

ANNUAL BUDGET OF MKHAMBATHINI MUNICIPALITY



2021/22 TO 2023/24 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	M	Mayor
BPC	Budget Planning Committee	MBRR	Municipal Budget & Reporting Regulations
CFO	Chief Financial Officer	MEC	Member of the Executive Committee
CM	Municipality Manager	MFMA	Municipal Financial Management Act
CPI	Consumer Price Index	MIG	Municipal Infrastructure Grant
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 Electricity Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental Organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
GDP	Gross Domestic Product	OP	Operational Plan
GDS	Gauteng Growth and Development Strategy	PBO	Public Benefit Organisations
GFS	Government Financial Statistics	PHC	Provincial Health Care
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
HSRC	Human Science Research Council	PPP	Public Private Partnership
IDP	Integrated Development Plan	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kℓ	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SAPS	South African Police Service
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget Implementation Plan
kWh	kilowatt hour	SMME	Small Micro and Medium Enterprises
ℓ	litre		
LED	Local Economic Development		

Part 1 – Annual Budget

1.1 Mayor's Report

SPEECH BY THE MAYOR OF MKHAMBATHINI MUNICIPALITY

CLLR. E. NGCONGO PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF THE TABLING OF THE 2021/2022, 2022/2023 and 2023/2024 ANNUAL BUDGET AT THE MKHAMBATHINI MUNICIPAL VIRTUAL PLATFROM

ON THURSDAY, 27 MAY 2021

Speaker of the Council,

Deputy Mayor,

Executive Committee Members,

Councillors,

Traditional leaders,

Municipal Manager,

All Senior Managers,

Chief Financial Officer,

All Staff members present,

Members of the media if any are present and Public,

Distinguish guest, Ladies and Gentlemen.

It is a great honour to present to you the multi-year budget for Mkhambathini Municipality in respect of the 2021/2022, 2022/2023 and 2023/2024 financial years.

Speaker and members of Council, this multi-year budget is tabled in terms of the Municipal Finance Management Act (MFMA), No 56 of 2003 and in terms of the Municipal Budget & Reporting Regulations. The MFMA requires that the budget be tabled ninety (30) days before the start of the financial year and we are fully complying with this requirement. It is the intention to have this budget finally approved on 27 May 2021 which will be in compliance of the requirements of the MFMA.

Inflation is forecast to remain within the target range of 3.9% percent as per MFMA circular 108 issued by National Treasury. This was taken into account when the budget was compiled.

Cognisance should be taken that the SALGA is currently engaging with the trade unions for the new collective agreement on the staff salaries increment which has not yet been finalised however the projected increment of 7% was used when doing the draft budget.

Speaker, Council's reviewed IDP tabled today in this meeting informs the 2021/22 financial year's Budget. I am pleased to announce that this budget is aligned to the revised IDP. Due to the current financial situation of Mkhambathini Municipality, the municipality will only be able to fund the capital projects through the Municipal Infrastructure Grant which amounts to R 24.755 million. Few projects are funded from the Municipality's own reserves as per the detailed capital budget.

Governance

The Internal Audit Activity stills operate as an outsourced Internal Audit Services which is an indication of a commitment in promoting good governance. Internal Audit Activity has formed a working relationship with the Provincial Internal Audit Unit and National Treasury Risk and Internal Audit Support Unit for skills and resources sharing and to strengthen the Internal Audit Activities operations. A risk-based audit plan has been developed and systems of internal control were tested to effectively monitor the vulnerability of operations within the municipality. Internal Audit also meets on a regular basis as well MPAC.

Mkhambathini Municipality Youth Advisory Centre continues to service the youth who are seeking advice on careers, receiving vouchers for small businesses, life skills, and basic computer skills. The centre of gender issues also resides in the youth development office. The municipality have also established the Youth Council which was elected in 2018 and it is currently functional when it comes to youth programs.

Housing

Speaker, we have 4 housing projects within the Mkhambathini Municipality. To date, low income houses have been constructed. These include areas such as Mbambangalo, Maqongqo, KwaNjobokazi, KwaMahleka and Ward 7 Rural Housing. Furthermore, there are projects that are in the planning and packaging stage, which include Stockdale and Poortjie Project. The ward 7 rural housing projects currently have challenges which is caused by access to some of the sites due to road infrastructure problems however the matter was referred to Council for assistance and we believe that this will be resolved and the project will continue.

Property Rates

- The municipality appointed a service provider to prepare the New General Valuation Roll to be implemented as from 01 July 2019 with a validity period being 5 years. The process of inspection of the roll is currently under way.

I must mention Speaker, that after this meeting, the municipality will have public participation process to showcase the IDP and Budget and to share with our people different views on what I am about to table to this Council.

Back to basics

Speaker, we all aware of the concept of Back to basics and the importance of implementing a back to basic plan. We are fortunate that through the COGTA assessment, Mkhambathini Municipality was found to be functional, but we must still make every effort to improve on upholding the 5 pillars of the Back to Basics concept and improve the lives of our citizens. We continue to align ourselves to the programmes rolled out by National and Provincial Government. We have provided an amount in our budget to deal with some priorities of Back to basics.

mSCOA

Speaker, Local Government has seen many reforms since the Implementation of the Municipal Management Finance Act over the years. Recently National Treasury has commenced with the roll out of programmes to implement the Municipal standard chart of accounts – mSCOA. Funding for implementation mSCOA is from the Financial Management Grant and Municipal System Improvement Grant and own funding. Reports have been coming to Council during the last 3 years on the implementation and readiness towards mSCOA.

Current Economic Conditions and Funding

Speaker, as you are aware, the Country is experiencing harsh economic times and is experiencing a severe drought. As a result of this, food prices and other essential commodities are rising rapidly. This prompted National and Provincial Government to introduce cost cutting and saving measures in order to deliver services and sacrifice effectively. As the result of this funding to Local Government has been being reduced. Grant funding has been reduced and affects, Equitable Share and MIG. The effect of Governments austerity measures, has placed the Municipal budget under pressure and the Municipality has also embarked on cost saving measures and introduced them in this budget. Prudent Financial Management and constant monitoring of the budget must take place during the year and throughout the year in monitoring.

I THANK YOU

1.2 Council Resolutions

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of Mkhambathini Municipality for the financial year 2021/2020 and indicative allocations for the two projected outer years 2020/2021 and 2021/2022, and the multi-year and single year capital appropriations are approved as set out in the following tables:
 - 1.1 Budgeted Financial Performance (revenue & expenditure by standard classification)
 - 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type)
 - 1.4 Single year capital appropriations by municipal vote and standard classification and associated funding by source
2. That the annual budget and Medium-Term Revenue and Expenditure Framework (MTEF) for the three-year period commencing in 2021/2022 financial year be adopted.
3. To take note of the operational and Capital budget for the outer years 2022/2023 and 2022/2024.
4. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables
 - 4.1 Budgeted Financial Position
 - 4.2 Budgeted Cash Flows
 - 4.3 Cash backed reserves and accumulated surplus reconciliation
 - 4.4 Asset Management
 - 4.5 Basic service delivery measurement
5. That in terms of section 24(2)(c)(ii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium-term revenue and expenditure framework be adopted
6. To take note that provision was made for a general increase of 7% on Employee Related Costs and 5% provision for the Upper limits for Remuneration and allowances for Councillors, implementation being subject to the confirmation by the SALGBC for

employees and approval by MEC for Co-operative Governance and Traditional Affairs for Councillors.

