
Net cash from (used) financing	(1 393)	(854)	(809)	(400)	(400)	(400)	(400)	(400)	(400)
Cash/cash equivalents at the year end	60 991	111 983	181 980	24 429	128 003	128 003	74 236	137 729	210 870
Cash backing/surplus reconciliation									
Cash and investments available	60 607	111 146	181 980	65 925	167 599	167 599	74 236	137 729	210 870
Application of cash and investments	(26)	47 057	72 782	(38 210)	(366 348)	(366 348)	42 396	38 411	40 333
Balance - surplus (shortfall)	60 634	64 089	109 197	104 135	533 947	533 947	31 840	99 318	170 537
Asset management									
Asset register summary (WDV)	502 174	506 994	540 732	620 443	592 160	592 160	625 190	641 771	668 853
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	50 585	50 585	33 543	26 191	28 134
Repairs and Maintenance	9 431	7 949	19 129	19 275	19 175	19 175	16 598	16 352	17 087
Free services									
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
Households below minimum service level									
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									
Revenue - Functional										
Governance and administration		52 368	196 923	276 447	247 561	269 493	269 493	272 442	292 322	312 132
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		–	–	–	–	–	–	–	–	–
Community and public safety		151 113	47 510	6 741	4 364	4 482	4 482	4 643	4 653	4 858
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		–	–	–	–	–	–	–	–	–
Economic and environmental services		44 152	20 428	45 983	40 782	47 586	47 586	44 548	42 904	44 744
Planning and development		37 752	13 076	44 903	39 832	46 671	46 671	43 589	41 903	43 698
Road transport		6 400	7 351	1 080	950	915	915	959	1 001	1 046
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		42 142	47 023	46 224	52 997	49 847	49 847	45 420	48 160	50 327
Energy sources		24 698	30 136	34 748	39 454	39 454	39 454	36 068	38 396	40 124
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		17 444	16 887	11 476	13 543	10 393	10 393	9 353	9 764	10 204
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	289 774	311 884	375 395	345 704	371 408	371 408	367 054	388 038	412 061
Expenditure - Functional										
Governance and administration		148 037	157 678	161 065	161 510	177 035	177 035	187 729	196 957	205 135
Executive and council		36 606	35 224	40 036	46 428	48 437	48 437	52 611	55 100	57 565
Finance and administration		111 382	122 455	121 029	115 082	128 598	128 598	135 119	141 857	147 571
Internal audit		48	–	–	–	–	–	–	–	–
Community and public safety		26 142	30 786	30 188	36 610	35 210	35 210	36 843	35 265	36 848
Community and social services		21 742	23 635	19 554	23 118	22 608	22 608	25 878	26 826	28 029
Sport and recreation		4 212	6 949	10 596	12 592	11 842	11 842	9 873	7 298	7 627
Public safety		142	139	38	880	740	740	1 073	1 120	1 170
Housing		47	64	–	20	20	20	20	21	22
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		50 853	53 004	64 018	68 538	68 720	68 720	79 416	77 640	81 018
Planning and development		16 278	15 971	16 252	21 226	21 232	21 232	23 148	21 402	22 249
Road transport		29 565	33 050	44 542	44 643	44 869	44 869	52 589	52 397	54 755
Environmental protection		5 009	3 983	3 225	2 669	2 619	2 619	3 680	3 842	4 014
Trading services		40 877	44 788	47 513	57 354	59 314	59 314	57 736	60 276	63 343
Energy sources		30 899	33 796	36 875	46 420	48 220	48 220	45 688	47 698	50 199
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	9 248	9 655	10 089
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	265 909	286 257	302 785	324 012	340 279	340 279	361 725	370 138	386 344
Surplus/(Deficit) for the year		23 865	25 627	72 611	21 691	31 129	31 129	5 329	17 900	25 717

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										
Revenue by Vote	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 service		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	46 671	46 671	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	36 068	38 396	40 124
Vote 11 - Waste Management		17 444	16 887	11 476	13 543	10 393	10 393	9 353	9 764	10 204
Vote 12 - Environmental Protection		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	289 774	311 884	375 395	345 704	371 408	371 408	367 054	388 038	412 061
Expenditure by Vote to be approved	1									
Vote 1 - Executive and council		36 606	35 224	40 036	46 428	48 437	48 437	52 611	55 100	57 565
Vote 2 - Finance and administration		111 382	122 455	121 029	115 082	128 598	128 598	135 119	141 857	147 571
Vote 3 - Internal audit		48	–	–	–	–	–	–	–	–
Vote 4 - Community and social service		21 742	23 635	19 554	23 118	22 608	22 608	25 878	26 826	28 029
Vote 5 - Sport and Recreation		4 212	6 949	10 596	12 592	11 842	11 842	9 873	7 298	7 627
Vote 6 - Public safety		142	139	38	880	740	740	1 073	1 120	1 170
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	23 148	21 402	22 249
Vote 9 - Road transport		32 008	35 339	45 395	47 451	47 678	47 678	55 389	55 320	57 809
Vote 10 - Energy sources		30 899	33 796	36 875	46 420	48 220	48 220	45 688	47 698	50 199
Vote 11 - Waste Management		7 535	8 703	9 785	8 125	8 285	8 285	9 248	9 655	10 089
Vote 12 - Environmental Protection		5 009	3 983	3 225	2 669	2 619	2 619	3 680	3 842	4 014
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	265 909	286 257	302 785	324 012	340 279	340 279	361 725	370 138	386 344
Surplus/(Deficit) for the year	2	23 865	25 627	72 611	21 691	31 129	31 129	5 329	17 900	25 717

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)

2022/23 Medium Term Revenue & 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	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1										
Revenue By Source											
Property rates	2	58 180	46 606	65 700	46 642	46 642	46 642	52 785	48 880	51 031	53 327
Service charges - electricity revenue	2	24 368	29 909	34 672	39 216	39 216	39 216	37 779	35 824	38 141	39 858
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	8 956	8 504	8 878	9 277
Rental of facilities and equipment		170	204	101	130	170	170	147	178	186	194
Interest earned - external investments		4 893	6 819	6 454	4 950	5 500	5 500	4 250	5 700	5 951	6 219
Interest earned - outstanding debtors		13 851	11 830	4 084	6 740	3 740	3 740	2 809	3 747	3 912	4 088
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		404	131	281	265	265	265	102	278	290	303
Licences and permits		1 133	762	800	695	660	660	711	692	722	755
Agency services		—	—	—	—	—	—	—	—	—	—
Transfers and subsidies		155 084	174 636	210 180	200 340	220 298	220 298	197 369	224 045	238 514	255 894
Other revenue	2	1 015	1 776	1 378	640	1 956	1 956	1 502	744	777	812
Gains		—	12 239	15 961	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and		268 009	293 445	348 760	309 163	327 992	327 992	306 411	328 592	348 402	370 728
Expenditure By Type											
Employee related costs	2	84 280	99 700	109 315	107 819	109 069	109 069	91 062	124 828	127 697	133 279
Remuneration of councillors		13 023	13 249	13 528	14 643	14 193	14 193	11 020	14 682	15 328	16 002
Debt impairment	3	41 621	48 224	34 245	30 635	34 635	34 635	18 972	42 548	44 123	45 804
Depreciation & asset impairment	2	27 712	30 298	31 848	32 726	32 726	32 726	25 570	33 747	35 232	36 817
Finance charges		680	919	332	400	3 003	3 003	57	410	415	420
Bulk purchases - electricity	2	22 907	26 098	28 816	35 143	36 643	36 643	30 014	33 950	35 444	37 393
Inventory consumed	8	(508)	(980)	(864)	2 288	2 135	2 135	971	3 987	3 956	4 018
Contracted services		39 078	34 792	47 869	56 718	56 960	56 960	40 399	63 868	62 041	64 646
Transfers and subsidies		—	—	1 557	—	—	—	—	—	—	—
Other expenditure	4, 5	28 573	30 329	31 635	43 639	50 914	50 914	35 035	43 705	45 904	47 964
Losses		1 053	740	1 536	—	1 500	1 500	1 500	—	—	—
Total Expenditure		258 420	283 370	299 817	324 012	341 779	341 779	254 600	361 725	370 138	386 344
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National		9 590	10 075	48 943	(14 849)	(13 787)	(13 787)	51 811	(33 133)	(21 736)	(15 617)
Transfers and subsidies - capital (monetary allocations) (National		39 865	18 438	41 465	36 540	43 415	43 415	27 139	38 462	39 636	41 334
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental											
Agencies, Households, Non-profit Institutions, Private											
Enterprises, Public Corporations,	6	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		49 455	28 514	90 408	21 691	29 629	29 629	78 950	5 329	17 900	25 717
Taxation		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		49 455	28 514	90 408	21 691	29 629	29 629	78 950	5 329	17 900	25 717
Attributable to minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		49 455	28 514	90 408	21 691	29 629	29 629	78 950	5 329	17 900	25 717
Share of surplus/ (deficit) of associate	7	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year		49 455	28 514	90 408	21 691	29 629	29 629	78 950	5 329	17 900	25 717

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

Total revenue including capital transfer is R367.1 million in 2022/23 and escalates to R412.1 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 R44.3 million for the 2022/23 financial year and increasing to R49.1 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 7.47 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. Further to that the municipality has excluded VAT of 15 per cent as per mSCOA Circular No.12 which stipulates that Vatable items should be budgeted with an exclusion of VAT Output.

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 it 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 thousand 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 recognized – 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 1.7 per cent and then increases by 6.5 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 R33.9 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 8.6 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 - Table A5 Capital Expenditure											
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	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Single-year expenditure to be ap	2										
Vote 1 - Executive and council		3 949	1 525	826	20	50	50	868	527	—	—
Vote 2 - Finance and administration		55 799	58 884	69 143	5 150	6 619	6 619	70 858	7 395	—	—
Vote 3 - Internal audit		—	—	—	—	—	—	—	—	—	—
Vote 4 - Community and social service		78 835	80 707	80 240	11 958	7 097	7 097	82 316	6 779	5 000	3 500
Vote 5 - Sport and Recreation		301	301	4 540	5 754	7 907	7 907	8 186	13 509	10 691	5 000
Vote 6 - Public safety		—	—	—	—	—	—	—	—	—	—
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—
Vote 8 - Planning and Development		25	1 638	5 537	8 135	8 308	8 308	9 228	18 479	—	—
Vote 9 - Road transport		72 627	90 937	91 612	30 703	39 463	39 463	123 351	20 326	16 500	23 134
Vote 10 - Energy sources		26 158	20 476	20 559	8 200	10 437	10 437	27 459	6 095	1 500	—
Vote 11 - Waste Management		—	—	—	4 000	4 400	4 400	—	5 202	—	3 500
Vote 12 - Environmental Protection		—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—
Capital single-year expenditure sub-		237 694	254 468	272 457	73 920	84 280	84 280	322 267	78 311	33 691	35 134
Total Capital Expenditure - Vote		237 694	254 468	272 457	73 920	84 280	84 280	322 267	78 311	33 691	35 134
Capital Expenditure - Functional											
Governance and administration		59 748	60 409	69 969	5 170	6 669	6 669	—	7 922	—	—
Executive and council		3 949	1 525	826	20	50	50	—	527	—	—
Finance and administration		55 799	58 884	69 143	5 150	6 619	6 619	—	7 395	—	—
Internal audit		—	—	—	—	—	—	—	—	—	—
Community and public safety		79 136	81 008	84 780	17 713	15 003	15 003	—	20 288	15 691	8 500
Community and social services		78 835	80 707	80 240	11 958	7 097	7 097	—	6 779	5 000	3 500
Sport and recreation		301	301	4 540	5 754	7 907	7 907	—	13 509	10 691	5 000
Public safety		—	—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—
Economic and environmental serv		72 652	92 574	97 149	38 838	47 770	47 770	—	38 805	16 500	23 134
Planning and development		25	1 638	5 537	8 135	8 308	8 308	—	18 479	—	—
Road transport		72 627	90 937	91 612	30 703	39 463	39 463	—	20 326	16 500	23 134
Environmental protection		—	—	—	—	—	—	—	—	—	—
Trading services		26 158	20 476	20 559	12 200	14 837	14 837	—	11 297	1 500	3 500
Energy sources		26 158	20 476	20 559	8 200	10 437	10 437	—	6 095	1 500	—
Water management		—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—
Waste management		—	—	—	4 000	4 400	4 400	—	5 202	—	3 500
Other		—	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Funct	3	237 694	254 468	272 457	73 920	84 280	84 280	—	78 311	33 691	35 134
Funded by:											
National Government		138 512	151 333	162 290	31 990	42 088	42 088	—	32 370	33 691	35 134
Provincial Government		231	231	—	1 170	1 328	1 328	—	323	—	—
District Municipality		—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (monetary allocations)		—	—	—	—	—	—	—	—	—	—
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	4	138 744	151 564	162 290	33 160	43 415	43 415	—	32 693	33 691	35 134
Borrowing	6	3 881	3 881	3 881	—	—	—	—	—	—	—
Internally generated funds		95 070	99 023	106 286	40 761	40 865	40 865	—	45 619	—	—
Total Capital Funding	7	237 694	254 468	272 457	73 920	84 280	84 280	—	78 311	33 691	35 134

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding source necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table 17 MBRR Table A6 - Budgeted Financial Position

KZN291 Mandeni - Table A6 Budgeted Financial Position										
Description	Re	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										
ASSETS										
Current assets										
Cash		5 802	2 912	906	6 448	167 599	167 599	9 236	42 729	85 870
Call investment deposits	1	54 806	108 234	181 074	59 477	—	—	65 000	95 000	125 000
Consumer debtors	1	49 270	38 270	27 368	44 093	22 143	22 143	28 024	28 495	29 355
Other debtors		4 160	2 484	2 901	7 247	3 348	3 348	—	—	—
Current portion of long-term receivables		—	—	—	—	—	—	—	—	—
Inventory	2	508	980	864	1 025	1 031	1 031	673	723	760
Total current assets		114 546	152 880	213 113	118 289	194 121	194 121	102 933	166 947	240 985
Non current assets										
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	507 024	507 024	540 035	556 582	583 633
Biological		—	—	—	—	—	—	—	—	—
Intangible		836	780	674	1 091	549	549	568	602	633
Other non-current assets		—	—	—	—	—	—	—	—	—
Total non current assets		502 174	506 994	540 732	620 443	592 160	592 160	625 190	641 771	668 853
TOTAL ASSETS		616 720	659 873	753 845	738 733	786 281	786 281	728 123	808 718	909 839
LIABILITIES										
Current liabilities										
Bank overdraft	1	—	—	—	—	—	—	—	—	—
Borrowing	4	(580)	16	3 894	780	766	766	326	334	375
Consumer deposits		442	380	290	283	183	183	199	202	216
Trade and other payables	4	27 418	44 140	61 404	15 826	(350 962)	(350 962)	36 476	31 829	33 300
Provisions		—	—	—	(51)	—	—	—	—	—
Total current liabilities		27 280	44 536	65 588	16 838	(350 013)	(350 013)	37 001	32 366	33 891
Non current liabilities										
Borrowing		1 890	893	14	725	—	—	—	—	—
Provisions		16 937	19 465	23 594	20 198	24 327	24 327	27 394	28 185	29 167
Total non current liabilities		18 827	20 359	23 608	20 924	24 327	24 327	27 394	28 185	29 167
TOTAL LIABILITIES		46 107	64 895	89 196	37 762	(325 686)	(325 686)	64 395	60 550	63 057
NET ASSETS	5	570 613	594 978	664 649	700 971	1 111 967	1 111 967	663 728	748 168	846 781
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		567 233	592 336	665 821	699 050	732 748	732 748	661 592	745 990	844 521
Reserves	4	1 696	1 782	1 827	1 921	1 921	1 921	2 136	2 178	2 260
TOTAL COMMUNITY WEALTH/EQUITY	5	568 929	594 118	667 647	700 971	734 669	734 669	663 728	748 168	846 781

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
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		36 004	21 813	25 396	56 586	50 989	50 989	24 440	25 516	26 664
Service charges		53 504	18 585	17 260	42 028	41 074	41 074	44 540	47 204	49 328
Other revenue		229	104	4 221	51 478	67 147	67 147	34 355	35 866	37 480
Transfers and Subsidies - Operational	1	155 280	222 702	280 097	204 520	244 181	244 181	246 207	248 514	264 253
Transfers and Subsidies - Capital	1	38 972	15 837	50 556	37 232	43 415	43 415	38 462	39 636	41 334
Interest		4 893	6 819	6 454	5 085	5 650	5 650	5 775	6 029	6 300
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(217 665)	(209 900)	(260 883)	(295 897)	(282 759)	(282 759)	(316 822)	(308 136)	(319 778)
Finance charges		(611)	(919)	(332)	(400)	(3 003)	(3 003)	(410)	(415)	(420)
Transfers and Grants	1	(1 151)	(2 190)	0	(1 883)	-	-	-	-	-
NET CASH FROM/(USED) OPERATING		69 455	72 852	122 769	98 749	166 694	166 694	76 547	94 214	105 161
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables								-	-	-
Decrease (increase) in non-current investments								-	-	-
Payments										
Capital assets		(43 332)	(21 458)	(51 127)	(73 920)	(103 291)	(103 291)	(72 359)	(30 321)	(31 620)
NET CASH FROM/(USED) INVESTING A		(43 332)	(21 458)	(51 127)	(73 920)	(103 291)	(103 291)	(72 359)	(30 321)	(31 620)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		(1 393)	(854)	(809)	(400)	(400)	(400)	(400)	(400)	(400)
NET CASH FROM/(USED) FINANCING A		(1 393)	(854)	(809)	(400)	(400)	(400)	(400)	(400)	(400)
NET INCREASE/ (DECREASE) IN CASH		24 730	50 539	70 834	24 429	63 003	63 003	3 787	63 493	73 141
Cash/cash equivalents at the year beg	2	35 876	60 607	111 146	-	65 000	65 000	70 449	74 236	137 729
Cash/cash equivalents at the year end	2	60 607	111 146	181 980	24 429	128 003	128 003	74 236	137 729	210 870

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.