7. To take note that the Municipal Budget related policies, mSCOA Regulations, Integrated Development Plan, MFMA Budget Circular (99) was observed and considered in the compilation of the budget.
8. Those copies of the budget are submitted to National Treasury, COGTA, and Provincial Treasury as per the requirements of the MFMA.
9. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy as amended be adopted
10. That in terms of section 24(2) (c) (v) of the Municipal Finance Management Act, 56 of 2003 the various budget-related policies as amended be adopted.
11. That in terms of section 14 of the Municipal Property Rates Act, 6 of 2004 the rate range and conditions as set out in other Supporting Documents be adopted.
12. That the tabled budget for the year 2021/2022 & indicative figures for the 2 projected outer years be adopted by Council as set out in the following schedules:
 - Table A1 Budget Summary
 - Table A2 Budgeted Financial Performance (By Standard Classification)
 - Table A3 Budgeted Financial Performance (By Municipal Vote)
 - Table A4 Budgeted Financial Performance (Revenue & Expenditure)
 - Table A5 Budgeted Capital Expenditure
 - Table A6 Budgeted Financial Position
 - Table A7 Budgeted Cash Flows
 - Table A8 Cash Backed Reserves
 - Table A9 Asset Management
 - Table A10 Basic Service Delivery Measurement
 - Supporting documents from SA1 – SA37

That once this budget is tabled the information be uploaded to the LG Portal with the necessary MSCOA information

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 sustainable, 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 non-core and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a revenue collection strategies to optimize the collection of debt owed by ratepayers. In addition to supplementing the declining revenue base, and reduction in grant funding the Municipality has introduced a refuse tariff to areas within the Municipality which refuse is being collected. The tariff which is being introduced will be reviewed during the course of the year to ensure that it is cost reflective and sustainable, however this is still a challenge as the service is only be carried out in the urban area of Camperdown

National Treasury's MFMA No. 108 were used to guide the compilation of the 2021/2022 MTREF.

The main challenges experienced during the compilation of the 2021/2022 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy.
- Aging and poorly maintained roads infrastructure.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and limited cash position of the municipality.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- Affordability of capital projects – allocations had to be reduced to grant funded projects and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2021/22 MTREF process; and
- The implementation of a sustainable refuse tariff

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

- The 2020/2021 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2021/22 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the NT.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2021/2022 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2021/22 MTREF

Description	Adjusted Budget 2020/21	Budget 2021/22	Year 1 Budget 2022/23	Year 2 Budget 2023/24
Total Operating Revenue	119 903	110 688	124 823	127 359
Total Operating Expenditure	142 540	142 902	135 688	146 623
Surplus/ Deficit	(22 637)	(32 214)	(10 865)	(19 263)
Total Capital Expenditure	43 762	31 621	17 781	18 394

Total operating revenue has decreased by 9 per cent or R 9.2 million for the 2021/22 financial year when compared to the 2020/21 Adjustments Budget. For the two outer years, operational revenue will increase in 2022/23 financial year by R 4.9 million and increase in 2023/24 financial year by R 7.5 million when compared to the 2020/21 financial year.

Total operating revenue has increased by 1 per cent or R 362 000 for the 2021/22 financial year when compared to the 2020/21 Adjustments Budget. For the two outer years, operational revenue will decrease in 2022/23 financial year by R 6.8 million and increase in 2023/24 financial year by R 4 million when compared to the 2020/21 financial year.

The capital budget of R 31.6 million for 2020/21 is R 12,1 million less when compared to the 2020/21 Adjusted Budget.

1.4 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges over the next two financial years.
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and

- Tariff policies of the Municipality.

The following table is a summary of the 2021/2022 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source											
Property rates	2	17 144	17 480	21 849	19 782	19 782	19 782	(22 796)	20 553	21 375	22 230
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	498	526	528	574	574	574	(574)	597	621	645
Rental of facilities and equipment		572	132	248	345	345	345	–	359	373	388
Interest earned - external investments		3 484	4 539	4 286	3 850	3 850	3 850	1 351	4 000	4 160	4 327
Interest earned - outstanding debtors		2 920	3 748	960	1 883	–	–	(16)	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		28	30	25	34	34	34	2	36	37	38
Licences and permits		6 064	6 462	4 704	7 121	7 122	7 122	4 568	7 400	7 696	8 004
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		55 612	60 609	69 092	73 463	85 495	85 495	85 070	76 559	87 643	88 692
Other revenue	2	684	641	534	1 174	2 700	2 700	3 109	1 185	2 918	3 035
Gains		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		87 006	94 167	102 227	108 226	119 903	119 903	70 713	110 688	124 823	127 359

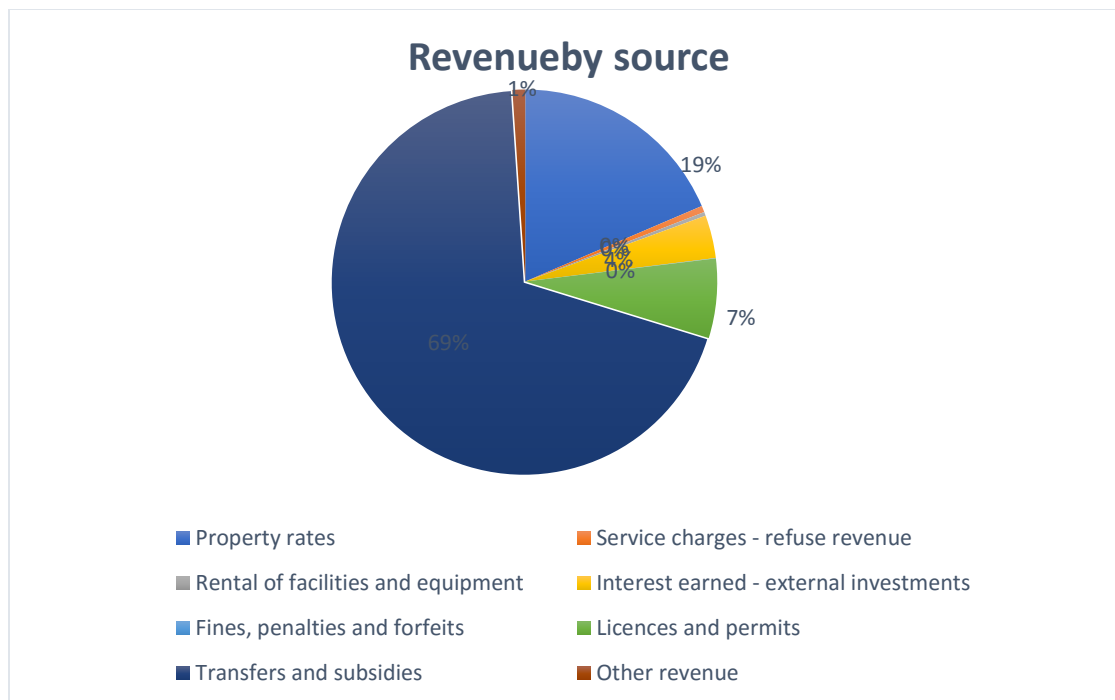
Table 3 Percentage growth in revenue by main revenue source

Revenue generated from rates forms a minor part of income generated by the Municipality. The majority of Municipal revenue come from equitable share. Operating Grants & Subsidies are also a source.

The format prescribed by National Treasury has been used to prepare the above schedule and the operating statement has excluded the capital transfers to allow the user to see whether the operating activities of municipality results to the deficit or surplus.

The municipality depends on grants mostly (70%). The total projected income of R 110 688 million will Property Rates (19%), Rentals (1%), licences and permits (7%), interest earned from investment (4%), other revenue (1%) and Service charges – refuse (1%).

The revenue as per chart is as follows:



Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

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

1.4.1 Property Rates

Property rates cover the cost of the provision of general services and repairs and maintenance. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circulars No.58 and 59 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

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. The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA). In addition to this rebate, a further R285 000 reduction on the market value of a property will be granted in terms of Mkhambathini Municipality's proposed draft Property Rates Policy to be implemented in 2021/2022 to address the value of the properties for indigent household taking into account the RDP House value.

The below table for the property rates tariff for 2021/2022 financial year has been calculated in compliance with the MPRA regulations which stipulate the ratios of tariffs per category .

Property Category	Budget 2020/21		Budget 2021/22	
		Rebate	Tariff	Rebate
Agricultural	0.00230	50%	0.00239	50%
Commercial	0.01170		0.01216	
Industrial	0.00930		0.00966	
Public Service Purpose	0.01770		0.01839	
Residential	0.00930		0.00966	
Vacant Land	0.01400		0.01455	
Illegal Use	0.01400		0.01455	
State and Trust Land	-		-	
Municipal	Exempted 100%			
Communal Land				
Rural Commercial				
Place of Worship				

The proposed tariff increase for Property rates have considered the current pandemic which have affected our economy, hence the highest increment on proposed tariffs is 3,9% as per the guidelines announced 3,9% in MFMA circular 108 .

The refuse removal is a user charger service therefore the CPI and National Treasury was used as a guide when the tariffs were finalized

Table 4 MBRR Table SA14 – Household bills

KZN226 Mkhambathini - Supporting Table SA14 Household bills

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22 % incr.	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		1,010.95	1,010.95	742.98	1,751.00	1,751.00	1,751.00	3.9%	1,819.00	1,892.00	1,967.00
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		110.00	121.00	121.00	113.00	113.00	113.00	3.9%	117.00	122.00	126.00
Other											
sub-total		1,120.95	1,131.95	863.98	1,864.00	1,864.00	1,864.00	3.9%	1,936.00	2,014.00	2,093.00
VAT on Services											
Total large household bill:		1,120.95	1,131.95	863.98	1,864.00	1,864.00	1,864.00	3.9%	1,936.00	2,014.00	2,093.00
% increase/-decrease			1.0%	(23.7%)	115.7%	-	-	3.9%	3.9%	4.0%	3.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		1,010.95	1,010.95	742.98	1,751.00	1,751.00	1,751.00	3.9%	1,819.00	1,892.00	1,967.00
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		110.00	121.00	121.00	113.00	113.00	113.00	3.9%	117.00	122.00	126.00
Other											
sub-total		1,120.95	1,131.95	863.98	1,864.00	1,864.00	1,864.00	3.9%	1,936.00	2,014.00	2,093.00
VAT on Services											
Total small household bill:		1,120.95	1,131.95	863.98	1,864.00	1,864.00	1,864.00	3.9%	1,936.00	2,014.00	2,093.00
% increase/-decrease			1.0%	(23.7%)	115.7%	-	-	3.9%	3.9%	4.0%	3.9%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates					553.00	553.00	553.00	3.9%	575.00	593.00	617.00
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		110.00	121.00	121.00	113.00	113.00	113.00	3.9%	117.00	122.00	126.00
Other											
sub-total		110.00	121.00	121.00	666.00	666.00	666.00	3.9%	692.00	715.00	743.00
VAT on Services											
Total small household bill:		110.00	121.00	121.00	666.00	666.00	666.00	3.9%	692.00	715.00	743.00
% increase/-decrease			10.0%	-	450.4%	-	-	3.9%	3.9%	3.3%	3.9%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2021/22 budget and MTREF is informed by the following:

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

The following table is a high level summary of the 2021/2022 budget and MTREF (classified per main type of operating expenditure):

KZN226 Mkhambathini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Revenue By Source											
Property rates	2	17 144	17 480	21 849	19 782	19 782	19 782	(22 796)	20 553	21 375	22 230
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	498	526	528	574	574	574	(574)	597	621	645
Rental of facilities and equipment		572	132	248	345	345	345	–	359	373	388
Interest earned - external investments		3 484	4 539	4 286	3 850	3 850	3 850	1 351	4 000	4 160	4 327
Interest earned - outstanding debtors		2 920	3 748	960	1 883	–	–	(20)	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		28	30	25	34	34	34	2	36	37	38
Licences and permits		6 064	6 462	4 704	7 121	7 122	7 122	4 568	7 400	7 696	8 004
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		55 612	60 609	69 092	73 463	85 495	85 495	85 070	76 559	87 643	88 692
Other revenue	2	684	641	534	1 174	2 700	2 700	3 109	1 185	2 918	3 035
Gains		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		87 006	94 167	102 227	108 226	119 903	119 903	70 709	110 688	124 823	127 359
Expenditure By Type											
Employee related costs	2	34 125	34 971	36 529	44 692	44 606	44 606	34 376	48 558	50 155	53 644
Remuneration of councillors		5 173	5 809	6 024	6 374	6 374	6 374	4 981	6 693	4 039	7 247
Debt impairment	3	742	1 540	590	3 140	3 140	3 140	–	3 140	3 580	4 081
Depreciation & asset impairment	2	8 791	8 722	9 319	11 173	11 173	11 173	7 944	11 609	12 073	12 556
Finance charges		–	3	4	–	–	–	5	–	–	–
Bulk purchases - electricity	2	–	–	–	–	–	–	–	–	–	–
Inventory consumed	8	–	–	–	6 367	6 459	6 459	3 864	6 051	6 308	6 582
Contracted services		12 839	18 584	27 530	30 420	43 923	43 923	36 927	43 396	37 165	39 271
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	9 525	11 233	13 712	19 372	26 865	26 865	19 175	23 455	22 367	23 240
Losses		8 422	195	113	–	–	–	–	–	–	–
Total Expenditure		79 616	81 057	93 821	121 537	142 540	142 540	107 271	142 902	135 688	146 623
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		7 390	13 110	8 406	(13 310)	(22 637)	(22 637)	(36 562)	(32 214)	(10 865)	(19 263)
		17 725	19 385	16 076	15 996	25 800	25 800	17 728	24 755	17 781	18 394
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	120	–	–	–	10	–	–	–
Surplus/(Deficit) after capital transfers & contributions		25 115	32 495	24 602	2 686	3 163	3 163	(18 824)	(7 459)	6 916	(869)
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		25 115	32 495	24 602	2 686	3 163	3 163	(18 824)	(7 459)	6 916	(869)
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		25 115	32 495	24 602	2 686	3 163	3 163	(18 824)	(7 459)	6 916	(869)
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		25 115	32 495	24 602	2 686	3 163	3 163	(18 824)	(7 459)	6 916	(869)

Table 5 Summary of operating expenditure by standard classification item

The budgeted allocation for employee related costs for the 2021/2022 financial year totals R 48 558 million.

In the compilation of the MTREF, the following influencing factors were considered:

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

Mkhambathini Local Municipality expenditure framework for the 2021/22 Draft Annual Budget is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan.
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA.
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan.
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made

Salaries were adjusted using the following assumptions:

Employee related costs

There were budgeted 7% increase for this financial year. The salary budget is in line with the Organogram and we also provide budget for vacant post .

Organogram with vacant posts expected to be filled within 2021/2022 Financial year

The vacant posts employer contribution was calculated using:

UIF = 1% of salary limit 148.72

SDL = 1% of Salary

Pension and Provident fund maximum option = 13.65% salary

An annual increase on salaries of 7 per cent and 7 per cent has been included in the two outer years of the MTREF to be conservative and implement cost cutting measures. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been considered in compiling the Municipality's budget.

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 R 11 609 million for the 2021/2022 financial year. The budget also covers the following expenses and programs

Debt impairment

Debt impairment was budgeted for using gross debtors balance since there municipality debtors' balance is increasing drastically over the years and the municipality only collects 85% as per the collection rate. This alone is an indication for impairments.

The municipality opted for this rate because there are ongoing engagements with government departments to settle their debts, the engagements have been fruitful. The municipality will be

implementing a recently developed debt collection strategy and anticipate a positive spinoff in the collection of outstanding debtors.