2. 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.
3. 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.
Further to that Other revenue has also considered budget for VAT refunds of R32.7 million from SARS that we anticipate to receive as the municipality based on budgeted projections for VAT Output and Input as per final budget.

11. Transfers & Subsidies have been recognized at 100 per cent R246.2 million (operational) and R38.5 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.

Further to that Human Settlement Grants has been reclassified from Capital to Operational budget due to the fact that it was noted that these Human Settlement Housing will not be recorded in our Asset Register since these are not municipal assets.

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 R317.2 million with exclusion of non-cash items Debt Impairment and depreciation of R76.3 million. Total suppliers and employees do not correspond to table A4 with a difference of R31.8 million which is due to 7.2 million for INEP and Human Settlement Grant of R14.9 million in accordance with GRAP 109 as the municipality serves as an agent for these grants.

13. Further to that under suppliers and employees' budget for Other expenditure the municipality has allocated budget of R9.6 million which is an estimate of creditors opening balance as the municipality anticipates that there will be accruals paid in 2022/23 financial year due to delays that were due to decision of Con Court.

14. Capital Assets of R72.4 million does not corresponds with table A5 of R78.3 million due to retentions budget of R5.9 million which have been committed towards WIP related projects. This budget has been appropriated under Trade and Other Payables budget.

15. 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.

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
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	1	60 991	111 983	181 980	24 429	128 003	128 003	74 236	137 729	210 870
Other current investments > 90 days		(384)	(837)	0	41 496	39 596	39 596	–	–	–
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–
Cash and investments available:		60 607	111 146	181 980	65 925	167 599	167 599	74 236	137 729	210 870
Application of cash and investments										
Unspent conditional transfers		9 875	26 217	30 079	6 720	(375 552)	(375 552)	4 367	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–
Statutory requirements	2									
Other working capital requirements	3	(26 838)	1 375	19 109	(65 077)	(15 123)	(15 123)	10 635	10 226	11 167
Other provisions		16 937	19 465	23 594	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									
Total Application of cash and investments		(26)	47 057	72 782	(38 210)	(366 348)	(366 348)	42 396	38 411	40 333
Surplus(shortfall)		60 634	64 089	109 197	104 135	533 947	533 947	31 840	99 318	170 537

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

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

Table 20 MBRR Table A9 - Asset Management

KZN291 Mandeni - Table A9 Asset Management										
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue		
R thousand		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										
Total Capital Expenditure	4	237 694	254 468	272 457	73 920	84 280	84 280	78 311	33 691	35 134
Roads Infrastructure		72 627	90 937	91 612	30 553	34 290	34 290	17 173	16 500	23 134
Storm water Infrastructure		-	-	-	700	700	700	-	-	-
Electrical Infrastructure		26 158	20 476	20 559	3 000	6 928	6 928	4 990	1 500	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	1 360	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		98 785	111 412	112 171	34 253	41 917	41 917	23 522	18 000	23 134
Community Facilities		47 478	48 844	47 940	16 163	11 085	11 085	23 618	5 000	3 500
Sport and Recreation Facilities		35 631	35 327	43 204	3 764	5 489	5 489	12 650	10 691	5 000
Community Assets		83 110	84 171	91 143	19 928	16 573	16 573	36 268	15 691	8 500
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	316	4 580	4 969	4 969	4 845	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	316	4 580	4 969	4 969	4 845	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		5 017	5 309	5 412	2 330	3 840	3 840	969	-	-
Furniture and Office Equipment		24 191	24 728	27 110	710	570	570	1 006	-	-
Machinery and Equipment		12 015	12 282	16 190	7 770	10 690	10 690	3 669	-	-
Transport Assets		14 576	16 565	20 115	4 350	5 300	5 300	8 033	-	3 500
Land		-	-	-	-	420	420	-	-	-
Zoo's, Marine and Non-biological Assets		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - A		237 694	254 468	272 457	73 920	84 280	84 280	78 311	33 691	35 134

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
R thousand										
ASSET REGISTER SUMMARY - PPE (V 5		502 174	506 994	540 732	620 443	592 160	592 160	625 190	641 771	668 853
Roads Infrastructure		(49 660)	(46 785)	(64 727)	242 938	179 316	179 316	168 837	175 597	192 006
Storm water Infrastructure		340 992	335 320	358 272	75 968	75 968	75 968	75 277	78 619	79 807
Electrical Infrastructure		23 474	16 821	15 933	16 622	19 454	19 454	8 926	9 020	9 658
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	1 862	2 822	2 822	14 182	14 194	15 000
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastr		-	-	-	-	-	-	-	-	-
Infrastructure		314 806	305 356	309 477	337 390	277 561	277 561	267 222	277 429	296 471
Community Assets		70 314	68 439	72 526	126 825	127 074	127 074	118 380	122 509	125 458
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		57 877	70 116	84 587	70 116	84 587	84 587	84 587	84 587	84 587
Other Assets		18 935	21 817	24 695	39 152	40 136	40 136	40 318	40 961	41 086
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		836	780	674	1 091	549	549	568	602	633
Computer Equipment		2 569	2 577	3 028	3 007	5 013	5 013	42 210	42 580	42 391
Furniture and Office Equipment		3 745	3 987	4 369	896	2 752	2 752	2 482	2 891	3 017
Machinery and Equipment		7 680	8 070	11 641	15 839	22 924	22 924	26 016	26 510	28 059
Transport Assets		7 013	7 452	9 844	7 727	11 254	11 254	13 517	13 812	17 261
Land		18 400	18 400	19 890	18 400	20 310	20 310	29 890	29 890	29 890
Zoo's, Marine and Non-biological Anima		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY 5		502 174	506 994	540 732	620 443	592 160	592 160	625 190	641 771	668 853

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
Household service targets	1									
Water:										
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
Minimum Service Level and Above sub-total		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		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
Total number of households	5	40 759	43 329	43 329	43 329	43 329	49 828	49 828	49 828	49 828
Sanitation/sewerage:										
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
Minimum Service Level and Above sub-total		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		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		472	300	300	300	300	150	—	—	—
Total number of households	5	40 727	43 051	43 051	43 051	43 051	47 176	47 026	47 026	47 026
Energy:										
Electricity (at least min.service level)		1 040	389	389	389	389	389	389	389	389
Electricity - prepaid (min.service level)		—	574	574	629	629	629	629	629	629
Minimum Service Level and Above sub-total		1 040	963	963	1 018	1 018	1 018	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		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	1 960	1 960	1 960	1 975	1 975	1 975
Total number of households	5	1 040	963	963	2 978	2 978	2 978	2 993	2 993	2 993
Refuse:										
Removed at least once a week		11 705	23 700	4 452	4 601	4 601	4 601	4 610	4 610	4 610
Minimum Service Level and Above sub-total		11 705	23 700	4 452	4 601	4 601	4 601	4 610	4 610	4 610
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
Total number of households	5	11 705	23 700	4 452	4 601	4 601	4 601	4 610	4 610	4 610
Households receiving Free Basic Service	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
Highest level of free service provided per household										
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)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		—	—	—	—	—	—	—	—	—
Revenue cost of subsidised services provided	9									
Property rates (tariff adjustment) (impermisable values per section 17 of Property rates exemptions, reductions and rebates and impermissible values in excess		(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)		—	—	—	—	—	—	—	—	—
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		—	—	—	—	—	—	—	—	—
Other	6	—	—	—	—	—	—	—	—	—
Total revenue cost of subsidised services provided		(9 050)	0	(7 415)	17 226	23 226	23 226	11 765	12 282	12 835

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 477 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 R2.1 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 R2.1 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 477 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 36 531 households registered as indigent in 2022/23, and therefore entitled to receiving Free Basic Services. The number is set to increase to 477 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 R2.1 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 1975 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 31st 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;

29th 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

17th 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 (Final Integrated Development Plan) IDP which has been adopted by Council in May 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, 115 and 116 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 31st May 2022 for community consultation which [has been](#) published on the municipality's website, and hard copies [were](#) made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback [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) **were** provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees **were** utilised to facilitate the community consultation process from 01 April to 30 April 2022, and include 8 public briefing sessions. The applicable dates and venues **were** published in all the local newspapers. This consultation was compared to the previous year's process.

This then attributed to the additional initiatives which **were** launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions **will be** scheduled with organised business and imbizo's **were** held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

2.4 Overview of alignment of annual budget with IDP

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

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

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

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

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

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

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

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic objectives for the 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 STRATEGIC OBJECTIVE	STRATEGIES	RESPONSIBLE DEPARTMENT
GOOD GOVERNANCE AND PUBLIC PARTICIPATION					
GGPP 01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	TO FOSTER A CULTURE OF COMMUNITY INVOLVEMENT AND GOOD GOVERNANCE IN THE AFFAIRS OF	2.3 Ensure a participative, transparent and accountable governance	2.3.1 Improve the public participation processes	Community services
GGPP 02					OMM
GGPP 03				2.3.2 Ensure the existence and functionality of the public participation	OMM
GGPP 04				2.3.3 Ensure functional municipal	Corporate services
GGPP 05					Office of the MM

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

BSD 01	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Providing equal access to high quality sustainable basic infrastructure and services	1.1. To improve access to basic services	1.1.1. Facilitate the reduction of water and sanitation infrastructure and	TSD
BSD 03				1.1.2 Facilitate access to electricity for all	TSD
BSD 04				1.1.3 Reduce the road and storm-water	TSD
BSD 05				1.1.4 Facilitate the reduction of the housing	TSD
BSD 18				1.1.5 Provide efficient waste collection and	TSD
BSD 19				1.1.6 Maintain a functional	TSD
BSD 22				1.1.7 To prepare a 3 year capital infrastructure funding	TSD

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM STRATEGIC OBJECTIVE	STRATEGIES	RESPONSIBLE DEPARTMENT
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FINANCIAL VIABILITY AND MANAGEMENT

FVM 01	FINANCIAL VIABILITY AND MANAGEMENT	TO DEVELOP A SUSTAINABLE AND EFFICIENT MUNICIPALITY BASED ON SOUND FINANCIAL MANAGEMENT	2.2 Ensure a financially viable	2.2.1 Improve the audit opinion	OMM
FVM 03				2.2.2 Ensure the IDP aligned financial	BTO
FVM 04				2.2.3 Effectively and efficiently manage the expenditure of the municipality	BTO
FVM 09				2.2.4 Manage and increase the municipal revenue base	BTO
FVM 13				2.2.5 Ensure that the municipality acquires	BTO
FVM 14				2.2.6 Ensure a constant and accurate financial reporting	BTO
FVM 16					BTO

COMMUNITY AND SOCIAL SERVICES DEVELOPMENT

CSD 01	COMMUNITY AND SOCIAL SERVICES	Providing and facilitating access to	5.1 Ensure that our people have access to community facilities and	5.1.1 Provide the library services 5.1.2 Facilitate the provision of new community facilities	CSPS
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CSD 02	DEVELOPMENT	social services and facilities.	5.2 Aspire to a healthy, safe and crime free area	5.2.1 Facilitate the provision of the community health	CSPS
CSD 03				5.2.2 Ensure the municipal contribution to	CSPS
CSD 04				5.2.3 Improve on road safety	CSPS
CSD 05				5.2.4 Ensure the municipal contribution to	CSPS
CSD 06				5.3.2 Design and implement sports arts	CSPS

LOCAL ECONOMIC DEVELOPMENT

LED 01	LOCAL ECONOMIC DEVELOPMENT	3. Promoting and facilitating human development	3.1 Achieve a holistic human development and capacitation for the realisation of skilled	3.1.1 Improve the community skills base	EDPHS
LED 03				3.1.2 Ensure the empowerment of youth, women and people living with	EDPHS
LED 04		4. Facilitate the creation of job opportunities	4.1 Facilitating the creation of employment opportunities for	4.1.1 Implement the EPWP programme	EDPHS
LED 06				4.1.2 Strategically plan for the local economic development	EDPHS
				4.1.3 facilitate the implementation of the GWP	
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	

IDP/POE REF	KEY PERFORM ANCE	GOAL	MLM STRATEGIC OBJECTIVE	STRATEGIES	RESPONSIB LE DEPARTME
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION					
IDT 01	MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	2. Provision of effective, efficient , transparent and accountable leadership	2.1 Creating a conducive working environment	2.1.1 Maintain and improve the municipal policies	CSD
IDT 02				2.1.2 Ensure effective and efficient human resource management	CSD
IDT 03				2.1.3 Ensure effective and efficient human resource development	CSD
IDT 04				2.1.4 Improve performance	CSD
IDT 05				2.1.5 Improve information technology and	CSD
IDT 06				2.1.6 Improve on customer care	CSD
IDT 07				2.1.7 Maintain and improve municipal	CSD
IDT 08					
BACK TO BASICS –Cross cutting measures					
SDF 01	SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT	Promoting and facilitating environmental protection and sustainable spatial planning.	6.1 Realise a completely protected environment	6.1.1 Improve community awareness on environmental protection	EDPHS
				6.1.2 Implement the coastal management plan	
			6.2 Facilitate a creation of a disaster ready community	6.2.1 Develop and adopt the disaster management plan	
				6.2.2 Create a community disaster	
SDF 02				6.3 Ensure an integrated and aligned development planning	6.3.1 Implement the SDF
		6.3.2 Implement the Dokodweni Local Area Development Plan			
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	
				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	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 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	9 353	9 764	10 204	
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	37 391	36 173	37 710	
Allocations to other priorities			2										
Total Revenue (excluding capital transfers and c				1	289 774	311 884	(346 270)	(345 704)	366 408	366 408	367 054	388 038	412 061

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

KZN291 Mandeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)												
Strategic Objective	Goal	Goal Cod	Ref	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	9		36 465	35 064	44 638	47 939	47 678	47 678	52 611	55 100	57 565
Facilitate a creation of a disaster ready community	Responsive, accountable, effective and	9		102 283	111 955	102 503	102 382	128 062	128 062	133 165	139 955	144 342
Good Governance	Responsive, accountable, effective and	9		189	160	300	1 539	0	0	1 953	1 902	3 229
Improve performance	Responsive, accountable, effective and	9		30 321	33 383	32 365	31 218	48 437	48 437	55 389	55 320	57 809
Improve the audit opinion	Responsive, accountable, effective and	9		4 212	6 949	8 444	12 592	11 842	11 842	9 873	7 298	7 627
Manage increase and the municipal base	A comprehensive, responsive and sustainable social	13		142	139	902	880	740	740	1 073	1 120	1 170
Manage increase and the municipal base	Responsive, accountable, effective and	9		47	64	–	20	20	20	20	21	22
Provide and maintain Library services	Responsive, accountable, effective and	9		16 278	15 971	20 343	21 226	21 232	21 232	25 878	26 826	28 029
TakeOn	A comprehensive, responsive and sustainable social	13		32 008	35 339	40 901	47 451	22 594	22 594	23 148	21 402	22 249
TakeOn	Responsive, accountable, effective and	9		31 419	34 546	39 722	47 420	48 220	48 220	45 688	47 698	50 199
To improve access to all basic services	Responsive, accountable, effective and	9		7 535	8 703	11 437	8 125	8 285	8 285	9 248	9 655	10 089
				5 009	3 983	7 461	2 669	2 619	2 619	3 680	3 842	4 014
Allocations to other priorities												
Total Expenditure			1	265 909	286 257	309 016	323 462	339 730	339 730	361 725	370 138	386 344