LED Programs

The office of LED, Arts and Culture and Tourism works very close with communities which helps them be able to start their own businesses as well as encourage citizens to practice its culture. These programmes have been budgeted for in the 2021/22 financial year and it is R2 .4 million

Special Programs

The special programmes component includes Disability programmes, Senior Citizens, Gender programme and Children's sector. The municipality have included a budget amounting to R1. 8 million for the new financial year 2021/22

HIV/AIDs Programs

In fighting and combating the spread of HIV/AIDS the municipality have made a budget which amounts to R340 000.00 which will be used in the campaign and awareness of HIV/AIDS to its citizens.

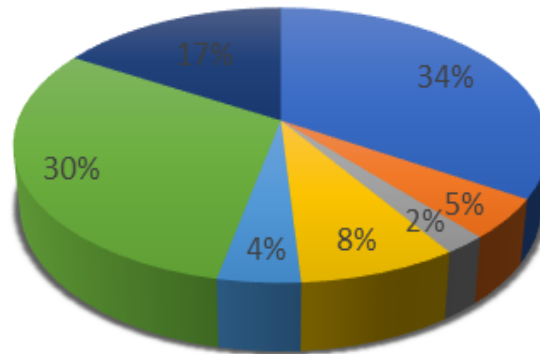
Disaster Management

In response to Disaster Management Act and National State of Disaster as declared by the President last year March 2020, the municipality have allocated an amount of R950 000 to assist in fighting the COVID19 pandemic. We are still expecting funding and assistance in order to fight the pandemic our budget is not sufficient to deal with pandemic and other natural disaster, Total Disaster provision is R1,6 million

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The expenditure as per chart is as follows:

Expenditure by Source



- Employee related costs
- Remuneration of councillors
- Debt impairment
- Depreciation & asset impairment
- Inventory consumed
- Contracted services
- Other expenditure

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2021/2022 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and 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. The budget is R 28 2128 000 that is allocated to repairs and maintenance then this is the 12% of the total assets as per our 2019/20 Audited Annual financial Statement

Table 6 Operational repairs and maintenance

In responding to the inputs from the community in relation to the road infrastructure the municipality have introduced the re-gravelling of access roads in all wards and the operational repairs and maintenance R 28 2128 000 which is also summarised as follow

Re-graveling of Access Roads in various wards is R 9 .8 million

Maintenance of community Assets is R 5 million

Maintenance of Sport facilities is R 1.9 million

Maintenance of Roads R 10.5 million

Maintenance of municipal vehicles and anther assets is R 1 million

The below table is SA34c have detail for each line item

KZN226 Mkhambathini - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		—	1 164	1 568	11 000	15 551	15 551	9 800	14 692	15 100
Roads Infrastructure		—	1 164	1 568	11 000	15 551	15 551	9 800	14 692	15 100
Roads		—	—	—	9 000	12 269	12 269	—	4 500	4 500
Road Structures		—	1 164	1 568	2 000	3 283	3 283	9 800	10 192	10 600
Road Furniture		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Drainage Collection		—	—	—	—	—	—	—	—	—
Storm water Conveyance		—	—	—	—	—	—	—	—	—
Attenuation		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Power Plants		—	—	—	—	—	—	—	—	—
HV Substations		—	—	—	—	—	—	—	—	—
HV Switching Station		—	—	—	—	—	—	—	—	—
HV Transmission Conductors		—	—	—	—	—	—	—	—	—
MV Substations		—	—	—	—	—	—	—	—	—
MV Switching Stations		—	—	—	—	—	—	—	—	—
MV Networks		—	—	—	—	—	—	—	—	—
LV Networks		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Dams and Weirs		—	—	—	—	—	—	—	—	—
Boreholes		—	—	—	—	—	—	—	—	—
Reservoirs		—	—	—	—	—	—	—	—	—
Pump Stations		—	—	—	—	—	—	—	—	—
Water Treatment Works		—	—	—	—	—	—	—	—	—
Bulk Mains		—	—	—	—	—	—	—	—	—
Distribution		—	—	—	—	—	—	—	—	—
Distribution Points		—	—	—	—	—	—	—	—	—
PIRV Stations		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Pump Station		—	—	—	—	—	—	—	—	—
Retiulation		—	—	—	—	—	—	—	—	—
Waste Water Treatment Works		—	—	—	—	—	—	—	—	—
Outfall Sewers		—	—	—	—	—	—	—	—	—
Toilet Facilities		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Landfill Sites		—	—	—	—	—	—	—	—	—
Waste Transfer Stations		—	—	—	—	—	—	—	—	—
Waste Processing Facilities		—	—	—	—	—	—	—	—	—
Waste Drop-off Points		—	—	—	—	—	—	—	—	—
Waste Separation Facilities		—	—	—	—	—	—	—	—	—
Electricity Generation Facilities		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Rail Lines		—	—	—	—	—	—	—	—	—
Rail Structures		—	—	—	—	—	—	—	—	—
Rail Furniture		—	—	—	—	—	—	—	—	—
Drainage Collection		—	—	—	—	—	—	—	—	—
Storm water Conveyance		—	—	—	—	—	—	—	—	—
Attenuation		—	—	—	—	—	—	—	—	—
MV Substations		—	—	—	—	—	—	—	—	—
LV Networks		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Sand Pumps		—	—	—	—	—	—	—	—	—
Piers		—	—	—	—	—	—	—	—	—
Revetments		—	—	—	—	—	—	—	—	—
Promenades		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Data Centres		—	—	—	—	—	—	—	—	—
Core Layers		—	—	—	—	—	—	—	—	—
Distribution Layers		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Community Assets		—	2 836	5 984	3 500	6 480	6 480	6 900	3 850	4 235
Community Facilities		—	1 436	1 951	2 000	4 980	4 980	5 000	2 200	2 420
Halls		—	909	1 699	2 000	4 980	4 980	5 000	2 200	2 420
Cunives		—	—	—	—	—	—	—	—	—
Crèches		—	527	252	—	—	—	—	—	—
Clinics/Care Centres		—	—	—	—	—	—	—	—	—
Fire/Ambulance Stations		—	—	—	—	—	—	—	—	—
Testing Stations		—	—	—	—	—	—	—	—	—
Museums		—	—	—	—	—	—	—	—	—
Galleries		—	—	—	—	—	—	—	—	—
Theatres		—	—	—	—	—	—	—	—	—
Libraries		—	—	—	—	—	—	—	—	—
Cemeteries/Crematoria		—	—	—	—	—	—	—	—	—
Police		—	—	—	—	—	—	—	—	—
Parks		—	—	—	—	—	—	—	—	—
Public Open Space		—	—	—	—	—	—	—	—	—
Nature Reserves		—	—	—	—	—	—	—	—	—
Public Ablution Facilities		—	—	—	—	—	—	—	—	—
Markets		—	—	—	—	—	—	—	—	—
Stalls		—	—	—	—	—	—	—	—	—
Abattoirs		—	—	—	—	—	—	—	—	—
Airports		—	—	—	—	—	—	—	—	—
Taxi Ranks/Bus Terminals		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	3 133	1 500	1 500	1 500	1 900	1 650	1 815
Indoor Facilities		—	—	—	—	—	—	—	—	—
Outdoor Facilities		—	1 400	3 133	1 500	1 500	1 500	1 900	1 650	1 815
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		3 027	264	1 065	2 000	7 820	7 820	10 500	2 200	2 420
Operational Buildings		3 027	264	1 065	2 000	7 820	7 820	10 500	2 200	2 420
Municipal Offices		2 031	264	1 065	2 000	7 820	7 820	10 500	2 200	2 420
Pay/Enquiry Points		—	—	—	—	—	—	—	—	—
Building Plan Offices		96	—	—	—	—	—	—	—	—
Workshops		—	—	—	—	—	—	—	—	—
Yards		—	—	—	—	—	—	—	—	—
Shores		—	—	—	—	—	—	—	—	—
Laboratories		—	—	—	—	—	—	—	—	—
Training Centres		—	—	—	—	—	—	—	—	—
Manufacturing Plant		—	—	—	—	—	—	—	—	—
Dapots		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Staff Housing		—	—	—	—	—	—	—	—	—
Social Housing		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Water Rights		—	—	—	—	—	—	—	—	—
Effluent Licenses		—	—	—	—	—	—	—	—	—
Solid Waste Licenses		—	—	—	—	—	—	—	—	—
Computer Software and Applications		—	—	—	—	—	—	—	—	—
Load Settlement Software Applications		—	—	—	—	—	—	—	—	—
Unspecified		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		14	—	—	—	—	—	—	—	—
Machinery and Equipment		14	—	—	—	—	—	—	—	—
Transport Assets		211	368	600	380	980	980	1 018	1 059	1 101
Transport Assets		211	368	600	380	980	980	1 018	1 059	1 101
Land		—	—	—	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Total Repairs and Maintenance Expenditure	1	3 252	4 631	8 316	16 880	30 831	30 831	28 218	21 801	22 856

1.5.2 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 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. And takes the form of social relief for the family of deceased persons who are destitute without income.

Waste Removal

Refuse removal increase by 3.9%.

Free Basic Electricity

Free Basic Electricity allocation increase by 3.9% but the municipality still in the process to verification list and updating the Indigent register.

1.6 Capital expenditure

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

Table 7 2021/2022 Medium-term capital budget per vote

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Finance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services2		-	-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Finance and Administration		28 728	31 459	33 565	6 700	3 222	3 222	33 966	905	756	787
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		3 733	-	-	1 539	2 046	2 046	124	-	-	-
Vote 5 - Community and Social Services2		3 552	6 455	9 953	7 990	11 893	11 893	15 861	2 965	3 000	3 200
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		54 842	65 641	73 517	9 468	26 602	26 602	94 960	14 590	-	-
Vote 8 - Planning and Development		75 340	90 719	96 606	-	-	-	96 606	-	-	-
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-	13 161	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		166 194	194 274	213 642	25 697	43 762	43 762	241 517	31 621	3 756	3 987
Total Capital Expenditure - Vote		166 194	194 274	213 642	25 697	43 762	43 762	241 517	31 621	3 756	3 987
Capital Expenditure - Functional											
Governance and administration		28 728	31 459	33 565	6 700	3 222	3 222	33 966	905	756	787
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		28 728	31 459	33 565	6 700	3 222	3 222	33 966	905	756	787
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		7 285	6 455	9 953	9 529	13 939	13 939	15 985	16 126	3 000	3 200
Community and social services		7 285	6 455	9 953	9 529	13 939	13 939	15 985	2 965	3 000	3 200
Sport and recreation		-	-	-	-	-	-	-	13 161	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		130 181	156 360	170 124	9 468	26 602	26 602	191 566	14 590	-	-
Planning and development		75 340	90 719	96 606	-	-	-	96 606	-	-	-
Road transport		54 842	65 641	73 517	9 468	26 602	26 602	94 960	14 590	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	166 194	194 274	213 642	25 697	43 762	43 762	241 517	31 621	3 756	3 987
Funded by:											
National Government		96 588	112 168	121 249	15 997	25 800	25 800	135 339	24 755	17 781	18 394
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	96 588	112 168	121 249	15 997	25 800	25 800	135 339	24 755	17 781	18 394
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		69 606	82 106	92 393	9 700	17 962	17 962	106 177	6 866	756	787
Total Capital Funding	7	166 194	194 274	213 642	25 697	43 762	43 762	241 517	31 621	18 537	19 181

Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2021/2021 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 8 MBRR Table A1 - Budget Summary

KZN226 Mkhambathini - Table A1 Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands										
Financial Performance										
Property rates	17 144	17 480	21 849	19 782	19 782	19 782	(22 796)	20 553	21 375	22 230
Service charges	498	526	528	574	574	574	(574)	597	621	645
Investment revenue	3 484	4 539	4 286	3 850	3 850	3 850	1 351	4 000	4 160	4 327
Transfers recognised - operational	55 612	60 609	69 092	73 463	85 495	85 495	85 070	76 559	87 643	88 692
Other own revenue	10 269	11 013	6 471	10 558	10 202	10 202	7 659	8 979	11 024	11 465
Total Revenue (excluding capital transfers and contributions)	87 006	94 167	102 227	108 226	119 903	119 903	70 709	110 688	124 823	127 359
Employee costs	34 125	34 971	36 529	44 692	44 606	44 606	34 376	48 558	50 155	53 644
Remuneration of councillors	5 173	5 809	6 024	6 374	6 374	6 374	4 981	6 693	4 039	7 247
Depreciation & asset impairment	8 791	8 722	9 319	11 173	11 173	11 173	7 944	11 609	12 073	12 556
Finance charges	—	3	4	—	—	—	5	—	—	—
Inventory consumed and bulk purchases	—	—	—	6 367	6 459	6 459	3 864	6 051	6 308	6 582
Transfers and grants	—	—	—	—	—	—	—	—	—	—
Other expenditure	31 527	31 551	41 946	52 932	73 928	73 928	56 102	69 991	63 112	66 592
Total Expenditure	79 616	81 057	93 821	121 537	142 540	142 540	107 271	142 902	135 688	146 623
Surplus/(Deficit)	7 390	13 110	8 406	(13 310)	(22 637)	(22 637)	(36 562)	(32 214)	(10 865)	(19 263)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	17 725	19 385	16 076	15 996	25 800	25 800	17 728	24 755	17 781	18 394
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	—	—	120	—	—	—	10	—	—	—
Surplus/(Deficit) after capital transfers & contributions	25 115	32 495	24 602	2 686	3 163	3 163	(18 824)	(7 459)	6 916	(869)
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	25 115	32 495	24 602	2 686	3 163	3 163	(18 824)	(7 459)	6 916	(869)
Capital expenditure & funds sources										
Capital expenditure	166 194	194 274	213 642	25 697	43 762	43 762	241 517	31 621	3 756	3 987
Transfers recognised - capital	96 588	112 168	121 249	15 997	25 800	25 800	135 339	24 755	17 781	18 394
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	69 606	82 106	92 393	9 700	17 962	17 962	106 177	6 866	756	787
Total sources of capital funds	166 194	194 274	213 642	25 697	43 762	43 762	241 517	31 621	18 537	19 181
Financial position										
Total current assets	77 227	87 790	90 192	59 719	55 437	55 437	71 505	57 497	36 021	11 379
Total non current assets	124 145	146 340	158 768	170 646	205 563	205 563	304 150	195 681	153 295	158 769
Total current liabilities	12 959	13 266	13 211	2 961	7 097	7 097	(22 732)	7 985	8 842	3 106
Total non current liabilities	2 158	2 591	2 374	5 110	6 734	6 734	(2 374)	4 158	4 158	4 158
Community wealth/Equity	139 308	144 864	145 558	240 175	247 169	247 169	(381 096)	241 035	176 315	162 884
Cash flows										
Net cash from (used) operating	—	—	—	118 931	12 851	12 851	—	6 117	(3 378)	(7 814)
Net cash from (used) investing	—	—	—	—	(43 762)	(43 762)	—	(31 621)	(17 871)	(18 394)
Net cash from (used) financing	—	—	—	—	—	—	—	—	—	—
Cash/cash equivalents at the year end	—	—	—	118 931	(30 912)	(30 912)	—	30 812	9 563	(16 645)
Cash backing/surplus reconciliation										
Cash and investments available	58 973	63 942	65 456	60 544	34 535	34 535	39 483	30 812	9 562	(16 645)
Application of cash and investments	10 157	9 241	8 296	1 048	(14 337)	(14 337)	(16 806)	(19 298)	(17 002)	(24 397)
Balance - surplus (shortfall)	48 816	54 701	57 160	59 496	48 872	48 872	56 290	50 110	26 564	7 752
Asset management										
Asset register summary (WDV)	124 145	146 340	158 768	170 646	221 148	221 148	221 148	211 265	170 134	176 282
Depreciation	8 791	8 722	9 319	11 173	11 173	11 173	11 173	11 609	12 073	12 556
Renewal and Upgrading of Existing Assets	603	2 214	0	1 000	1 550	1 550	1 550	5 161	—	—
Repairs and Maintenance	3 252	4 631	8 316	16 880	30 831	30 831	30 831	28 218	21 801	22 856
Free services										
Cost of Free Basic Services provided	—	—	—	—	—	—	—	—	—	—
Revenue cost of free services provided	(1 535)	(1 594)	(2 241)	1 507	1 507	1 507	1 566	1 566	1 629	1 694
Households below minimum service level										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	—	—	—	—	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—	—