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	I	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												
achieve a holistic human development and incapacitating	An efficient, effective and development-	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-	12		—	—	212	150					
balance sheet budgeting	An efficient, competitive and responsive	6		20 484	20 476	—	—					
BRUSHCUTTING MACHINES	An efficient, effective and development-	12		—	—	100	110					
COMMUNITY CONSULTATION MEETING	An efficient, effective and development-	12		—	—	600	—	50	50	527		
Enhance the Knowledge Economy	An efficient, effective and development-	12		—	—	—	—					
Ensure an integrated and aligned development	An efficient, competitive and responsive	6		—	—	—	4 800					
Ensure an integrated and aligned development	An efficient, effective and development-	12		—	—	—	1 850					
Ensure that our people have access to community	An efficient, effective and development-	12		1 323	1 768	440	8 448	6 619	6 619	7 395		
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-	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-	12		—	365	4 700	135					
Establishment of Driving License Testing Centre.	An efficient, effective and development-	12		25	1 087	8 000	5 000	7 097	7 097	6 779	5 000	3 500
Expansion of Government-led job creation	An efficient, effective and development-	12		—	—	—	1 120					
Facilitate a creation of a disaster ready community	An efficient, effective and development-	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-	12		—	186	400	300					
Good Governance	An efficient, effective and development-	12		—	—	510	20					
Greening of open spaces and Municipal facilities	An efficient, competitive and responsive	6		—	—	—	600					
Greening of open spaces and Municipal facilities	An efficient, effective and development-	12		—	—	60	70					
Improve information technology and document	An efficient, effective and development-	12		—	—	500	1 000					
Improve the audit opinion	An efficient, effective and development-	12		—	—	100	—					
Maintain and improve municipal buildings and	An efficient, effective and development-	12		3 949	1 525	2 486	900					
Maintain and improve the municipal policies	An efficient, effective and development-	12		—	—	650	1 000					
Manage increase and the municipal base	An efficient, effective and development-	12		—	—	—	400					
Procurement of 20 new skips	An efficient, competitive and responsive	6		—	—	740	—					
Promoting SMME, Entrepreneurial and Youth Development	An efficient, effective and development-	12		—	—	—	300					
Provide and maintain Library services	An efficient, effective and development-	12		—	—	—	150					
Provide and maintain Library services	Quality basic education	1		231	231	500	260					
Realise a completely protected	An efficient, effective and development-	12		—	—	800	1 130	7 907	7 907	13 509	10 691	5 000
SPEAKER'S STRATEGIC PROGRAMMES	An efficient, effective and development-	12		—	—	200	—					
TakeOn	A long and healthy life for all South Africans	2		35 330	35 026	—	—	8 308	8 308	18 479		
TakeOn	An efficient, competitive and responsive	6		49 222	54 902	—	—					
TakeOn	An efficient, effective and development-	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	6 095		
To improve access to all basic services	An efficient, competitive and responsive	6		29 079	36 034	24 496	28 853	38 510	38 510	20 326	16 500	23 134
To improve access to all basic services	An efficient, effective and development-	12		—	177	3 381	8 800	4 400	4 400	5 202		
To improve access to basic services	A long and healthy life for all South Africans	2		—	—	—	400					
To improve access to basic services	An efficient, competitive and responsive	6		—	—	300	400					
To improve access to basic services	An efficient, effective and development-	12		—	—	1 500	900					
Allocations to other priorities		3										
Total Capital Expenditure		1		237 694	254 468	59 655	73 920	79 280	79 280	78 311	32 191	31 634

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:

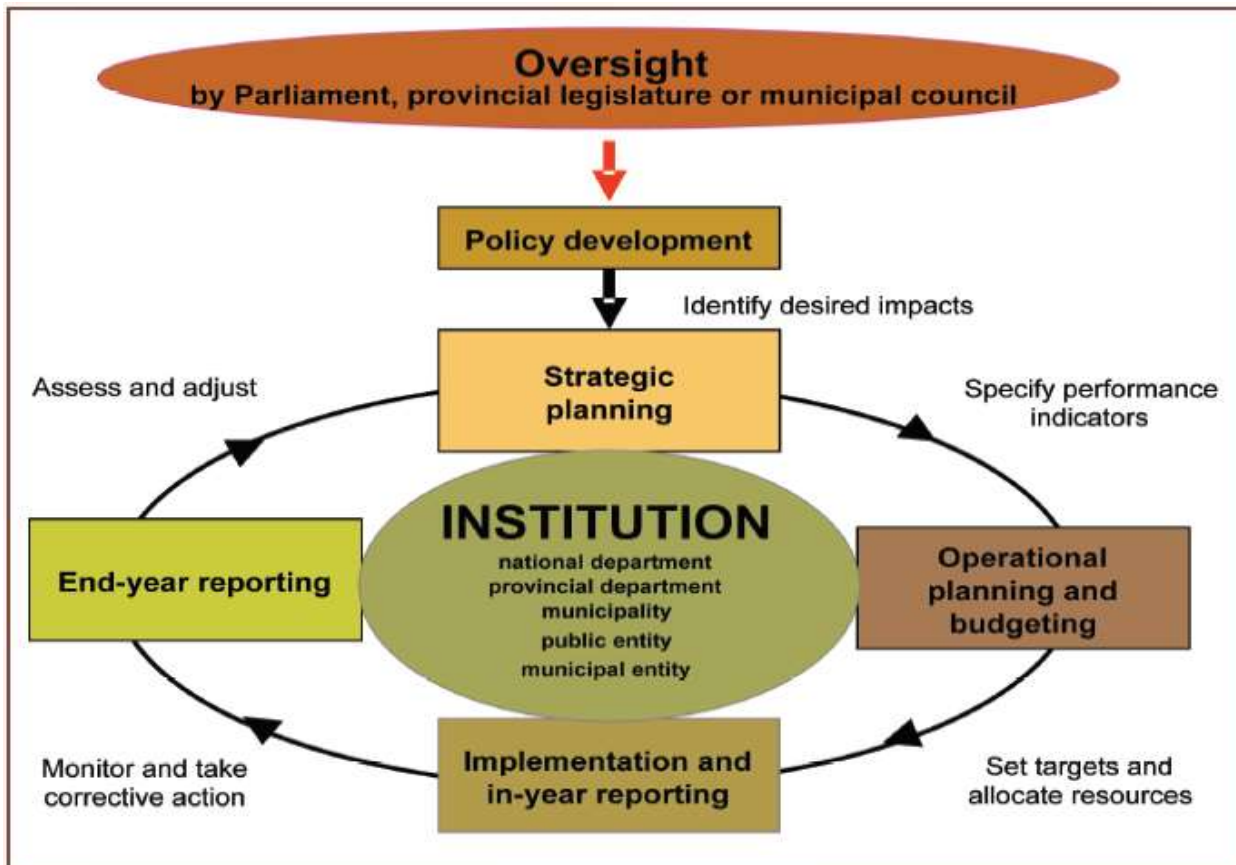


Figure 2 Planning, budgeting and reporting cycle

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:

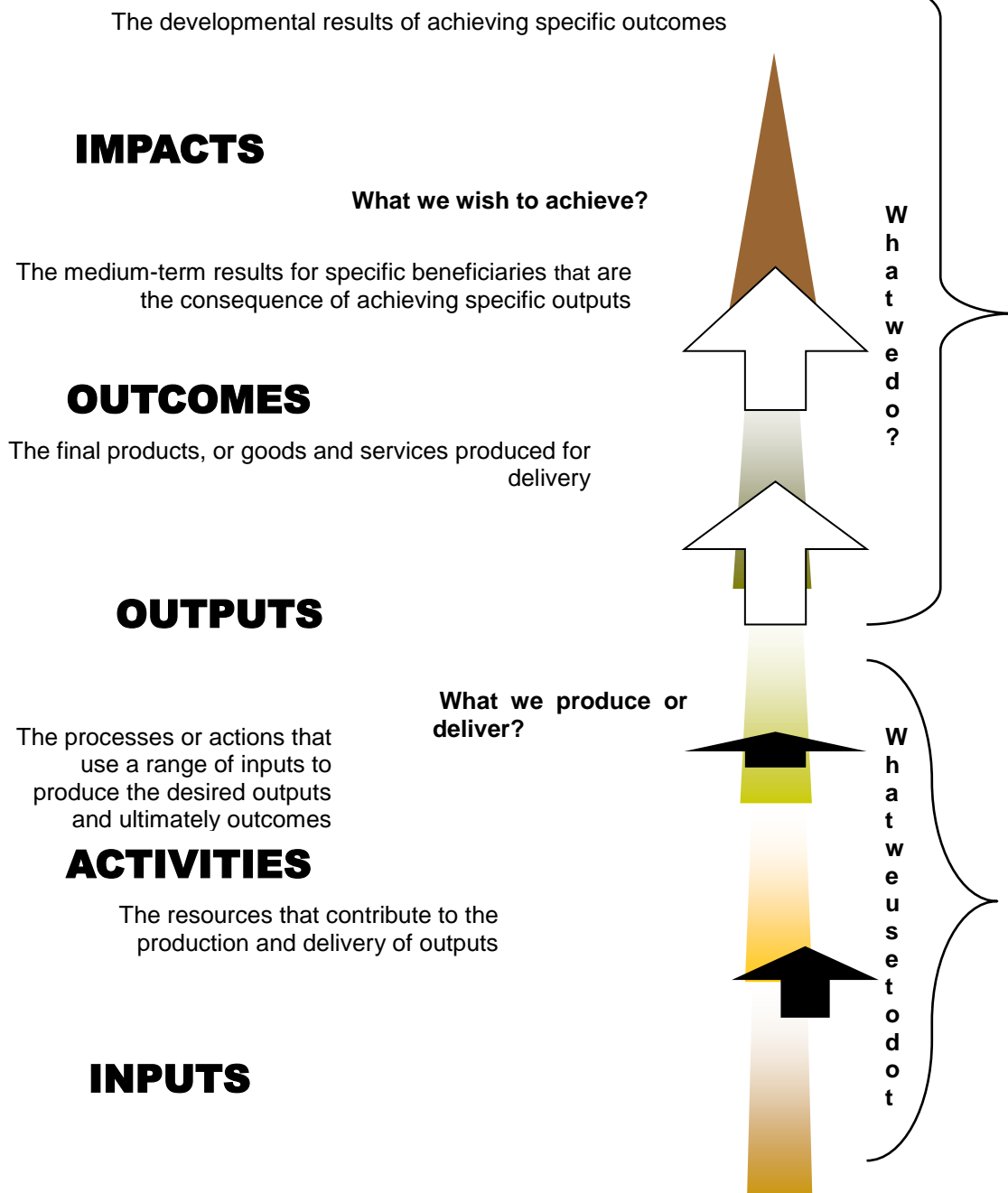


Figure 3 Definition of performance information concepts

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
Vote 1 - Roads & Stormwater										
Function 1 - Roads										
Sub-function 1 - Eradication										
Reduce road backlogs	kilometres		14000.0%	13000.0%	13000.0%	13000.0%	12500.0%	12500.0%	12500.0%	12500.0%
New Roads to be constructed	kilometres		9500.0%	10500.0%	10500.0%	10500.0%	10000.0%	10000.0%	10000.0%	10000.0%
rural gravel roads repaired	kilometres		23900.0%	25000.0%	25000.0%	25000.0%	27500.0%	27500.0%	27500.0%	27500.0%
Sub-function 2 - Roads										
Surfaced Roads resurfaced	kilometres		7000.0%	9800.0%	9800.0%	9800.0%	8500.0%	8500.0%	8500.0%	8500.0%
Sub-function 3 - Roads for Stormwater										
	kilometres		4500.0%	7500.0%	7500.0%	7500.0%	9500.0%	9880.0%	10295.0%	10747.9%
Function 2 - Energy & Electrification										
Sub-function 1 - Electricity										
electrification infrastructure (Dry)	number of		29800.0%	27800.0%	27800.0%	27800.0%	25000.0%	26000.0%	27092.0%	28284.0%
Installation of 200 new	number of		15000.0%	18000.0%	18000.0%	18000.0%	12000.0%	12480.0%	13004.2%	13576.3%
Sub-function 2 - New										
Completed and occupied	number of		55000.0%	45000.0%	45000.0%	45000.0%	35000.0%	36400.0%	37928.8%	39597.7%
Sub-function 3 - Maintain										
Electricity & repairs	percentage		4500.0%	5500.0%	5500.0%	5500.0%	5500.0%	5720.0%	5960.2%	6222.5%
Insert measure/s description										
And so on for the rest of the										

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
<u>Borrowing Management</u>										
Credit Rating	Interest & Principal Paid /Operating Expenditure Finance charges & Repayment of borrowing /Own Revenue									
Capital Charges to Operating Expenditure		0.8%	0.6%	0.4%	0.2%	1.0%	1.0%	0.2%	0.2%	0.2%
Capital Charges to Own Revenue		1.8%	1.5%	0.8%	0.7%	3.2%	3.2%	0.8%	0.7%	0.7%
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%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	111.4%	50.1%	0.8%	37.8%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	4.2	3.4	3.2	7.0	(0.6)	(0.6)	2.8	5.2	7.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4.2	3.4	3.2	7.0	(0.6)	(0.6)	2.8	5.2	7.1
Liquidity Ratio	Monetary Assets/Current Liabilities	2.2	2.5	2.8	3.9	(0.5)	(0.5)	2.0	4.3	6.2
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		97.9%	47.5%	38.9%	103.4%	96.5%	3.5%	74.0%	74.2%
Current Debtors Collection Rate (Cash receipts % of Outstanding Debtors to Revenue)		97.9%	47.5%	38.9%	103.4%	96.5%	96.5%	74.0%	74.2%	74.2%
Longstanding Debtors Recovered	Total Outstanding Debtors to Annual Revenue Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	19.9%	13.9%	8.7%	16.6%	7.8%	7.8%	8.5%	8.2%	7.9%
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within' MFMA' s									
Creditors to Cash and Investments		28.8%	16.0%	17.2%	37.3%	19.2%	19.2%	53.8%	29.0%	19.8%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	0	0	0	0	0	0	0	0	0
	Total Cost of Losses (Rand % Volume (units purchased and generated less units sold)/units purchased and	-	-	-	-	-	-	-	-	-
Water Distribution Losses (2)	Total Volume Losses (kl)	-	-	-	-	-	-	-	-	-
	Total Cost of Losses (Rand % Volume (units purchased and generated less units sold)/units purchased and	0	0	0	0	0	0	0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.4%	34.0%	31.3%	34.9%	33.3%	33.3%	38.0%	36.7%	36.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	39.6%	37.6%	37.6%	42.5%	41.1%	40.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.5%	2.7%	5.5%	6.2%	5.8%	5.8%	5.1%	4.7%	4.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.6%	10.6%	9.2%	10.7%	10.9%	10.9%	10.4%	10.2%	10.0%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14.7	16.4	25.3	18.0	18.0	18.0	16.3	16.4	17.1
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	58.3%	47.8%	27.6%	53.7%	26.7%	26.7%	30.0%	29.0%	28.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.5	5.7	8.8	1.1	5.6	5.6	3.0	5.4	8.0

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 31st May 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 May 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 May 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.

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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

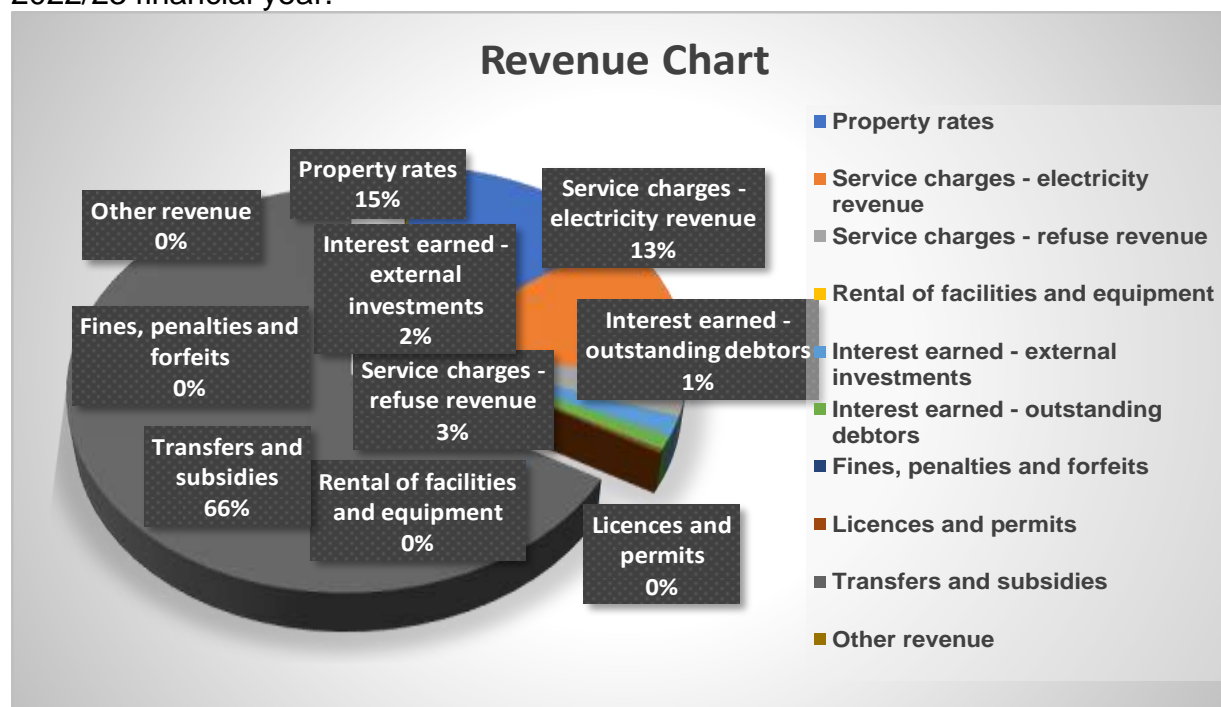
2.9.1 Medium-term outlook: operating revenue

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		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Expenditure By Type											
Employee related costs	2	84 280	99 700	109 315	107 819	109 069	109 069	91 062	124 828	127 697	133 279
Remuneration of councillors		13 023	13 249	13 528	14 643	14 193	14 193	11 020	14 682	15 328	16 002
Debt impairment	3	41 621	48 224	34 245	30 635	34 635	34 635	18 972	42 548	44 123	45 804
Depreciation & asset impairment	2	27 712	30 298	31 848	32 726	32 726	32 726	25 570	33 747	35 232	36 817
Finance charges		680	919	332	400	3 003	3 003	57	410	415	420
Bulk purchases - electricity	2	22 907	26 098	28 816	35 143	36 643	36 643	30 014	33 950	35 444	37 393
Inventory consumed	8	(508)	(980)	(864)	2 288	2 135	2 135	971	3 987	3 956	4 018
Contracted services		39 078	34 792	47 869	56 718	56 960	56 960	40 399	63 868	62 041	64 646
Transfers and subsidies		–	–	1 557	–	–	–	–	–	–	–
Other expenditure	4, 5	28 573	30 329	31 635	43 639	50 914	50 914	35 035	43 705	45 904	47 964
Losses		1 053	740	1 536	–	1 500	1 500	1 500	–	–	–
Total Expenditure		258 420	283 370	299 817	324 012	341 779	341 779	254 600	361 725	370 138	386 344