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms 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:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

Table 9 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN226 Mkhambathini - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue - Functional										
<i>Governance and administration</i>		93 275	101 035	106 050	113 346	133 672	133 672	124 541	129 656	132 365
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		93 275	101 035	106 050	113 346	133 672	133 672	124 541	129 656	132 365
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 379	2 086	2 502	2 212	1 840	1 840	1 933	1 934	1 935
Community and social services		1 379	2 061	2 477	2 212	1 840	1 840	1 933	1 934	1 935
Sport and recreation		-	25	25	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		445	255	156	969	2 495	2 495	972	2 696	2 804
Planning and development		419	228	133	939	2 465	2 465	940	2 664	2 770
Road transport		26	27	23	30	30	30	31	32	34
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		498	526	528	574	574	574	597	621	645
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		498	526	528	574	574	574	597	621	645
<i>Other</i>	4	6 064	6 462	4 704	7 121	7 122	7 122	7 400	7 696	8 004
Total Revenue - Functional	2	101 661	110 364	113 941	124 222	145 703	145 703	135 443	142 604	145 753
Expenditure - Functional										
<i>Governance and administration</i>		55 121	47 359	53 964	69 554	78 525	78 525	85 014	74 755	82 478
Executive and council		10 425	11 233	12 620	19 002	21 402	21 402	22 481	19 014	23 014
Finance and administration		44 696	36 127	41 344	50 552	57 123	57 123	62 533	55 741	59 464
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		12 438	15 101	18 243	24 955	26 576	26 576	30 947	29 142	30 846
Community and social services		11 191	12 311	14 040	21 370	24 029	24 029	27 137	25 550	27 061
Sport and recreation		1 121	2 630	4 086	3 300	2 358	2 358	3 470	3 283	3 463
Public safety		-	-	2	15	-	-	-	-	-
Housing		0	-	-	-	-	-	-	-	-
Health		126	160	115	270	190	190	340	309	321
<i>Economic and environmental services</i>		7 031	10 855	11 984	17 957	22 486	22 486	17 332	22 464	23 390
Planning and development		867	2 811	1 695	580	430	430	572	595	611
Road transport		6 164	8 045	10 289	17 377	22 056	22 056	16 760	21 869	22 779
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1 653	4 927	8 849	2 558	8 440	8 440	2 685	1 961	2 074
Energy sources		-	3 223	6 224	-	6 382	6 382	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	0	-	-	-	-	-	-	-
Waste management		1 653	1 704	2 626	2 558	2 058	2 058	2 685	1 961	2 074
<i>Other</i>	4	5 225	5 291	3 827	6 513	6 513	6 513	6 925	7 365	7 835
Total Expenditure - Functional	3	81 468	83 534	96 867	121 537	142 540	142 540	142 902	135 688	146 623
Surplus/(Deficit) for the year		20 193	26 830	17 074	2 686	3 163	3 163	(7 459)	6 916	(869)

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 9 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive & Council.

Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN226 Mkhambathini - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand										
Revenue by Vote	1									
Vote 1 - Finance and Administration		93 275	101 035	106 050	113 346	133 672	133 672	124 541	129 656	132 365
Vote 2 - Finance and Administration ²		-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		1 379	2 061	2 477	2 212	1 840	1 840	1 933	1 934	1 935
Vote 5 - Community and Social Services ²		-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		26	27	23	30	30	30	31	32	34
Vote 8 - Planning and Development		419	228	133	939	2 465	2 465	940	2 664	2 770
Vote 9 - Sport and Recreation		-	25	25	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 11 - Other		6 064	6 462	4 704	7 121	7 122	7 122	7 400	7 696	8 004
Vote 12 - Waste Management		498	526	528	574	574	574	597	621	645
Vote 13 - Housing		-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	101 661	110 364	113 941	124 222	145 703	145 703	135 443	142 604	145 753
Expenditure by Vote to be appropriated	1									
Vote 1 - Finance and Administration		44 679	36 124	41 273	49 902	56 973	56 973	62 283	55 466	59 162
Vote 2 - Finance and Administration ²		18	2	71	650	150	150	250	275	303
Vote 3 - Executive and Council		10 425	11 233	12 620	19 002	21 402	21 402	22 481	19 014	23 014
Vote 4 - Community and Social Services		4 435	5 081	5 197	9 158	8 857	8 857	10 995	11 516	12 069
Vote 5 - Community and Social Services ²		6 746	7 236	8 843	12 213	15 172	15 172	16 142	14 035	14 993
Vote 6 - Energy Sources		-	3 223	6 224	-	6 382	6 382	-	-	-
Vote 7 - Road Transport		6 164	8 045	10 289	17 377	22 056	22 056	16 760	21 869	22 779
Vote 8 - Planning and Development		867	2 811	1 695	580	430	430	572	595	611
Vote 9 - Sport and Recreation		1 121	2 630	4 086	3 300	2 358	2 358	3 470	3 283	3 463
Vote 10 - Public Safety		-	-	2	15	-	-	-	-	-
Vote 11 - Other		5 235	5 285	3 827	6 513	6 513	6 513	6 925	7 365	7 835
Vote 12 - Waste Management		1 653	1 704	2 626	2 558	2 058	2 058	2 685	1 961	2 074
Vote 13 - Housing		0	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	0	-	-	-	-	-	-	-
Vote 15 - Health		126	160	115	270	190	190	340	309	321
Total Expenditure by Vote	2	81 468	83 534	96 866	121 537	142 540	142 540	142 902	135 688	146 623
Surplus/(Deficit) for the year	2	20 193	26 830	17 075	2 686	3 163	3 163	(7 459)	6 916	(869)

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity trading service.