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	Ref	2022/23 Medium Term Revenue & Expenditure Framework				2022/23 Total Budgeted Revenue
		Budget Year 2022/23	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	
Rand/cent		% incr.				
Monthly Account for Household - 'Middle Income Range'	1					
Rates and services charges:						
Property rates		4.8%	1 167.51	1 178.65	1 189.79	48 880 318
Electricity: Basic levy		7.5%	634.86	653.34	659.25	
Electricity: Consumption		7.5%	2 883.76	2 967.75	2 994.58	35 823 813
Water: Basic levy		—	—	—	—	
Water: Consumption		—	—	—	—	
Sanitation		—	—	—	—	
Refuse removal		4.8%	155.50	156.98	158.46	8 503 692
Other						
sub-total		6.7%	4 841.63	4 956.72	5 002.08	93 207 823
VAT on Services						
Total large household bill:		6.7%	4 841.63	4 956.72	5 002.08	93 207 823
% increase/-decrease			6.7%	2.4%	0.9%	

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 R44,3 million for the 2022/23 financial year and increasing to R49.1 million by 2024/25. For the 2022/23 financial year services charges amount to 9.1 per cent of the total revenue base and grows by 7.6 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 R224.0 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 – Détail 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
R thousand										
Parent municipality										
Securities - National Government		—	—	—	—	—	—	—	—	—
Listed Corporate Bonds		—	—	—	—	—	—	—	—	—
Deposits - Bank		60 607	19 108	54 806	65 925	167 599	167 599	74 236	137 729	210 870
Deposits - Public Investment Commissioners		—	—	—	—	—	—	—	—	—
Deposits - Corporation for Public Deposits		—	—	—	—	—	—	—	—	—
Bankers Acceptance Certificates		—	—	—	—	—	—	—	—	—
Negotiable Certificates of Deposit - Banks		—	—	—	—	—	—	—	—	—
Guaranteed Endowment Policies (sinking)		—	—	—	—	—	—	—	—	—
Repurchase Agreements - Banks		—	—	—	—	—	—	—	—	—
Municipal Bonds		—	—	—	—	—	—	—	—	—
Municipality sub-total	1	60 607	19 108	54 806	65 925	167 599	167 599	74 236	137 729	210 870
Entities										
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										
Entities sub-total		—	—	—	—	—	—	—	—	—
Consolidated total:		60 607	19 108	54 806	65 925	167 599	167 599	74 236	137 729	210 870

Table 31 MBRR SA16 – Investment particulars by maturity

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity										
Investments by Maturity	Ref	Period of Investment	Variable or Fixed interest rate	Interest Rate ^a	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/Month								
Parent municipality										
Call account 1-GRANTS		12MNTHS	Fixed	0.0245	30 June 2022	2 144	1 056	(120 933)	118 463	730
Call account 2 -HOUSING		12MNTHS	Fixed	0.0245	30 June 2022	1 862	274	(14 962)	14 962	2 136
Call account 3-MIG		12MNTHS	Fixed	0.0245	30 June 2022	47	120	(40 044)	40 044	167
Call account 5-TMT		12MNTHS	Fixed	0.0245	30 June 2022	271	-			271
Call account 6-INEP		12MNTHS	Fixed	0.0245	30 June 2022	23	120	(7 200)	7 200	143
Call account 7-AR		12MNTHS	Fixed	0.0245	30 June 2022	3 785	200			3 985
Call account 8- Title Deed		12MNTHS	Fixed	0.0245	30 June 2022	5 467	130	(1 500)		4 097
NEDBANK		12MNTHS	Fixed	0.05975	30 June 2022	29 000	700	(29 000)	-	700
STANDARD		12MNTHS	Fixed	0.0534	30 June 2022	65 000	1 200	(36 237)	-	29 963
NEDBANK		12MNTHS	Fixed	0.05313	30 June 2022	30 000	700	(59 855)	30 000	845
NEDBANK		12MNTHS	Fixed	0.0482	30 June 2022	30 000	1 200	(50 000)	50 000	31 200
										-
										-
										-
Municipality sub-total						167 599		(359 732)	260 669	74 236
Entities										
										-
										-
										-
										-
Entities sub-total						-		-	-	-
TOTAL INVESTMENTS AND	1					167 599		(359 732)	260 669	74 236

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 R31.8 million, R99.3 million and increases to R170.5 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.

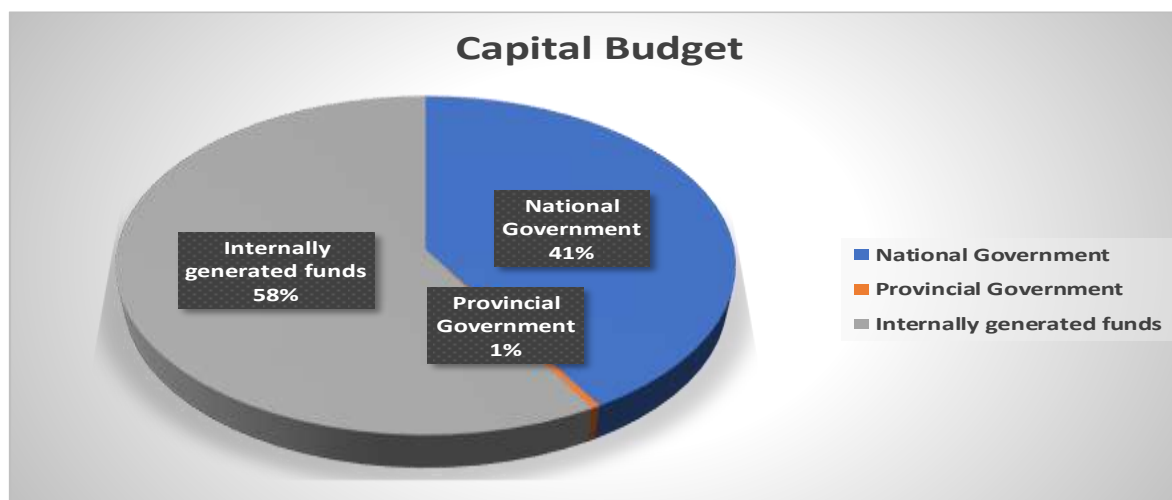
2.9.2 Medium-term outlook: capital revenue

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 - Table A5 Capital Expenditure									
Vote Description	ReCurrent Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework							
R thousand	1	Adjusted Budget	%	Budget Year 2022/23	%	Budget Year +1 2023/24	%	Budget Year +2 2024/25	%
Funded by:									
National Government		42 088	49.94	32 370	41.33	33 691	0	35 134	0
Provincial Government		1 328	1.58	323	0.41	–		–	
District Municipality		–	–	–		–		–	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		–	–	–		–		–	
Transfers recognised - capital	4	43 415	0	32 693		33 691		35 134	
Borrowing	6	–	–	–		–		–	
Internally generated funds		40 865	48.49	45 619	58.25	–		–	
Total Capital Funding	7	84 280	100%	78 311	100%	33 691	100%	35 134	100%

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 41.75 per cent of the total funding source which represents R32.7 million for the 2022/23 financial year and steadily decreases to 35.1 million or 7.4 per cent by 2022/23.

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		
R thousand		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
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		157 762	181 862	192 581	202 167	222 182	222 182	226 202	244 091	259 635
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		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	1 962	2 086	2 175
Disaster Relief Grant COVID 19			745							
Other transfers/grants [insert description]										
Provincial Government:		5 640	2 493	6 219	3 044	21 998	21 998	20 005	4 423	4 618
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	1 629	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								1 000		
Municipal Employment Initiative						19 011	19 011	14 962		
Human Settlement										
District Municipality:		—	—	—	—	—	—	—	—	—
[insert description]										
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]										
Total Operating Transfers and Grants	5	163 402	184 355	198 800	205 211	244 180	244 180	246 207	248 514	264 253
Capital Transfers and Grants										
National Government:		39 577	33 954	41 647	35 370	37 087	37 087	38 082	39 636	41 334
Municipal Infrastructure Grant (MIG)		34 706	33 954	41 647	35 370	37 087	37 087	38 082	39 636	41 334
Neighbourhood Development Partnership		4 871	—							
Other capital transfers/grants [insert desc]										
Provincial Government:		—	1 131	2 990	1 170	1 328	1 328	380	—	—
Provincialization of Libraries			1 131	2 990	1 170	1 270	1 270	380		
Sport and Recreation						58	58			
District Municipality:		—	—	—	—	—	—	—	—	—
[insert description]										
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]										
Total Capital Transfers and Grants	5	39 577	35 085	44 637	36 540	38 415	38 415	38 462	39 636	41 334
TOTAL RECEIPTS OF TRANSFERS		202 979	219 440	243 436	241 751	282 595	282 595	284 669	288 150	305 587

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		
R thousand			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
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
			36 004	21 813	25 396	56 586	50 989	50 989	24 440	25 516	26 664
			53 504	18 585	17 260	42 028	41 074	41 074	44 540	47 204	49 328
			229	104	4 221	51 478	67 147	67 147	34 355	35 866	37 480
	1		155 280	222 702	280 097	204 520	244 181	244 181	246 207	248 514	264 253
	1		38 972	15 837	50 556	37 232	43 415	43 415	38 462	39 636	41 334
			4 893	6 819	6 454	5 085	5 650	5 650	5 775	6 029	6 300
			-	-	-	-	-	-	-	-	-
Payments											
			(217 665)	(209 900)	(260 883)	(295 897)	(282 759)	(282 759)	(316 822)	(308 136)	(319 778)
			(611)	(919)	(332)	(400)	(3 003)	(3 003)	(410)	(415)	(420)
	1		(1 151)	(2 190)	0	(1 883)	-	-	-	-	-
NET CASH FROM/(USED) OPERATING			69 455	72 852	122 769	98 749	166 694	166 694	76 547	94 214	105 161
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
			-	-	-	-	-	-	-	-	-
									-	-	-
									-	-	-
Payments											
			(43 332)	(21 458)	(51 127)	(73 920)	(103 291)	(103 291)	(72 359)	(30 321)	(31 620)
NET CASH FROM/(USED) INVESTING A			(43 332)	(21 458)	(51 127)	(73 920)	(103 291)	(103 291)	(72 359)	(30 321)	(31 620)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
Payments											
			(1 393)	(854)	(809)	(400)	(400)	(400)	(400)	(400)	(400)
NET CASH FROM/(USED) FINANCING A			(1 393)	(854)	(809)	(400)	(400)	(400)	(400)	(400)	(400)
NET INCREASE/ (DECREASE) IN CASH			24 730	50 539	70 834	24 429	63 003	63 003	3 787	63 493	73 141
	2		35 876	60 607	111 146	-	65 000	65 000	70 449	74 236	137 729
	2		60 607	111 146	181 980	24 429	128 003	128 003	74 236	137 729	210 870

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 R74.2 to a surplus of R210.8 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 R74.2 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 R74.2 million by 2022/23 and steadily increases to R210.9 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
Cash and investments available										
Cash/cash equivalents at the year 1		60 991	111 983	181 980	24 429	128 003	128 003	74 236	137 729	210 870
Other current investments > 90 days		(384)	(837)	0	41 496	39 596	39 596	—	—	—
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—
Cash and investments available:		60 607	111 146	181 980	65 925	167 599	167 599	74 236	137 729	210 870
Application of cash and investments										
Unspent conditional transfers		9 875	26 217	30 079	6 720	(375 552)	(375 552)	4 367	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	—	—	—	—	—	—
Other working capital requirement	3	(26 838)	1 375	19 109	(65 077)	(15 123)	(15 123)	10 635	10 226	11 167
Other provisions		16 937	19 465	23 594	20 147	24 327	24 327	27 394	28 185	29 167
Long term investments committed	4	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/in	5	—	—	—	—	—	—	—	—	—
Total Application of cash and invest		(26)	47 057	72 782	(38 210)	(366 348)	(366 348)	42 396	38 411	40 333
Surplus(shortfall)		60 634	64 089	109 197	104 135	533 947	533 947	31 840	99 318	170 537

From the above table it can be seen that the cash and investments available total 74.2 million in the 2022/23 financial year and increases to R210.8 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 transferring ownership of Low-Cost Housing the municipality foresee that there will be remaining unspent grant for Title Deed Grant of R4.4 million this assumption is based on grant register as at May 2022.

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.

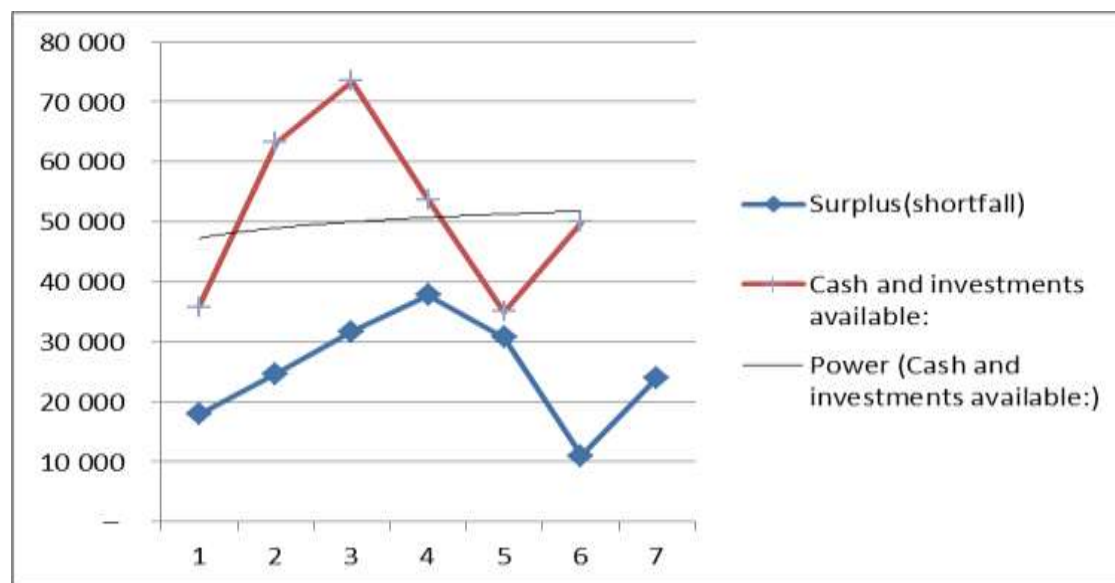


Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds

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
Funding measures											
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 CPIX 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,(1)	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%
Supporting indicators											
% 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	—	—
Supporting benchmarks											
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)											
DoRA operating											
List operating grants											
									—	—	—
DoRA capital											
List capital grants											
									—	—	—
Trend											
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
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
Operating Performance Surplus/(Deficit)			9 590	10 075	49 843	(14 299)	(11 737)	(11 737)	(37 689)	(30 494)	(23 609)
Cash and Cash Equivalents (30 June 2012)									73 721		
Revenue											
% 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%
Expenditure											
% 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%
Capital Revenue											
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%
Capital Expenditure											
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%
Cash											
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
Borrowing											
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%
Reserves											
Surplus/(Deficit)			16 819	48 792	102 646	64 595	518 992	518 992	25 884	39 665	49 044
Free Services											
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%
High Level Outcome of Funding Compliance											
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
MTREF Funded (1) / Unfunded (0)	15		1	1	1	1	1	1	1	1	1
MTREF Funded ü / Unfunded ü	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 R31.8 million, R99.3 million and R170.5 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 7.47 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 analyze 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
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		157 762	181 862	192 581	202 167	222 183	222 183	226 202	244 091	259 635
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 P		6 786	9 500	6 506	4 872	4 872	4 872	7 200	10 000	8 359
MIG (PMU)					1 861	1 862	1 862	1 962	2 086	2 175
Disaster Relief Grant COVID 19			745							
Other transfers/grants [insert description]										
Provincial Government:		5 090	2 493	6 219	3 044	21 998	21 998	20 005	4 423	4 618
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	1 629	1 629	2 566	2 946	3 076
Single Landuse Scheme										
Sports & Recreation			750			43	43			
Human Settlement						19 011	19 011	14 962		
Municipal Employment Initiative (EDTEA)								1 000		
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total operating expenditure of Trans		162 852	184 355	198 800	205 211	244 181	244 181	246 207	248 514	264 253
Capital expenditure of Transfers and Grants										
National Government:		39 577	33 954	41 647	35 370	37 088	37 087	38 082	39 636	41 334
Municipal Infrastructure Grant (MIG)		34 706	33 954	41 647	35 370	37 088	37 087	38 082	39 636	41 334
Neighbourhood Development Partn		4 871	–							
Other capital transfers/grants [insert desc]										
Provincial Government:		–	1 131	2 990	1 170	1 328	1 328	380	–	–
Provincialization of Libraries			1 131	2 990	1 170	1 270	1 270	380		
Sport and Recreation						58	58			
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total capital expenditure of Transfer		39 577	35 085	44 637	36 540	38 415	38 415	38 462	39 636	41 334
TOTAL EXPENDITURE OF TRANSF		202 429	219 440	243 436	241 751	282 596	282 596	284 669	288 150	305 587

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	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										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		157 762	181 862	192 581	(202 167)	(222 182)	(222 182)	(226 202)	(244 091)	(259 635)
Conditions met - transferred to revenue		315 524	363 724	385 161	(404 334)	(444 365)	(444 365)	(452 404)	(488 183)	(519 271)
Conditions still to be met - transferred to		(157 762)	(181 862)	(192 581)	202 167	222 183	222 183	226 202	244 091	259 635
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		5 640	2 493	6 219	(3 044)	(21 998)	(21 998)	(20 005)	(4 423)	(4 618)
Conditions met - transferred to revenue		10 731	4 986	12 438	(6 088)	(43 996)	(43 996)	(40 010)	(8 846)	(9 236)
Conditions still to be met - transferred to		(5 090)	(2 493)	(6 219)	3 044	21 998	21 998	20 005	4 423	4 618
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to		-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue		326 255	368 710	397 599	(410 422)	(488 361)	(488 361)	(492 414)	(497 029)	(528 507)
Total operating transfers and grants - CT 2		(162 852)	(184 355)	(198 800)	205 211	244 181	244 181	246 207	248 514	264 253
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		39 577	33 954	41 647	(35 370)	(37 087)	(37 087)	(38 082)	(39 636)	(41 334)
Conditions met - transferred to revenue		-	-	-	(70 740)	(74 175)	(74 174)	(76 164)	(79 272)	(82 667)
Conditions still to be met - transferred to		39 577	33 954	41 647	35 370	37 088	37 087	38 082	39 636	41 334
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	(58)	(58)	(380)	-	-
Conditions met - transferred to revenue		-	-	-	-	(116)	(116)	(760)	-	-
Conditions still to be met - transferred to		-	-	-	-	58	58	380	-	-
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts		39 577	33 954	41 647	-	-	-	-	-	-
Conditions met - transferred to revenue		39 577	33 954	41 647	-	-	-	-	-	-
Conditions still to be met - transferred to		-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue		39 577	33 954	41 647	(70 740)	(74 290)	(74 290)	(76 924)	(79 272)	(82 667)
Total capital transfers and grants - CT 2		39 577	33 954	41 647	35 370	37 145	37 145	38 462	39 636	41 334
TOTAL TRANSFERS AND GRANTS REVENUE		365 832	402 664	439 246	(481 162)	(562 651)	(562 651)	(569 338)	(576 301)	(611 174)
TOTAL TRANSFERS AND GRANTS - CT 2		(123 276)	(150 401)	(157 153)	240 581	281 326	281 326	284 669	288 150	305 587

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										
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		—	—	—	11 225	10 775	10 775	11 854	12 375	12 920
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		—	—	—	1 279	1 279	1 279	876	915	955
Cellphone Allowance		—	—	—	1 455	1 455	1 455	1 512	1 579	1 648
Housing Allowances		—	—	—	684	684	684	439	458	479
Other benefits and allowances		—	—	—	—	—	—	—	—	—
Sub Total - Councillors		—	—	—	14 643	14 193	14 193	14 682	15 328	16 002
% increase	4	—	—	—	—	(3.1%)	—	3.4%	4.4%	4.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		—	—	—	5 823	5 823	5 823	6 078	6 115	6 164
Pension and UIF Contributions		—	—	—	11	11	11	11	11	12
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	408	408	408	476	497	519
Motor Vehicle Allowance	3	—	—	—	737	737	737	737	769	804
Cellphone Allowance	3	—	—	—	186	186	186	186	194	203
Housing Allowances	3	—	—	—	264	264	264	269	281	294
Other benefits and allowances	3	—	—	—	1	1	1	1	2	2
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligation	6	—	—	—	—	—	—	30	31	32
Sub Total - Senior Managers of Municipality		—	—	—	7 430	7 430	7 430	7 789	7 901	8 030
% increase	4	—	—	—	—	—	—	4.8%	1.4%	1.6%
Other Municipal Staff										
Basic Salaries and Wages		—	—	—	70 949	72 199	72 199	78 980	80 209	84 045
Pension and UIF Contributions		—	—	—	10 755	10 755	10 755	12 197	12 734	13 307
Medical Aid Contributions		—	—	—	3 949	3 949	3 949	5 500	5 742	6 000
Overtime		—	—	—	920	920	920	1 140	1 190	1 244
Performance Bonus		—	—	—	5 174	5 174	5 174	5 556	5 801	6 062
Motor Vehicle Allowance	3	—	—	—	4 364	4 364	4 364	4 746	4 955	5 178
Cellphone Allowance	3	—	—	—	465	465	465	531	555	580
Housing Allowances	3	—	—	—	258	258	258	299	312	326
Other benefits and allowances	3	—	—	—	56	56	56	1 089	1 137	1 188
Payments in lieu of leave		—	—	—	3 500	3 500	3 500	1 719	1 795	1 876
Long service awards		—	—	—	—	—	—	1 246	1 301	1 359
Post-retirement benefit obligation	6	—	—	—	—	—	—	4 035	4 066	4 085
Sub Total - Other Municipal Staff		—	—	—	100 389	101 639	101 639	117 039	119 796	125 250
% increase	4	—	—	—	—	1.2%	—	15.2%	2.4%	4.6%
Total Parent Municipality		—	—	—	122 462	123 262	123 262	139 510	143 025	149 282
		—	—	—	—	0.7%	—	13.2%	2.5%	4.4%
TOTAL SALARY, ALLOWANCES & BENEFITS		—	—	—	122 462	123 262	123 262	139 510	143 025	149 282
% increase	4	—	—	—	—	0.7%	—	13.2%	2.5%	4.4%
TOTAL MANAGERS AND STAFF	5,7	—	—	—	107 819	109 069	109 069	124 828	127 697	133 279

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 ma								
Disclosure of Salaries, Allowances & Benefits 1.	Re	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	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
Total Councillors	8	35	12 633 646	–	2 048 226			14 681 872
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1 293 071		224 306			1 517 377
Chief Finance Officer		1	811 502		446 131			1 257 633
Director Corporate Services		1	1 227 285		30 000			1 257 285
Director EDPHS		1	1 048 974		208 215			1 257 189
Director Technical Services		1	893 138		364 215			1 257 353
Director Community & Public Safety		1	1 067 698		174 255			1 241 953
<i>List of each official with packages >= senior manager</i>								
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	3,10	6	6 341 667	–	1 447 123	–		7 788 790
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	41	18 975 313	–	3 495 349	–		22 470 662

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		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Board Members of municipal entities)	4	35	5	30	35	5	30	35	5	30
Municipal employees	5									
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
Finance		32	23	9	32	23	9	33	24	9
Spatial/town planning		12	12		12	12		13	13	
Information Technology		4	4		4	4		4	4	
Roads		9	4	5	10	5	5	10	5	5
Electricity		5	5		5	5		5	5	
Water										
Sanitation										
Refuse		40	29	11	40	27	13	41	41	–
Other		9	9		9	9		9	9	
Technicians		20	16	4	20	16	4	22	19	3
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		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	
TOTAL PERSONNEL NUMBERS	9	313	247	66	304	236	68	319	265	54
% increase					(2.9%)	(4.5%)	3.0%	4.9%	12.3%	(20.6%)
Total municipal employees headcount	10									
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

KZN291 Mandeni - Supporting Table SA25 Budgeted monthly revenue and expenditure																
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
R thousand																
Revenue By Source																
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		2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	35 824	38 141	39 858
Service charges - water revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue		709	709	709	709	709	709	709	709	709	709	709	709	8 504	8 878	9 277
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		18 670	18 670	18 670	18 670	18 670	18 670	18 670	18 670	18 670	18 670	18 670	18 670	224 045	238 514	255 894
Other revenue		62	62	62	62	62	62	62	62	62	62	62	62	744	777	812
Gains		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital tra		27 383	27 383	27 383	27 383	27 383	27 383	27 383	27 383	27 383	27 383	27 383	27 383	328 592	348 402	370 728
Expenditure By Type																
Employee related costs		10 402	10 402	10 402	10 402	10 402	10 402	10 402	10 402	10 402	10 402	10 402	10 402	124 828	127 697	133 279
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		3 546	3 546	3 546	3 546	3 546	3 546	3 546	3 546	3 546	3 546	3 546	3 546	42 548	44 123	45 804
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		34	34	34	34	34	34	34	34	34	34	34	34	410	415	420
Bulk purchases - electricity		2 829	2 829	2 829	2 829	2 829	2 829	2 829	2 829	2 829	2 829	2 829	2 829	33 950	35 444	37 393
Inventory consumed		332	332	332	332	332	332	332	332	332	332	332	332	3 987	3 956	4 018
Contracted services		5 322	5 322	5 322	5 322	5 322	5 322	5 322	5 322	5 322	5 322	5 322	5 322	63 868	62 041	64 646
Transfers and subsidies		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure		3 642	3 642	3 642	3 642	3 642	3 642	3 642	3 642	3 642	3 642	3 642	3 642	43 705	45 904	47 964
Losses		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure		30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	361 725	370 138	386 344
Surplus/(Deficit)		(2 761)	(2 761)	(2 761)	(2 761)	(2 761)	(2 761)	(2 761)	(2 761)	(2 761)	(2 761)	(2 761)	(2 761)	(33 133)	(21 736)	(15 617)
Transfers and subsidies - capital (monetary allocations) (National transfers and subsidies - capital		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
(monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		444	444	444	444	444	444	444	444	444	444	444	444	5 329	17 900	25 717
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	444	444	444	444	444	444	444	444	444	444	444	444	5 329	17 900	25 717

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		
R thousand		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
Revenue by Vote																
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		3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	36 068	38 396	40 124
Vote 11 - Waste Management		779	779	779	779	779	779	779	779	779	779	779	779	9 353	9 764	10 204
Vote 12 - Environmental Protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue by Vote		30 588	30 588	30 588	30 588	30 588	30 588	30 588	30 588	30 588	30 588	30 588	30 588	367 054	388 038	412 061
Expenditure by Vote to be appropriated																
Vote 1 - Executive and council		4 384	4 384	4 384	4 384	4 384	4 384	4 384	4 384	4 384	4 384	4 384	4 384	52 611	55 100	57 565
Vote 2 - Finance and administration		11 260	11 260	11 260	11 260	11 260	11 260	11 260	11 260	11 260	11 260	11 260	11 260	135 119	141 857	147 571
Vote 3 - Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 4 - Community and social services		2 157	2 157	2 157	2 157	2 157	2 157	2 157	2 157	2 157	2 157	2 157	2 157	25 878	26 826	28 029
Vote 5 - Sport and Recreation		823	823	823	823	823	823	823	823	823	823	823	823	9 873	7 298	7 627
Vote 6 - Public safety		89	89	89	89	89	89	89	89	89	89	89	89	1 073	1 120	1 170
Vote 7 - Housing		2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Vote 8 - Planning and Development		1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	23 148	21 402	22 249
Vote 9 - Road transport		4 616	4 616	4 616	4 616	4 616	4 616	4 616	4 616	4 616	4 616	4 616	4 616	55 389	55 320	57 809
Vote 10 - Energy sources		3 807	3 807	3 807	3 807	3 807	3 807	3 807	3 807	3 807	3 807	3 807	3 807	45 688	47 698	50 199
Vote 11 - Waste Management		771	771	771	771	771	771	771	771	771	771	771	771	9 248	9 655	10 089
Vote 12 - Environmental Protection		307	307	307	307	307	307	307	307	307	307	307	307	3 680	3 842	4 014
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure by Vote		30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	361 725	370 138	386 344
Surplus/(Deficit) before assoc.		444	444	444	444	444	444	444	444	444	444	444	444	5 329	17 900	25 717
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	444	444	444	444	444	444	444	444	444	444	444	444	5 329	17 900	25 717

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

KZN291 Mandeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)																
Description	R thousand	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
Revenue - Functional																
Governance and administration		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	292 322	312 132
Executive and council		651	651	651	651	651	651	651	651	651	651	651	651	7 806	8 042	8 355
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
Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Community and public safety		387	387	387	387	387	387	387	387	387	387	387	387	4 643	4 653	4 858
Community and social services		387	387	387	387	387	387	387	387	387	387	387	387	4 643	4 653	4 858
Sport and recreation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public safety		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental serv		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	42 904	44 744
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
Road transport		80	80	80	80	80	80	80	80	80	80	80	80	959	1 001	1 046
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trading services		3 785	3 785	3 785	3 785	3 785	3 785	3 785	3 785	3 785	3 785	3 785	3 785	45 420	48 160	50 327
Energy sources		3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	36 068	38 396	40 124
Water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		779	779	779	779	779	779	779	779	779	779	779	779	9 353	9 764	10 204
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue - Functional		30 588	30 588	30 588	30 588	30 588	30 588	30 588	30 588	30 588	30 588	30 588	30 588	367 054	388 038	412 061
Expenditure - Functional																
Governance and administration		15 644	15 644	15 644	15 644	15 644	15 644	15 644	15 644	15 644	15 644	15 644	15 644	187 729	196 957	205 135
Executive and council		4 384	4 384	4 384	4 384	4 384	4 384	4 384	4 384	4 384	4 384	4 384	4 384	52 611	55 100	57 565
Finance and administration		11 260	11 260	11 260	11 260	11 260	11 260	11 260	11 260	11 260	11 260	11 260	11 260	135 119	141 857	147 571
Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Community and public safety		3 070	3 070	3 070	3 070	3 070	3 070	3 070	3 070	3 070	3 070	3 070	3 070	36 843	35 265	36 848
Community and social services		2 157	2 157	2 157	2 157	2 157	2 157	2 157	2 157	2 157	2 157	2 157	2 157	25 878	26 826	28 029
Sport and recreation		823	823	823	823	823	823	823	823	823	823	823	823	9 873	7 298	7 627
Public safety		89	89	89	89	89	89	89	89	89	89	89	89	1 073	1 120	1 170
Housing		2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental serv		6 618	6 618	6 618	6 618	6 618	6 618	6 618	6 618	6 618	6 618	6 618	6 618	79 416	77 640	81 018
Planning and development		1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	23 148	21 402	22 249
Road transport		4 382	4 382	4 382	4 382	4 382	4 382	4 382	4 382	4 382	4 382	4 382	4 382	52 589	52 397	54 755
Environmental protection		307	307	307	307	307	307	307	307	307	307	307	307	3 680	3 842	4 014
Trading services		4 811	4 811	4 811	4 811	4 811	4 811	4 811	4 811	4 811	4 811	4 811	4 811	57 736	60 276	63 343
Energy sources		3 807	3 807	3 807	3 807	3 807	3 807	3 807	3 807	3 807	3 807	3 807	3 807	45 688	47 698	50 199
Water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		233	233	233	233	233	233	233	233	233	233	233	233	2 800	2 923	3 055
Waste management		771	771	771	771	771	771	771	771	771	771	771	771	9 248	9 655	10 089
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional		30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	30 144	361 725	370 138	386 344
Surplus/(Deficit) before assoc.		444	444	444	444	444	444	444	444	444	444	444	444	5 329	17 900	25 717
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	444	444	444	444	444	444	444	444	444	444	444	444	5 329	17 900	25 717

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

KZN291 Mandeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description	Re	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		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
Multi-year expenditure to be appropriated	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]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure supported	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Single-year expenditure to be appropriated																
Vote 1 - Executive and council		44	44	44	44	44	44	44	44	44	44	44	44	527	—	—
Vote 2 - Finance and administration		616	616	616	616	616	616	616	616	616	616	616	616	7 395	—	—
Vote 3 - Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 4 - Community and social services		565	565	565	565	565	565	565	565	565	565	565	565	6 779	5 000	3 500
Vote 5 - Sport and Recreation		1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	13 509	10 691	5 000
Vote 6 - Public safety		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 8 - Planning and Development		1 540	1 540	1 540	1 540	1 540	1 540	1 540	1 540	1 540	1 540	1 540	1 540	18 479	—	—
Vote 9 - Road transport		1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	20 326	16 500	23 134
Vote 10 - Energy sources		508	508	508	508	508	508	508	508	508	508	508	508	6 095	1 500	—
Vote 11 - Waste Management		434	434	434	434	434	434	434	434	434	434	434	434	5 202	—	3 500
Vote 12 - Environmental Protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital single-year expenditure supported	2	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	78 311	33 691	35 134
Total Capital Expenditure	2	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	78 311	33 691	35 134