Table 16 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN226 Mkhambathini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source											
Property rates	2	17 144	17 480	21 849	19 782	19 782	19 782	(22 796)	20 553	21 375	22 230
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	498	526	528	574	574	574	(574)	597	621	645
Rental of facilities and equipment		572	132	248	345	345	345	-	359	373	388
Interest earned - external investments		3 484	4 539	4 286	3 850	3 850	3 850	1 351	4 000	4 160	4 327
Interest earned - outstanding debtors		2 920	3 748	960	1 883	-	-	(20)	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		28	30	25	34	34	34	2	36	37	38
Licences and permits		6 064	6 462	4 704	7 121	7 122	7 122	4 568	7 400	7 696	8 004
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		55 612	60 609	69 092	73 463	85 495	85 495	85 070	76 559	87 643	88 692
Other revenue	2	684	641	534	1 174	2 700	2 700	3 109	1 185	2 918	3 035
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		87 006	94 167	102 227	108 226	119 903	119 903	70 709	110 688	124 823	127 359
Expenditure By Type											
Employee related costs	2	34 125	34 971	36 529	44 692	44 606	44 606	34 376	48 558	50 155	53 644
Remuneration of councillors		5 173	5 809	6 024	6 374	6 374	6 374	4 981	6 693	4 039	7 247
Debt impairment	3	742	1 540	590	3 140	3 140	3 140	-	3 140	3 580	4 081
Depreciation & asset impairment	2	8 791	8 722	9 319	11 173	11 173	11 173	7 944	11 609	12 073	12 556
Finance charges		-	3	4	-	-	-	5	-	-	-
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	-	-	-	6 367	6 459	6 459	3 864	6 051	6 308	6 582
Contracted services		12 839	18 584	27 530	30 420	43 923	43 923	36 927	43 396	37 165	39 271
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	9 525	11 233	13 712	19 372	26 865	26 865	19 175	23 455	22 367	23 240
Losses		8 422	195	113	-	-	-	-	-	-	-
Total Expenditure		79 616	81 057	93 821	121 537	142 540	142 540	107 271	142 902	135 688	146 623
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		17 725	19 385	16 076	15 996	25 800	25 800	17 728	24 755	17 781	18 394
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	120	-	-	-	10	-	-	-
Surplus/(Deficit) after capital transfers & contributions		25 115	32 495	24 602	2 686	3 163	3 163	(18 824)	(7 459)	6 916	(869)
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		25 115	32 495	24 602	2 686	3 163	3 163	(18 824)	(7 459)	6 916	(869)
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		25 115	32 495	24 602	2 686	3 163	3 163	(18 824)	(7 459)	6 916	(869)
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		25 115	32 495	24 602	2 686	3 163	3 163	(18 824)	(7 459)	6 916	(869)

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

1. Total revenue is R110 688 million in 2021/22 and escalates to R 124 824 million by 2022/23.
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Employee related costs is the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage increases in future years.

Table 117 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Finance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services2		-	-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Finance and Administration		28 728	31 459	33 565	6 700	3 222	3 222	33 966	905	756	787
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		3 733	-	-	1 539	2 046	2 046	124	-	-	-
Vote 5 - Community and Social Services2		3 552	6 455	9 953	7 990	11 893	11 893	15 861	2 965	3 000	3 200
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		54 842	65 641	73 517	9 468	26 602	26 602	94 960	14 590	-	-
Vote 8 - Planning and Development		75 340	90 719	96 606	-	-	-	96 606	-	-	-
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-	13 161	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		166 194	194 274	213 642	25 697	43 762	43 762	241 517	31 621	3 756	3 987
Total Capital Expenditure - Vote		166 194	194 274	213 642	25 697	43 762	43 762	241 517	31 621	3 756	3 987
Capital Expenditure - Functional											
Governance and administration		28 728	31 459	33 565	6 700	3 222	3 222	33 966	905	756	787
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		28 728	31 459	33 565	6 700	3 222	3 222	33 966	905	756	787
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		7 285	6 455	9 953	9 529	13 939	13 939	15 985	16 126	3 000	3 200
Community and social services		7 285	6 455	9 953	9 529	13 939	13 939	15 985	2 965	3 000	3 200
Sport and recreation		-	-	-	-	-	-	-	13 161	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		130 181	156 360	170 124	9 468	26 602	26 602	191 566	14 590	-	-
Planning and development		75 340	90 719	96 606	-	-	-	96 606	-	-	-
Road transport		54 842	65 641	73 517	9 468	26 602	26 602	94 960	14 590	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	166 194	194 274	213 642	25 697	43 762	43 762	241 517	31 621	3 756	3 987
Funded by:											
National Government		96 588	112 168	121 249	15 997	25 800	25 800	135 339	24 755	17 781	18 394
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	96 588	112 168	121 249	15 997	25 800	25 800	135 339	24 755	17 781	18 394
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		69 606	82 106	92 393	9 700	17 962	17 962	106 177	6 866	756	787
Total Capital Funding	7	166 194	194 274	213 642	25 697	43 762	43 762	241 517	31 621	18 537	19 181

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 (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. The below table is for MIG projects

R thousand	Program/Project description	Asset Sub-Class 3	Total Project Estimate	Project information	
				Ward location	New or renewal
Transportation and Roads	Jilafohla Access Road	<i>Roads, Pavements & Bridges</i>	9 000 000	7	Renew
Community Facilities	Maqonqo Sport Field	<i>Community facilities</i>	5 161 031	1	Renew
Transportation and Roads	Makhokoba Access Road	<i>Roads, Pavements & Bridges</i>	6 541 237	3	New
Community Facilities	Banqobile Sport Field	<i>Community facilities</i>	8 000 000	5	Renew
Total Capital expenditure funded by MIG Total co funding for MIG projects is for Makhakhaba Access Road is R 3 947 268.60			28 702 268		

Table 128 MBRR Table A6 - Budgeted Financial Position

KZN226 Mkhambathini - Table A6 Budgeted Financial Position

Description		Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
ASSETS												
Current assets												
Cash			1 598	6 807	20 222	—	34 535	34 535	13 168	30 812	9 562	(16 645)
Call investment deposits	1		57 376	57 135	45 234	60 544	—	—	26 315	—	—	—
Consumer debtors	1		13 942	19 225	19 642	(1 367)	20 814	20 814	20 814	25 380	25 872	27 414
Other debtors			4 303	4 623	4 873	543	88	88	10 547	1 084	587	610
Current portion of long-term receivables			—	—	—	—	—	—	—	—	—	—
Inventory	2		8	—	221	—	—	—	661	221	—	—
Total current assets			77 227	87 790	90 192	59 719	55 437	55 437	71 505	57 497	36 021	11 379
Non current assets												
Long-term receivables			—	—	—	—	—	—	—	—	—	—
Investments			—	—	—	—	—	—	—	—	—	—
Investment property			—	—	—	4 524	10 405	10 405	—	10 405	11 243	11 693
Investment in Associate			—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3		123 539	145 931	158 279	166 122	194 670	194 670	303 864	184 787	141 524	146 527
Biological			—	—	—	—	—	—	—	—	—	—
Intangible			607	409	488	—	488	488	286	488	528	549
Other non-current assets			—	—	—	—	—	—	—	—	—	—
Total non current assets			124 145	146 340	158 768	170 646	205 563	205 563	304 150	195 681	153 295	158 769
TOTAL ASSETS			201 372	234 131	248 960	230 365	261 001	261 001	375 656	253 178	189 316	170 148
LIABILITIES												
Current liabilities												
Bank overdraft	1		—	—	—	—	—	—	—	—	—	—
Borrowing	4		—	—	—	—	—	—	—	—	—	—
Consumer deposits			74	71	71	—	—	—	71	—	—	—
Trade and other payables	4		12 886	13 194	13 139	353	4 521	4 521	(22 803)	5 409	6 266	530
Provisions			—	—	—	2 608	2 576	2 576	—	2 576	2 576	2 576
Total current liabilities			12 959	13 266	13 211	2 961	7 097	7 097	(22 732)	7 985	8 842	3 106
Non current liabilities												
Borrowing			—	—	—	—	—	—	—	—	—	—
Provisions			2 158	2 591	2 374	5 110	6 734	6 734	(2 374)	4 158	4 158	4 158
Total non current liabilities			2 158	2 591	2 374	5 110	6 734	6 734	(2 374)	4 158	4 158	4 158
TOTAL LIABILITIES			15 117	15 856	15 585	8 071	13 831	13 831	(25 106)	12 143	13 000	7 264
NET ASSETS	5		186 255	218 275	233 376	222 294	247 169	247 169	400 762	241 035	176 315	162 884
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			139 308	144 864	145 558	240 175	247 169	247 169	(381 096)	241 035	176 315	162 884
Reserves	4		—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5		139 308	144 864	145 558	240 175	247 169	247 169	(381 096)	241 035	176 315	162 884

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. 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.
4. 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.