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		
R thousand		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
Capital Expenditure - Functional	1															
Governance and administration		660	660	660	660	660	660	660	660	660	660	660	660	7 922	–	–
Executive and council		44	44	44	44	44	44	44	44	44	44	44	44	527	–	–
Finance and administration		616	616	616	616	616	616	616	616	616	616	616	616	7 395	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		1 691	1 691	1 691	1 691	1 691	1 691	1 691	1 691	1 691	1 691	1 691	1 691	20 288	15 691	8 500
Community and social services		565	565	565	565	565	565	565	565	565	565	565	565	6 779	5 000	3 500
Sport and recreation		1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	13 509	10 691	5 000
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental serv		3 234	3 234	3 234	3 234	3 234	3 234	3 234	3 234	3 234	3 234	3 234	3 234	38 805	16 500	23 134
Planning and development		1 540	1 540	1 540	1 540	1 540	1 540	1 540	1 540	1 540	1 540	1 540	1 540	18 479	–	–
Road transport		1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	20 326	16 500	23 134
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		941	941	941	941	941	941	941	941	941	941	941	941	11 297	1 500	3 500
Energy sources		508	508	508	508	508	508	508	508	508	508	508	508	6 095	1 500	–
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		434	434	434	434	434	434	434	434	434	434	434	434	5 202	–	3 500
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	2	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	78 311	33 691	35 134
Funded by:																
National Government		2 697	2 697	2 697	2 697	2 697	2 697	2 697	2 697	2 697	2 697	2 697	2 697	32 370	33 691	35 134
Provincial Government		27	27	27	27	27	27	27	27	27	27	27	27	323	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and Subsidies - capital (monetary allocations) (National / Provincial		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Departmental Agencies,		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital		2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	32 693	33 691	35 134
Borrowing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds		3 802	3 802	3 802	3 802	3 802	3 802	3 802	3 802	3 802	3 802	3 802	3 802	45 619	–	–
Total Capital Funding		6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	6 526	78 311	33 691	35 134

Table 47 MBRR SA30 - Budgeted monthly cash flow

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS		Budget Year 2022/23											Medium Term Revenue and Expenditure Framework		
R thousand	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
Cash Receipts By Source															
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	26 664
Service charges - electricity revenue	3 337	3 337	3 337	3 337	3 337	3 337	3 337	3 337	3 337	3 337	3 337	3 337	40 038	42 504	44 417
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	15
Licences and permits	58	58	58	58	58	58	58	58	58	58	58	58	692	722	755
Agency services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and Subsidies - Operational	20 517	20 517	20 517	20 517	20 517	20 517	20 517	20 517	20 517	20 517	20 517	20 517	246 207	248 514	264 253
Other revenue	2 789	2 789	2 789	2 789	2 789	2 789	2 789	2 789	2 789	2 789	2 789	2 789	33 471	34 944	36 516
Cash Receipts by Source	29 610	29 610	29 610	29 610	29 610	29 610	29 610	29 610	29 610	29 610	29 610	29 610	355 317	363 130	384 026
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	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
allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on Disposal of Fixed and Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current receivable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Receipts by Source	32 815	32 815	32 815	32 815	32 815	32 815	32 815	32 815	32 815	32 815	32 815	32 815	393 779	402 765	425 360
Cash Payments by Type															
Employee related costs	11 626	11 626	11 626	11 626	11 626	11 626	11 626	11 626	11 626	11 626	11 626	11 626	139 510	143 025	149 282
Remuneration of councillors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Finance charges	34	34	34	34	34	34	34	34	34	34	34	34	410	415	420
Bulk purchases - electricity	2 829	2 829	2 829	2 829	2 829	2 829	2 829	2 829	2 829	2 829	2 829	2 829	33 950	35 444	37 393
Acquisitions - water & other inventory	332	332	332	332	332	332	332	332	332	332	332	332	3 987	3 956	4 018
Contracted services	5 322	5 322	5 322	5 322	5 322	5 322	5 322	5 322	5 322	5 322	5 322	5 322	63 868	62 041	64 646
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure	6 292	6 292	6 292	6 292	6 292	6 292	6 292	6 292	6 292	6 292	6 292	6 292	75 507	63 671	64 440
Cash Payments by Type	26 436	26 436	26 436	26 436	26 436	26 436	26 436	26 436	26 436	26 436	26 436	26 436	317 232	308 551	320 198
Other Cash Flows/Payments by Type															
Capital assets	6 030	6 030	6 030	6 030	6 030	6 030	6 030	6 030	6 030	6 030	6 030	6 030	72 359	30 321	31 620
Repayment of borrowing	33	33	33	33	33	33	33	33	33	33	33	33	400	400	400
Other Cash Flows/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type	32 499	32 499	32 499	32 499	32 499	32 499	32 499	32 499	32 499	32 499	32 499	32 499	389 992	339 273	352 218
NET INCREASE/(DECREASE) IN CASH HELD	316	316	316	316	316	316	316	316	316	316	316	316	3 787	63 493	73 141
Cash/cash equivalents at the month/year begin	70 449	70 764	71 080	71 395	71 711	72 027	72 342	72 658	72 974	73 289	73 605	73 920	70 449	74 236	137 729
Cash/cash equivalents at the month/year end:	70 764	71 080	71 395	71 711	72 027	72 342	72 658	72 974	73 289	73 605	73 920	74 236	74 236	137 729	210 870

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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
R thousand	1	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										
Infrastructure		11 958	7 228	6 283	2 062	—	—	5 570	—	—
Roads Infrastructure		6 283	7 228	6 283	2 062	—	—	2 043	—	—
Roads		6 283	7 228	6 283	2 062	—	—	2 043	—	—
Road Structures		—	—	—	—	—	—	—	—	—
Road Furniture		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Drainage Collection		—	—	—	—	—	—	—	—	—
Storm water Conveyance		—	—	—	—	—	—	—	—	—
Attenuation		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		5 675	—	—	—	—	—	2 168	—	—
Power Plants		—	—	—	—	—	—	—	—	—
HV Substations		—	—	—	—	—	—	1 530	—	—
HV Switching Station		—	—	—	—	—	—	—	—	—
HV Transmission Conductors		—	—	—	—	—	—	—	—	—
MV Substations		—	—	—	—	—	—	638	—	—
MV Switching Stations		—	—	—	—	—	—	—	—	—
MV Networks		—	—	—	—	—	—	—	—	—
LV Networks		5 675	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	1 360	—	—
Landfill Sites		—	—	—	—	—	—	—	—	—
Waste Transfer Stations		—	—	—	—	—	—	—	—	—
Waste Processing Facilities		—	—	—	—	—	—	—	—	—
Waste Drop-off Points		—	—	—	—	—	—	1 360	—	—
Waste Separation Facilities		—	—	—	—	—	—	—	—	—
Electricity Generation Facilities		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Community Assets		5 598	5 223	11 404	18 268	13 575	13 575	26 032	7 500	3 500
Community Facilities		5 297	4 922	6 864	14 903	8 425	8 425	14 991	5 000	3 500
Halls		5 272	3 470	1 113	7 668	3 107	3 107	4 366	5 000	3 500
Centres		25	1 451	5 537	5 135	4 118	4 118	5 950	—	—
Crèches		—	—	—	—	—	—	—	—	—
Clinics/Care Centres		—	—	—	—	—	—	—	—	—
Fire/Ambulance Stations		—	—	—	—	—	—	—	—	—
Testing Stations		—	—	—	—	—	—	—	—	—
Museums		—	—	—	—	—	—	—	—	—
Galleries		—	—	—	—	—	—	—	—	—
Theatres		—	—	—	—	—	—	—	—	—
Libraries		—	—	—	250	350	350	170	—	—
Cemeteries/Crematoria		—	—	—	—	—	—	—	—	—
Police		—	—	—	—	—	—	—	—	—
Parks		—	—	—	—	—	—	—	—	—
Public Open Space		—	—	—	—	—	—	—	—	—
Nature Reserves		—	—	—	—	—	—	—	—	—
Public Ablution Facilities		—	—	—	—	—	—	—	—	—
Markets		—	—	—	—	—	—	—	—	—
Stalls		—	—	214	1 850	850	850	4 505	—	—
Abattoirs		—	—	—	—	—	—	—	—	—
Airports		—	—	—	—	—	—	—	—	—
Taxi Ranks/Bus Terminals		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		301	301	4 540	3 364	5 151	5 151	11 042	2 500	—
Indoor Facilities		—	—	—	—	—	—	—	—	—
Outdoor Facilities		301	301	4 540	3 364	5 151	5 151	11 042	2 500	—
Capital Spares		—	—	—	—	—	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Monuments		—	—	—	—	—	—	—	—	—
Historic Buildings		—	—	—	—	—	—	—	—	—
Works of Art		—	—	—	—	—	—	—	—	—
Conservation Areas		—	—	—	—	—	—	—	—	—
Other Heritage		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Improved Property		—	—	—	—	—	—	—	—	—
Unimproved Property		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Improved Property		—	—	—	—	—	—	—	—	—
Unimproved Property		—	—	—	—	—	—	—	—	—
Other assets		—	—	—	300	300	300	340	—	—
Operational Buildings		—	—	—	300	300	300	340	—	—
Municipal Offices		—	—	—	300	300	300	340	—	—
Pay/Enquiry Points		—	—	—	—	—	—	—	—	—
Building Plan Offices		—	—	—	—	—	—	—	—	—
Workshops		—	—	—	—	—	—	—	—	—
Yards		—	—	—	—	—	—	—	—	—
Stores		—	—	—	—	—	—	—	—	—
Laboratories		—	—	—	—	—	—	—	—	—
Training Centres		—	—	—	—	—	—	—	—	—
Manufacturing Plant		—	—	—	—	—	—	—	—	—
Depots		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	1 330	2 840	2 840	119	—	—
Computer Equipment		—	—	—	1 330	2 840	2 840	119	—	—
Furniture and Office Equipment		18 400	18 400	19 890	710	570	570	1 006	—	—
Furniture and Office Equipment		18 400	18 400	19 890	710	570	570	1 006	—	—
Machinery and Equipment		—	—	—	7 770	10 690	10 690	3 669	—	—
Machinery and Equipment		—	—	—	7 770	10 690	10 690	3 669	—	—
Transport Assets		—	—	—	4 350	5 300	5 300	8 033	—	3 500
Transport Assets		—	—	—	4 350	5 300	5 300	8 033	—	3 500
Land		—	—	—	—	420	420	—	—	—
Land		—	—	—	—	420	420	—	—	—
Zoo's, Marine and Non-biological An		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological An		—	—	—	—	—	—	—	—	—
Total Capital Expenditure on new	1	35 955	30 851	37 577	34 790	33 695	33 695	44 768	7 500	7 000

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		
R thousand	1	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 renewal of existing assets by Asset Class/Sub-class										
Infrastructure		69 706	75 378	80 165	4 000	—	—	—	—	—
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		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Drainage Collection		—	—	—	—	—	—	—	—	—
Storm water Conveyance		—	—	—	—	—	—	—	—	—
Attenuation		—	—	—	—	—	—	—	—	—
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		—	—	—	—	—	—	—	—	—
Community Assets		44 410	45 964	43 387	300	—	—	1 700	—	5 000
Community Facilities		41 950	43 505	40 928	300	—	—	1 700	—	—
Halls		14 409	14 409	14 409	—	—	—	—	—	—
Centres		21 158	21 158	17 959	—	—	—	—	—	—
Crèches		—	—	—	—	—	—	—	—	—
Clinics/Care Centres		—	—	—	—	—	—	—	—	—
Fire/Ambulance Stations		—	—	—	—	—	—	—	—	—
Testing Stations		—	—	—	—	—	—	—	—	—
Museums		—	—	—	—	—	—	—	—	—
Galleries		—	—	—	—	—	—	—	—	—
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	—	—	1 700	—	—
Abattoirs		—	—	—	—	—	—	—	—	—
Airports		—	—	—	—	—	—	—	—	—
Taxi Ranks/Bus Terminals		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		2 459	2 459	2 459	—	—	—	—	—	5 000
Indoor Facilities		2 459	2 459	2 459	—	—	—	—	—	—
Outdoor Facilities		—	—	—	—	—	—	—	—	5 000
Capital Spares		—	—	—	—	—	—	—	—	—
Other assets		—	—	—	400	219	219	—	—	—
Operational Buildings		—	—	—	400	219	219	—	—	—
Municipal Offices		—	—	—	400	219	219	—	—	—
Pay/Enquiry Points		—	—	—	—	—	—	—	—	—
Building Plan Offices		—	—	—	—	—	—	—	—	—
Workshops		—	—	—	—	—	—	—	—	—
Yards		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Water Rights		—	—	—	—	—	—	—	—	—
Computer Equipment		5 017	5 309	5 412	—	—	—	—	—	—
Computer Equipment		5 017	5 309	5 412	—	—	—	—	—	—
Furniture and Office Equipment		5 791	6 328	7 220	—	—	—	—	—	—
Furniture and Office Equipment		5 791	6 328	7 220	—	—	—	—	—	—
Machinery and Equipment		12 015	12 282	16 190	—	—	—	—	—	—
Machinery and Equipment		12 015	12 282	16 190	—	—	—	—	—	—
Transport Assets		14 576	16 565	20 115	—	—	—	—	—	—
Transport Assets		14 576	16 565	20 115	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Anir		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Anir		—	—	—	—	—	—	—	—	—
Total Capital Expenditure on rene	1	151 515	161 826	172 489	4 700	219	219	1 700	—	5 000
Renewal of Existing Assets as % of i		301.7%	63.6%	63.3%	6.4%	0.3%	0.3%	2.2%	0.0%	14.2%
Renewal of Existing Assets as % of i		559.0%	558.7%	586.7%	14.4%	0.7%	0.7%	5.0%	0.0%	13.6%

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		
R thousand	1	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
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		5 873	3 713	6 983	12 450	12 100	12 100	11 903	10 651	11 131
Roads Infrastructure		3 884	2 337	4 731	4 950	5 150	5 150	6 715	5 236	5 471
Roads		3 711	2 337	4 464	4 250	4 450	4 450	6 333	4 836	5 054
Road Structures		173	—	241	350	350	350	255	266	278
Road Furniture		—	—	26	350	350	350	128	133	139
Capital Spares		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		120	73	751	1 250	1 250	1 250	978	1 021	1 066
Drainage Collection		120	73	653	1 250	1 250	1 250	978	1 021	1 066
Storm water Conveyance		—	—	98	—	—	—	—	—	—
Attenuation		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		1 790	991	1 279	3 250	3 550	3 550	3 615	3 774	3 944
Power Plants		—	2	27	150	150	150	170	177	185
HV Substations		82	—	—	—	—	—	—	—	—
HV Switching Station		—	—	—	—	—	—	—	—	—
HV Transmission Conductors		—	449	41	600	1 300	1 300	1 700	1 775	1 855
MV Substations		552	0	6	150	150	150	50	52	55
MV Switching Stations		—	—	—	—	—	—	—	—	—
MV Networks		—	24	27	200	120	120	170	177	185
LV Networks		528	291	310	1 250	850	850	675	705	736
Capital Spares		628	225	868	900	980	980	850	887	927
Information and Communication Infra		78	312	223	3 000	2 150	2 150	595	621	649
Data Centres		78	0	—	—	—	—	—	—	—
Core Layers		0	312	223	3 000	2 150	2 150	595	621	649
Distribution Layers		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Community Assets		284	367	1 656	2 075	1 375	1 375	1 493	1 026	1 072
Community Facilities		6	245	1 118	825	625	625	233	243	254
Halls		—	—	—	—	—	—	—	—	—
Centres		—	—	816	—	—	—	—	—	—
Crèches		—	—	—	—	—	—	—	—	—
Clinics/Care Centres		—	—	—	—	—	—	—	—	—
Theatres		—	—	—	—	—	—	—	—	—
Libraries		—	245	213	225	25	25	20	21	22
Cemeteries/Crematoria		—	—	—	—	—	—	—	—	—
Police		—	—	—	—	—	—	—	—	—
Parks		6	—	89	100	100	100	128	133	139
Public Open Space		—	—	—	—	—	—	—	—	—
Nature Reserves		—	—	—	300	300	300	—	—	—
Public Ablution Facilities		—	—	—	—	—	—	—	—	—
Markets		—	—	—	—	—	—	—	—	—
Stalls		—	—	—	—	—	—	—	—	—
Abattoirs		—	—	—	—	—	—	—	—	—
Airports		—	—	—	—	—	—	—	—	—
Taxi Ranks/Bus Terminals		—	—	—	200	200	200	85	89	93
Capital Spares		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		279	123	538	1 250	750	750	1 260	783	818
Indoor Facilities		—	—	—	—	—	—	—	—	—
Outdoor Facilities		279	123	538	1 250	750	750	1 260	783	818
Capital Spares		—	—	—	—	—	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Improved Property		—	—	—	—	—	—	—	—	—
Unimproved Property		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Improved Property		—	—	—	—	—	—	—	—	—
Unimproved Property		—	—	—	—	—	—	—	—	—
Other assets		144	514	347	250	200	200	228	238	248
Operational Buildings		144	514	347	250	200	200	228	238	248
Municipal Offices		144	514	347	250	200	200	228	238	248
Pay/Enquiry Points		—	—	—	—	—	—	—	—	—
Building Plan Offices		—	—	—	—	—	—	—	—	—
Workshops		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Computer Equipment		—	164	—	—	—	—	—	—	—
Computer Equipment		—	164	—	—	—	—	—	—	—
Furniture and Office Equipment		—	103	99	—	—	—	—	—	—
Furniture and Office Equipment		—	103	99	—	—	—	—	—	—
Machinery and Equipment		3 129	3 088	10 044	4 500	5 500	5 500	2 975	4 437	4 637
Machinery and Equipment		3 129	3 088	10 044	4 500	5 500	5 500	2 975	4 437	4 637
Transport Assets		—	—	—	—	—	—	—	—	—
Transport Assets		—	—	—	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Ani		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Ani		—	—	—	—	—	—	—	—	—
Total Repairs and Maintenance Expenditure	1	9 431	7 949	19 129	19 275	19 175	19 175	16 598	16 352	17 087
R&M as a % of PPE		2.1%	1.8%	4.2%	3.5%	3.8%	3.8%	1.7%	3.0%	3.1%
R&M as % Operating Expenditure		3.6%	2.8%	6.4%	5.9%	5.6%	5.6%	6.5%	4.5%	4.6%

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			Forecasts			
		Revenue & Expenditure						
		Framework						
R thousand		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
Capital expenditure	1							
Vote 1 - Executive and council		527	—	—	551	575	601	50
Vote 2 - Finance and administration		7 395	—	—	8 794	9 189	9 603	6 619
Vote 3 - Internal audit		—	—	—	—	—	—	—
Vote 4 - Community and social services		6 779	5 000	3 500	5 752	6 010	6 281	7 097
Vote 5 - Sport and Recreation		13 509	10 691	5 000	13 450	14 056	14 688	7 907
Vote 6 - Public safety		—	—	—	—	—	—	—
Vote 7 - Housing		—	—	—	—	—	—	—
Vote 8 - Planning and Development		18 479	—	—	21 265	22 222	23 222	8 308
Vote 9 - Road transport		20 326	16 500	23 134	18 443	19 273	20 140	38 510
Vote 10 - Energy sources		6 095	1 500	—	8 145	8 512	8 895	6 389
Vote 11 - Waste Management		5 202	—	3 500	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]		—	—	—	—	—	—	—
List entity summary if applicable								
Total Capital Expenditure		78 311	33 691	35 134	81 835	85 518	89 366	79 280
Future operational costs by vote	2							
Vote 1 - Executive and council		52 611	55 100	57 565	60 155	62 862	65 691	48 437
Vote 2 - Finance and administration		135 119	141 857	147 571	144 310	150 804	157 590	128 062
Vote 3 - Internal audit		—	—	—	—	—	—	—
Vote 4 - Community and social services		25 878	26 826	28 029	30 126	31 481	32 898	22 594
Vote 5 - Sport and Recreation		9 873	7 298	7 627	12 870	13 449	14 055	11 842
Vote 6 - Public safety		1 073	1 120	1 170	1 223	1 278	1 335	740
Vote 7 - Housing		20	21	22	23	24	25	20
Vote 8 - Planning and Development		23 148	21 402	22 249	23 250	24 296	25 390	21 232
Vote 9 - Road transport		55 389	55 320	57 809	55 023	57 499	60 086	44 869
Vote 10 - Energy sources		45 688	47 698	50 199	55 684	58 190	60 809	48 220
Vote 11 - Waste Management		9 248	9 655	10 089	13 735	14 353	14 999	11 093
Vote 12 - Environmental Protection		3 680	3 842	4 014	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]		—	—	—	—	—	—	—
List entity summary if applicable								
Total future operational costs		361 725	370 138	386 344	400 594	418 621	437 459	339 729
Future revenue by source	3							
Property rates		48 880	51 031	53 327	55 727	58 235	60 855	46 642
Service charges - electricity revenue		35 824	38 141	39 858	49 001	51 207	53 511	39 216
Service charges - water revenue		—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—
Service charges - refuse revenue		8 504	8 878	9 277	11 406	11 919	12 455	9 546
Rental of facilities and equipment		178	186	194	203	212	222	170
Other Revenue		11 161	11 652	12 176	12 724	13 297	13 895	12 121
Transfers and subsidies		262 507	278 150	297 228	310 603	324 580	339 187	258 713
Total future revenue		367 054	388 038	412 061	439 665	459 450	480 125	366 408
Net Financial Implications		72 982	15 790	9 416	42 765	44 689	46 700	52 601

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
R thousand										
REVENUE ITEMS:										
<u>Property rates</u>	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
Net Property Rates		58 180	46 606	65 700	46 642	46 642	46 642	48 880	51 031	53 327
<u>Service charges - electricity revenue</u>	6									
Total Service charges - electricity revenue		24 368	29 909	34 672	39 216	39 216	39 216	35 824	38 141	39 858
Less Revenue Foregone (in excess of 50 kwh per indigent household per month)										
Less Cost of Free Basis Services (50 kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Net Service charges - electricity revenue		24 368	29 909	34 672	39 216	39 216	39 216	35 824	38 141	39 858
<u>Service charges - refuse revenue</u>	6									
Total refuse removal revenue		8 911	8 534	9 150	10 353	10 353	10 353	9 350	9 761	10 200
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)		—	—	—	—	—	—	—	—	—
Net Service charges - refuse revenue		8 911	8 534	9 150	9 546	9 546	9 546	8 504	8 878	9 277
<u>Other Revenue by source</u>										
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
Request for Information		—	—	—	—	—	—	—	—	—
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
Total 'Other' Revenue	1	1 015	1 776	1 378	640	1 956	1 956	744	777	812

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
R thousand										
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	2	60 057	69 108	71 865	76 772	78 022	78 022	85 058	86 325	90 209
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	–	–	–	4 065	4 097	4 117
sub-total	5	84 280	99 700	109 315	107 819	109 069	109 069	124 828	127 697	133 279
Less: Employees costs capitalised to PPE		–	–	–	–	–	–	–	–	–
Total Employee related costs	1	84 280	99 700	109 315	107 819	109 069	109 069	124 828	127 697	133 279
Depreciation & asset impairment										
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	–	–	–	–	–	–
Total Depreciation & asset impairment	1	27 712	30 298	31 848	32 726	32 726	32 726	33 747	35 232	36 817
Bulk purchases - electricity										
Electricity bulk purchases		22 907	26 098	28 816	35 143	36 643	36 643	33 950	35 444	37 393
Total bulk purchases	1	22 907	26 098	28 816	35 143	36 643	36 643	33 950	35 444	37 393
Transfers and grants										
Cash transfers and grants		–	–	1 557	–	–	–	–	–	–
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–
Total transfers and grants	1	–	–	1 557	–	–	–	–	–	–
Contracted services										
Outsourced Services		19 135	17 107	17 770	24 728	23 790	23 790	31 302	29 225	30 501
Consultants and Professional Services		4 928	3 884	6 232	7 013	8 638	8 638	9 156	9 655	9 942
Contractors		15 016	13 802	23 867	24 978	24 533	24 533	23 410	23 161	24 203
Total contracted services		39 078	34 792	47 869	56 718	56 960	56 960	63 868	62 041	64 646
Other Expenditure By Type										
Collection costs		–	–	–	1 350	3 200	3 200	2 125	2 219	2 318
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–
Audit fees		1 943	2 367	1 745	2 000	2 000	2 000	1 700	1 775	1 855
Other Expenditure		26 631	27 963	28 990	39 739	45 164	45 164	39 880	41 910	43 791
Total 'Other' Expenditure	1	28 573	30 329	30 735	43 089	50 364	50 364	43 705	45 904	47 964
Repairs and Maintenance	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	3 987	3 956	4 018
Contracted Services		9 431	7 949	19 129	19 275	19 175	19 175	16 598	16 352	17 087
Other Expenditure					3 804	3 804	3 804	4 370	4 590	4 796
Total Repairs and Maintenance Expendit	9	9 431	7 949	19 129	49 001	48 901	48 901	49 747	50 904	51 908
Inventory Consumed										
Inventory Consumed - Water		–	–	–	–	–	–	–	–	–
Inventory Consumed - Other		(508)	(980)	(864)	2 288	2 121	2 121	3 987	3 956	4 018
Total Inventory Consumed & Other Material		(508)	(980)	(864)	2 288	2 121	2 121	3 987	3 956	4 018

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 - Commun ity 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																
Revenue By Source																	
Property rates		—	48 880	—	—	—	—	—	—	—	—	—	—	—	—	—	48 880
Service charges - electricity revenue		—	—	—	—	—	—	—	—	—	35 824	—	—	—	—	—	35 824
Service charges - water revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue		—	—	—	—	—	—	—	—	—	—	8 504	—	—	—	—	8 504
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	—	4 043	—	—	—	5 334	—	—	—	—	—	—	—	224 045
Transfers and subsidies		—	401	—	31	—	—	—	173	—	139	—	—	—	—	—	744
Gains		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital tra		7 806	264 636	—	4 263	—	—	—	5 507	959	36 068	9 353	—	—	—	—	328 592
Expenditure By Type																	
Employee related costs		15 119	39 882	—	16 295	4 777	—	—	15 707	20 466	3 185	6 000	3 396	—	—	—	124 828
Remuneration of councillors		14 682	—	—	—	—	—	—	—	—	—	—	—	—	—	—	14 682
Debt impairment		—	42 548	—	—	—	—	—	—	—	—	—	—	—	—	—	42 548
Depreciation & asset impairment		—	5 840	—	918	—	—	—	—	25 884	1 105	—	—	—	—	—	33 747
Finance charges		—	410	—	—	—	—	—	—	—	—	—	—	—	—	—	410
Bulk purchases - electricity		—	—	—	—	—	—	—	—	—	33 950	—	—	—	—	—	33 950
Inventory consumed		604	85	—	1 956	9	—	—	1 335	—	—	—	—	—	—	—	3 987
Contracted services		9 239	23 194	—	5 678	4 843	510	20	5 099	8 393	3 565	3 202	128	—	—	—	63 868
Transfers and subsidies		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure		12 967	23 160	—	1 032	244	563	—	1 007	647	3 883	45	156	—	—	—	43 705
Losses		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure		52 611	135 119	—	25 878	9 873	1 073	20	23 148	55 389	45 688	9 248	3 680	—	—	—	361 725
Surplus/(Deficit)		(44 805)	129 518	—	(21 615)	(9 873)	(1 073)	(20)	(17 641)	(54 430)	(9 620)	105	(3 680)	—	—	—	(33 133)
Transfers and subsidies - capital (monetary allocations) (National /		—	—	—	380	—	—	—	38 082	—	—	—	—	—	—	—	38 462
Transfers and subsidies - capital (monetary allocations) (National /																	
Provincial Departmental Agencies,																	
Households, Non-profit																	
Institutions, Private Enterprises,																	
Public Corporatons, Higher																	
Educational Institutions)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		(44 805)	129 518	—	(21 235)	(9 873)	(1 073)	(20)	20 441	(54 430)	(9 620)	105	(3 680)	—	—	—	5 329

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
R thousand										
ASSETS										
Consumer debtors										
Consumer debtors		185 882	229 558	153 101	287 437	203 342	203 342	251 771	296 366	343 030
Less: Provision for debt impairment		(136 612)	(191 288)	(125 733)	(243 344)	(181 199)	(181 199)	(223 748)	(267 870)	(313 675)
Total Consumer debtors	2	49 270	38 270	27 368	44 093	22 143	22 143	28 024	28 495	29 355
Debt impairment provision										
Balance at the beginning of the year		(17 144)	(36 154)	(19 990)	(205 859)	(139 813)	(139 813)	(181 200)	(223 748)	(267 870)
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)	(6 750)	(6 750)	(6 750)
Balance at end of year		(136 612)	(191 288)	(125 733)	(243 344)	(181 199)	(181 199)	(223 748)	(267 870)	(313 675)
Inventory										
Consumables										
Standard Rated										
Opening Balance		—	—	—	815	666	666	565	614	634
Acquisitions		—	—	—	623	623	623	757	791	826
Issues	7	406	770	666	(623)	(456)	(456)	(757)	(791)	(826)
Adjustments	8	—	—	—	—	—	—	—	—	—
Write-offs	9	—	—	—	—	—	—	—	—	—
Closing balance - Consumables Standard Rated		406	770	666	815	833	833	565	614	634
Zero Rated										
Opening Balance		—	—	—	—	—	—	—	—	—
Acquisitions		—	—	—	800	800	800	—	—	—
Issues	7	—	—	—	(800)	(800)	(800)	—	—	—
Adjustments	8	—	—	—	—	—	—	—	—	—
Write-offs	9	—	—	—	—	—	—	—	—	—
Closing balance - Consumables Zero Rated		—	—	—	—	—	—	—	—	—
Materials and Supplies										
Opening Balance		—	—	—	209	198	198	108	109	125
Acquisitions		—	—	—	865	865	865	3 230	3 165	3 192
Issues	7	102	209	198	(865)	(865)	(865)	(3 230)	(3 165)	(3 192)
Adjustments	8	—	—	—	—	—	—	—	—	—
Write-offs	9	—	—	—	—	—	—	—	—	—
Closing balance - Materials and Supplies		102	209	198	209	198	198	108	109	125
Closing Balance - Inventory & Consumables		508	980	864	1 025	1 031	1 031	673	723	760
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance lease)		579 070	593 496	631 766	752 711	647 202	647 202	711 233	733 777	765 341
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
Total Property, plant and equipment	2	443 462	436 098	455 471	549 237	507 024	507 024	540 035	556 582	583 633
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdrafts)		—	—	—	—	—	—	—	—	—
Current portion of long-term liabilities		(580)	16	3 894	780	766	766	326	334	375
Total Current liabilities - Borrowing		(580)	16	3 894	780	766	766	326	334	375
Trade and other payables										
Trade Payables	5	17 543	17 923	31 324	9 106	24 590	24 590	39 931	39 996	41 835
Other creditors		—	—	—	—	—	—	—	—	—
Unspent conditional transfers		9 875	26 217	30 079	6 720	(375 552)	(375 552)	4 367	—	—
VAT		—	—	—	—	—	—	(7 823)	(8 167)	(8 534)
Total Trade and other payables	2	27 418	44 140	61 404	15 826	(350 962)	(350 962)	36 476	31 829	33 300
Non current liabilities - Borrowing										
Borrowing	4	—	—	—	725	—	—	—	—	—
Finance leases (including PPP asset element)		1 890	893	14	—	—	—	—	—	—
Total Non current liabilities - Borrowing		1 890	893	14	725	—	—	—	—	—
Provisions - non-current										
Retirement benefits		16 937	19 465	23 594	20 198	24 327	24 327	27 394	28 185	29 167
Refuse landfill site rehabilitation		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total Provisions - non-current		16 937	19 465	23 594	20 198	24 327	24 327	27 394	28 185	29 167
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance		—	—	—	654 567	665 573	665 573	591 110	689 122	815 805
GRAP adjustments		—	—	—	—	—	—	—	—	—
Restated balance		—	—	—	654 567	665 573	665 573	591 110	689 122	815 805
Surplus/(Deficit)		49 455	28 514	91 308	22 241	30 179	30 179	5 329	17 900	25 717
Transfers to/from Reserves		29 567	29 567	29 567	—	—	—	—	—	—
Depreciation offsets		178 196	178 196	178 196	—	—	—	65 154	38 967	2 999
Other adjustments		3 617	3 703	3 747	—	—	—	—	—	—
Accumulated Surplus/(Deficit)	1	260 836	239 980	302 819	676 808	695 752	695 752	661 592	745 990	844 521
Reserves										
Housing Development Fund		1 696	1 782	1 827	1 921	1 921	1 921	2 136	2 178	2 260
Capital replacement		—	—	—	—	—	—	—	—	—
Self-insurance		—	—	—	—	—	—	—	—	—
Other reserves		(0)	(0)	(0)	—	—	—	—	—	—
Revaluation		—	—	—	—	—	—	—	—	—
Total Reserves	2	1 696	1 782	1 827	1 921	1 921	1 921	2 136	2 178	2 260
TOTAL COMMUNITY WEALTH/EQUITY	2	262 532	241 763	304 646	678 730	697 673	697 673	663 728	748 168	846 781

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
Demographics												
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
Monthly household income (no. of	1,											
No income						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
Poverty profiles (no. of households)												
< R2 060 per household per month	13					17270.00	17270.00	17270.00	17270.00	17270.00	17270.00	17270.00
Insert description	2											
Household/demographics (000)												
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												
Housing statistics	3											
Formal						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
Total number of households			-	-	-	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											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

KZN291 Mandeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Total municipal services				2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term		
	Ref.			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Revenue Budget Year	Expenditure Budget Year +1	Term Budget Year +2
			Household service targets (000)									
			Water:									
			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)	—	—	—	—	—	—	—	—	—
			Other water supply (at least min.service level)	18 636	19 791	19 791	19 791	19 791	22 760	22 760	22 760	22 760
		Minimum	Service Level and Above sub-total	40 759	43 329	43 329	43 329	43 329	49 828	49 828	49 828	49 828
			Using public tap (< min.service level)	—	—	—	—	—	—	—	—	—
			Other water supply (< min.service level)	—	—	—	—	—	—	—	—	—
			No water supply	—	—	—	—	—	—	—	—	—
			Below Minimum Service Level sub-total	—	—	—	—	—	—	—	—	—
			Total number of households	40 759	43 329	43 329	43 329	43 329	49 828	49 828	49 828	49 828
			Sanitation/sewerage:									
			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
		Minimum	Service Level and Above sub-total	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	—	—	—	—	—	—	—	—	—
			Below Minimum Service Level sub-total	472	300	300	300	300	150	—	—	—
			Total number of households	40 727	43 051	43 051	43 051	43 051	47 176	47 026	47 026	47 026
			Energy:									
			Electricity (at least min.service level)	1 040	389	389	389	389	389	389	389	389
			Electricity - prepaid (min.service level)	—	574	574	629	629	629	629	629	629
		Minimum	Service Level and Above sub-total	1 040	963	963	1 018	1 018	1 018	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	—	—	—	—	—	—	—	—	—
			Below Minimum Service Level sub-total	—	—	—	1 960	1 960	1 960	1 975	1 975	1 975
			Total number of households	1 040	963	963	2 978	2 978	2 978	2 993	2 993	2 993
			Refuse:									
			Removed at least once a week	11 705	23 700	4 452	4 601	4 601	4 601	4 610	4 610	4 610
		Minimum	Service Level and Above sub-total	11 705	23 700	4 452	4 601	4 601	4 601	4 610	4 610	4 610
			Removed less frequently than once a week	—	—	—	—	—	—	—	—	—
			Using communal refuse dump	—	—	—	—	—	—	—	—	—
			Using own refuse dump	—	—	—	—	—	—	—	—	—
			Other rubbish disposal	—	—	—	—	—	—	—	—	—
			No rubbish disposal	—	—	—	—	—	—	—	—	—
			Below Minimum Service Level sub-total	—	—	—	—	—	—	—	—	—
			Total number of households	11 705	23 700	4 452	4 601	4 601	4 601	4 610	4 610	4 610
Municipal in-house services				2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term		
	Ref.			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Revenue Budget Year	Expenditure Budget Year +1	Term Budget Year +2
			Refuse:									
			Removed at least once a week	—	—	—	4 601	4 601	4 601	4 610	4 610	4 610
		Minimum	Service Level and Above sub-total	—	—	—	4 601	4 601	4 601	4 610	4 610	4 610
			Removed less frequently than once a week	—	—	—	—	—	—	—	—	—
			Using communal refuse dump	—	—	—	—	—	—	—	—	—
			Using own refuse dump	—	—	—	—	—	—	—	—	—
			Other rubbish disposal	—	—	—	—	—	—	—	—	—
			No rubbish disposal	—	—	—	—	—	—	—	—	—
			Below Minimum Service Level sub-total	—	—	—	—	—	—	—	—	—
			Total number of households	—	—	—	4 601	4 601	4 601	4 610	4 610	4 610
Municipal entity services				2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term		
	Ref.			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Revenue Budget Year	Expenditure Budget Year +1	Term Budget Year +2
			Household service targets (000)									
			Water:									
			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)	—	—	—	—	—	—	—	—	—
			Other water supply (at least min.service level)	18 636	19 791	19 791	19 791	19 791	22 760	22 760	22 760	22 760
		Minimum	Service Level and Above sub-total	40 759	43 329	43 329	43 329	43 329	49 828	49 828	49 828	49 828
			Using public tap (< min.service level)	—	—	—	—	—	—	—	—	—
			Other water supply (< min.service level)	—	—	—	—	—	—	—	—	—
			No water supply	—	—	—	—	—	—	—	—	—
			Below Minimum Service Level sub-total	—	—	—	—	—	—	—	—	—
			Total number of households	40 759	43 329	43 329	43 329	43 329	49 828	49 828	49 828	49 828
			Sanitation/sewerage:									
			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
		Minimum	Service Level and Above sub-total	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	—	—	—	—	—	—	—	—	—
			Below Minimum Service Level sub-total	472	300	300	300	300	150	—	—	—
			Total number of households	40 727	43 051	43 051	43 051	43 051	47 176	47 026	47 026	47 026
			Energy:									
			Electricity (at least min.service level)	1 040	389	389	389	389	389	389	389	389
			Electricity - prepaid (min.service level)	—	574	574	629	629	629	629	629	629
		Minimum	Service Level and Above sub-total	1 040	963	963	1 018	1 018	1 018	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	—	—	—	—	—	—	—	—	—
			Below Minimum Service Level sub-total	—	—	—	1 960	1 960	1 960	1 975	1 975	1 975
			Total number of households	1 040	963	963	2 978	2 978	2 978	2 993	2 993	2 993
			Refuse:									
			Removed at least once a week	11 705	23 700	4 452	—	—	—	—	—	—
		Minimum	Service Level and Above sub-total	11 705	23 700	4 452	—	—	—	—	—	—
			Removed less frequently than once a week	—	—	—	—	—	—	—	—	—
			Using communal refuse dump	—	—	—	—	—	—	—	—	—
			Using own refuse dump	—	—	—	—	—	—	—	—	—
			Other rubbish disposal	—	—	—	—	—	—	—	—	—
			No rubbish disposal	—	—	—	—	—	—	—	—	—
			Below Minimum Service Level sub-total	—	—	—	—	—	—	—	—	—
			Total number of households	11 705	23 700	4 452	—	—	—	—	—	—
Free Basic Services (FBS) provided				2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term		
	Ref.			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Revenue Budget Year	Expenditure Budget Year +1	Term Budget Year +2
			Location of households for each type of FBS									
			Number of HH receiving this type of FBS	—	—	—	1 876	1 876	1 876	1 975	1 975	1 975
			Informal settlements (Rands)									
			Number of HH receiving this type of FBS	—	—	—	—	—	—	—	—	—
			Total cost of FBS - Electricity for informal settlements	—	—	—	—	—	—	—	—	—
			Location of households for each type of FBS									
			Number of HH receiving this type of FBS	—	—	—	—	—	—	—	—	—
			Formal settlements - (removed once a week to indigent households)									
			Number of HH receiving this type of FBS	—	23 700	23 700	36 054	36 054	36 054	36 531	36 531	36 531
			Total cost of FBS - Refuse Removal for informal settlements	—	—	—	—	—	—	—	—	—

Table 56 MBRR SA32 – List of external mechanisms

KZN291 Mandeni - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs / Mths	Period of service Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation					R thousand
SIVEST (PTY) LTD	Yrs	3	CIVIL	30 June 2022	12.6% of the project construction cost
SMA CONSULTANTS	Yrs	3	INFRASTRUCTURE PLANNING& CIVIL	30 June 2022	11.9% of the project construction cost
LELETU CONSULTING	Yrs	3	CIVIL	30 June 2022	11% of the project construction cost
YOUNG AND SATHARIA	Yrs	3	CIVIL	30 June 2022	12.6% of the project construction cost
MAKHAOTSE NARASIMULU & A	Yrs	3	INFRASTRUCTURE PLANNING& CIVIL	30 June 2022	12.6% of the project construction cost
BVI CONSULTING ENGINEERS	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	9.5% of the project construction cost for each proje
NZAMAKHUZA HOLDINGS (PTY	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	10.5% of the project construction cost
VERITAS ENGINEERING	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	10% of the project construction cost for each proje
SKYV CONSULTING ENGINEER	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	12.5% of the project construction cost for each proje
MORULA CONSULTING ENGINE	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	10% of the project construction cost for each proje
BUCHULE ENGINEERS (PTY) LT	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	12% of the project construction cost for each proje
SRK CONSULTING (SOUNTH AF	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	7% of the project construction cost for each proje
DNPC CONSULTING (PTY) LTD	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	12.5% of the project construction cost for each proje
UKWAKHA CONSULTING ENGIN	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	11% of the project construction cost for each proje
IGS CONSULTING ENGINEERS	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	10% of the project construction cost for each proje
HI-TECH CONSULTING ENGINE	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	11% of the project construction cost for each proje
UMNIKE TRADING	Yrs	3	SUPPLY AND DELIVER ROADS AND BU	30 June 2022	Unit cost based /per item
NITHENSI (PTY) LTD	Yrs	3	SUPPLY AND DELIVER ROADS AND BU	30 June 2022	Unit cost based /per item
ZISAYINI TRADING	Yrs	3	SUPPLY AND DELIVER ROADS AND BU	30 June 2022	Unit cost based /per item
NJOMISA BOERDERY	Yrs	3	SUPPLY AND DELIVER ROADS AND BU	30 June 2022	Unit cost based /per item
ONOMBUTHU	Yrs	3	SUPPLY AND DELIVER ROADS AND BU	30 June 2022	Unit cost based /per item
AMATHOKOZAMAHLE	Yrs	3	SUPPLY AND DELIVER ROADS AND BU	30 June 2022	Unit cost based /per item
MVELARSE TRADING	Yrs	3	SUPPLY AND DELIVER ROADS AND BU	30 June 2022	Unit cost based /per item
HUMBLE FRANK	Yrs	3	SUPPLY AND DELIVER ROADS AND BU	30 June 2022	Unit cost based /per item
MVI-SSSS	Yrs	3	SUPPLY AND DELIVER ROADS AND BU	30 June 2022	Unit cost based /per item
NBV MKHALIPHI	Yrs	3	SUPPLY AND DELIVER ROADS AND BU	30 June 2022	Unit cost based /per item
POWER TECH SERVICES CENT	Yrs	3	PANEL TO ASSIST WITH TYRE SUPPLY	31 December 2023	Rate based
DHAYALAN SATHIYAVAN t/a DO	Yrs	3	PANEL TO ASSIST WITH TYRE SUPPLY	31 December 2023	Rate based
VSU AUTOR REPAIRS	Yrs	3	PANEL TO ASSIST WITH TYRE SUPPLY	31 December 2023	Rate based
STANGER MOTOR WORLD	Yrs	3	PANEL TO ASSIST WITH TYRE SUPPLY	31 December 2023	Rate based
DESREA LOGISTIC	Yrs	3	PANEL TO ASSIST WITH TYRE SUPPLY	31 December 2023	Rate based
SIYAVUKA SUPPLIES	Yrs	3	PANEL TO ASSIST WITH TYRE SUPPLY	31 December 2023	Rate based
DHAYALAN SATHIYAVAN t/a DO	Yrs	3	PANEL TO ASSIST WITH TYRE SUPPLY	31 December 2023	Rate based
POWERSPARES ISITHEBE	Yrs	3	PANEL TO ASSIST WITH TYRE SUPPLY	31 December 2023	Rate based
TAURUS HYDRAULICS	Yrs	3	PANEL TO ASSIST WITH TYRE SUPPLY	31 December 2023	Rate based
NBS DIFF & GEAR BOX SILENC	Yrs	3	PANEL TO ASSIST WITH TYRE SUPPLY	31 December 2023	Rate based
AQUA TRANSPORT AND PLANT	Yrs	3	PANEL TO LEASE PLANT AND EQUIPM	17 March 2024	Rate based
BHEKAPHEZULU INVESTMENT	Yrs	3	PANEL TO LEASE PLANT AND EQUIPM	17 March 2024	Rate based
FLAXEN LAKE TRADING	Yrs	3	PANEL TO LEASE PLANT AND EQUIPM	17 March 2024	Rate based
MIDMAR PLANT HIRE CC	Yrs	3	PANEL TO LEASE PLANT AND EQUIPM	17 March 2024	Rate based
MILES CONSTRUCTION & CIVIL	Yrs	3	PANEL TO LEASE PLANT AND EQUIPM	17 March 2024	Rate based
PELEPELE INVESTMENTS (PTY	Yrs	3	PANEL TO LEASE PLANT AND EQUIPM	17 March 2024	Rate based
SIKHULA EBUNYENI ENTERPRI	Yrs	3	PANEL TO LEASE PLANT AND EQUIPM	17 March 2024	Rate based
SOMKHANDA PLANT HIRE	Yrs	3	PANEL TO LEASE PLANT AND EQUIPM	17 March 2024	Rate based
RAILWAYS / VENKATAS GANG	Yrs	3	PANEL TO LEASE PLANT AND EQUIPM	17 March 2024	Rate based
ZS CIVILS CONSTRUCTION AN	Yrs	3	PANEL TO LEASE PLANT AND EQUIPM	17 March 2024	Rate based
MBD CONSULTING	Yrs	3	SOURCING OF SOCIAL AND ECONOMIC	15 March 2024	Transactional basis
ESINAVAYO PROJECTS TRADING	Yrs	3	33KV-400V REPAIRS ON EMERGENCY	31 July 2024	2 946
WORTH KINGS TRADING CC T/A	Yrs	3	33KV-400V REPAIRS ON EMERGENCY	31 July 2024	3 335
MASINA ENGINEERING PTY LTD	Yrs	3	33KV-400V REPAIRS ON EMERGENCY	31 July 2024	1 051
R BUSISIWE (PTY) LTD	Yrs	3	33KV-400V REPAIRS ON EMERGENCY	31 July 2024	357
MECOM TRADING ENTERPRISE	Yrs	3	33KV-400V REPAIRS ON EMERGENCY	31 July 2024	85
ACT INDUSTRIES (PTY) LTD	Yrs	3	TRAFFIC SIGNAL REPAIRS ON BREAK	30 May 2024	806
ZAMA TRAFFIC SIGNALS CC	Yrs	3	TRAFFIC SIGNAL REPAIRS ON BREAK	30 May 2024	357
R BUSISIWE (PTY) LTD	Yrs	3	TRAFFIC SIGNAL REPAIRS ON BREAK	30 May 2024	-
AFICOST JBFF PROJECT MANA	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	14% of the project construction cost
BRIMSTOHN CONSULTING JV	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	9.9% of the project construction cost
DLV PROJECT MANAGERS & E	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	13.5% of the project construction cost
ETILWENI (PTY) LTD	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	10.50% of the project construction cost
IMPUMELELO CONSULTING EN	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	12% of the project construction cost
KUKHAYA PROJECTS	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	13.50% of the project construction cost
LIREKO (PTY) LTD	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	10.5% of the project construction cost
LZM AFRICA HOLDINGS	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	11% of the project construction cost
NGEJA CONSULTING ENGINEE	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	11% of the project construction cost
SANOQWABE CONSULTANTS	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	11.5% of the project construction cost
SINGH GOVENDER & ASSOCIA	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	11.5% of the project construction cost
TKQ CONSULTING ENGINEERS	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	13.5% of the project construction cost
URBANRU (PTY) LTD	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	
THESHANI TRADING ENTERPR	Yrs	3	PANEL OF PSP FOR CONSULTING SER	30 September 2024	
MALUME MOTORING SCHOOL	Yrs	3	YOUTH DRIVER'S LICENCE COURSE	03 March 2024	1 114
KING CETSHWAYO MUNICIPAL	Yrs	2	MUNICIPAL DUMPING SITE	30 January 2022	Charged per tonages
ISICHAKA ESINGENAMONA CC	Yrs	3	SOLID WASTE REMOVAL	30 June 2022	5 125
RURAL METRO EMERGENCY S	Yrs	3	FIRE BRIGADE SERVICES	30 June 2022	12 160
PRO SECURE (PTY) LTD	Yrs	3	SECURITY SERVICES	31 December 2022	18 146
SNOBHO (PTY) LTD	Yrs	3	SUPPLY AND DELIVER BLACK & YELLO	28 February 2023	4 125
BIDVEST STEINER	Yrs	3	PROVISION OF HYGIEN SERVICES	18 January 2023	1 287
SPARKS & ELLIS UNIFORMS	Yrs	3	SUPPLY AND DELIVER OF TRAFFIC OF	31 August 2024	Unit cost based
EZAMALUNQA TRADING	Yrs	1	PROVISION OF VIP PROTECTION SER	31 August 2022	2 781
KA-MYALUZA	Mths	18	PROVISION OF SECURITY SERVICES	30 March 2023	9 549
FIRE AND RESQ TRADING	Yrs		SECTION 78 ASSESSMENT		489
ESKOM	Yrs	NGOIN	ELECTRICITY SUPPLY	26 July 2007	Charge per usage
MOBILE TELEPHONE NETWORK	Yrs	2	3G MODEM FOR 87 USERS	01 December 2021	420
M.M ABRAHAM (PTY) LTD T/A S	Yrs	5	LEASE OFFICE SPACE AT RENCKENS	01 October 2016	2 104
M.M ABRAHAM (PTY) LTD T/A S	Yrs	5	LEASE OFFICE SPACE ATMENDENI SQ	01 November 2020	1 368
TELKOM	Yrs	5	TELKOM SERVICES	01 March 2015	Charge per usage
FANA MANUFACTURING CC	Yrs	3	PANEL FOR STAFF UNIFORM	01 July 2019	Unit cost based
UNLIMITED ABC TRADING	Yrs	3	PANEL FOR STAFF UNIFORM	01 July 2019	Unit cost based
ADVENTURE TRAVEL	Yrs	3	TRAVEL AGENCY	21 October 2019	TransactionalBasis
KONICA MINOLTA T/A BIDVEST	Yrs	3	20 x PRINTINTERS	01 March 2020	1 349
KWIKSPACE	Yrs	3	PARKHOME OFFICES	01 March 2020	989
EMALANGENI	Yrs	3	INTERNET AND WI-FI CONNECTIVITY,	02 October 2020	14 890
SONANI TRAINING & COMMUNI	Yrs	3	MFMP TRAINING	30/04/2021	Unit cost based
AYANDA MBANGA COMMUNIC	Yrs	3	ADVERTISING AGENCY	01 September 2021	TransactionalBasis
MALUTHULI CONSULTING	Yrs	3	ADVERTISING AGENCY	01 September 2021	TransactionalBasis
RONAVU	Yrs	3	ADVERTISING AGENCY	01 September 2021	TransactionalBasis
MICROSOFT IRELAND OPERAT	Yrs	3	MICROSOFT LICENCES	15 November 2021	Based on rand/dollar value
CONLOG (PTY) LIMITED	Yrs	3	SMART METERS	31 August 2024	Charged per transaction
PAYDAY	Yrs	1	SUPPLY AND INSTALLATION OF PAYR	30 June 2022	165
KUNENE MAKOPPO	Yrs	3	INSURANCE-ASSETS	31 August 2023	2 079
CCG TECHNOLOGY GROUP	Yrs	8	MSCOA	31 October 2024	12 638
FNB	Yrs	5	BANKING SERVICES	30 May 2026	Charged per transaction
BPG MASS APPRAISALS	Yrs	5	PROPERTY VALUATIONS	30 June 2022	3 067
WESBANK	Yrs	5	MUNICIPAL FLEET	02 March 2022	4 691
INSIDE DATA	Yrs	3	BULK PRINTING AND MAILING	20 February 2025	3 754

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 31st May 2022