Table 19 MBRR Table A7 - Budgeted Cash Flow Statement

KZN226 Mkhambathini - Table A7 Budgeted Cash Flows

Service Information - Table 17: Budgetary Control - Cash Flows											
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	16 814	16 814	16 814	-	17 470	17 886	19 022
Service charges		-	-	-	574	574	574	-	507	527	549
Other revenue		-	-	-	8 675	8 675	8 675	-	8 979	9 338	9 712
Transfers and Subsidies - Operational	1	-	-	-	76 871	85 495	85 495	-	94 669	97 397	96 521
Transfers and Subsidies - Capital	1	-	-	-	15 996	25 800	25 800	-	24 755	17 027	17 781
Interest		-	-	-	-	3 409	3 409	-	4 000	4 160	4 326
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	-	-	-	(127 917)	(127 917)	-	(144 263)	(149 714)	(155 725)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	118 931	12 851	12 851	-	6 117	(3 378)	(7 814)
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		-	-	-	-	(43 762)	(43 762)	-	(31 621)	(17 871)	(18 394)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	(43 762)	(43 762)	-	(31 621)	(17 871)	(18 394)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	118 931	(30 912)	(30 912)	-	(25 504)	(21 249)	(26 208)
Cash/cash equivalents at the year begin:	2	-	-	-	-	-	-	-	56 316	30 812	9 563
Cash/cash equivalents at the year end:	2	-	-	-	118 931	(30 912)	(30 912)	-	30 812	9 563	(16 645)

Table 20 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN226 Mkhambathini - Table A8 Cash backed reserves/accumulated surplus reconciliation

RZ2020 Wk10m10m10m10m - Table A0 Cash backed Reserves accumulated surplus reconciliation

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	–	–	–	118 931	(30 912)	(30 912)	–	30 812	9 563	(16 645)
Other current investments > 90 days		58 973	63 942	65 456	(58 387)	65 447	65 447	39 483	–	(0)	0
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		58 973	63 942	65 456	60 544	34 535	34 535	39 483	30 812	9 562	(16 645)
Application of cash and investments											
Unspent conditional transfers		966	469	444	(5 000)	(444)	(444)	(9 518)	444	444	444
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	9 191	8 772	7 852	6 048	(13 893)	(13 893)	(7 289)	(19 743)	(17 446)	(24 841)
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		10 157	9 241	8 296	1 048	(14 337)	(14 337)	(16 806)	(19 298)	(17 002)	(24 397)
Surplus(shortfall)		48 816	54 701	57 160	59 496	48 872	48 872	56 290	50 110	26 564	7 752

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory 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.
5. **Unspent Grant :**
The municipality anticipate to full spend the 2021/22 allocations.
The unspent grants amounting to R 444 068.00 this is still an issue regarding the bousing project in ward
6. **Other Provisions**
Total provisions amount to R 4 5158 000 for employees benefit obligation

KZN226 Mkhambathini - Table A9 Asset Management

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	165 591	192 059	213 642	24 697	42 212	42 212	26 460	3 756	3 987
Roads Infrastructure		54 238	62 147	71 584	9 468	21 911	21 911	13 790	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		54 238	62 147	71 584	9 468	21 911	21 911	13 790	—	—
Community Facilities		82 458	96 973	105 942	9 529	18 080	18 080	2 965	3 000	3 200
Sport and Recreation Facilities		—	—	—	—	—	—	8 000	—	—
Community Assets		82 458	96 973	105 942	9 529	18 080	18 080	10 965	3 000	3 200
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		13 527	12 981	13 182	5 000	1 522	1 522	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		13 527	12 981	13 182	5 000	1 522	1 522	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		1 083	1 083	1 383	—	—	—	—	—	—
Intangible Assets		1 083	1 083	1 383	—	—	—	—	—	—
Computer Equipment		241	322	978	300	300	300	555	324	337
Furniture and Office Equipment		6 674	4 717	5 389	400	400	400	350	432	450
Machinery and Equipment		—	—	—	—	—	—	—	—	—
Transport Assets		2 845	4 125	4 779	—	—	—	800	—	—
Land		4 524	9 712	10 405	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets	2	0	0	0	—	550	550	—	—	—
Roads Infrastructure		0	0	0	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		0	0	0	—	—	—	—	—	—
Community Facilities		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Community Assets		—	—	—	—	—	—	—	—	—
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	—	550	550	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		—	—	—	—	550	550	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		—	—	—	—	—	—	—	—	—
Transport Assets		—	—	—	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Total Upgrading of Existing Assets	6	603	2 214	—	1 000	1 000	1 000	5 161	—	—
Roads Infrastructure		603	2 214	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		603	2 214	—	—	—	—	—	—	—
Community Facilities		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Community Assets		—	—	—	—	—	—	5 161	—	—
Heritage Assets		—	—	—	—	—	—	5 161	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	1 000	1 000	1 000	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		—	—	—	1 000	1 000	1 000	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		—	—	—	—	—	—	—	—	—
Transport Assets		—	—	—	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Total Capital Expenditure	4	166 194	194 274	213 642	25 697	43 762	43 762	31 621	3 756	3 987
Roads Infrastructure		54 842	64 361	71 584	9 468	21 911	21 911	13 790	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		54 842	64 361	71 584	9 468	21 911	21 911	13 790	—	—
Community Facilities		82 458	96 973	105 942	9 529	18 080	18 080	2 965	3 000	3 200
Sport and Recreation Facilities		—	—	—	—	—	—	13 161	—	—
Community Assets		82 458	96 973	105 942	9 529	18 080	18 080	16 126	3 000	3 200
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		13 527	12 981	13 182	6 000	3 072	3 072	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		13 527	12 981	13 182	6 000	3 072	3 072	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		1 083	1 083	1 383	—	—	—	—	—	—
Intangible Assets		1 083	1 083	1 383	—	—	—	—	—	—
Computer Equipment		241	322	978	300	300	300	555	324	337
Furniture and Office Equipment		6 674	4 717	5 389	400	400	400	350	432	450
Machinery and Equipment		—	—	—	—	—	—	—	—	—
Transport Assets		2 845	4 125	4 779	—	—	—	800	—	—
Land		4 524	9 712	10 405	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class		166 194	194 274	213 642	25 697	43 762	43 762	31 621	3 756	3 987

ASSET REGISTER SUMMARY - PPE (WDV)	5	124 145	146 340	158 768	170 646	221 148	221 148	211 265	170 134	176 282
<i>Roads Infrastructure</i>		40 468	46 687	50 334	62 774	100 816	100 816	88 760	81 095	84 089
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		40 468	46 687	50 334	62 774	100 816	100 816	88 760	81 095	84 089
Community Assets		63 201	73 942	78 038	77 218	96 708	96 708	81 889	70 063	72 695
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	4 524	10 405	10 405	10 405	11 243	11 693
Other Assets		12 092	8 602	13 439	18 981	3 072	3 072	(5 331)	(1 642)	(1 806)
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		607	409	488	-	488	488	488	528	549
Computer Equipment		241	894	1 550	868	1 320	1 320	3 923	1 427	1 484
Furniture and Office Equipment		167	662	1 232	849	1 773	1 773	12 019	1 347	1 323
Machinery and Equipment		-	100	294	100	1 058	1 058	1 058	1 143	1 189
Transport Assets		2 845	4 604	2 259	4 604	4 779	4 779	4 616	4 145	4 249
Land		4 524	10 440	11 133	728	728	728	13 438	787	818
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	124 145	146 340	158 768	170 646	221 148	221 148	211 265	170 134	176 282
EXPENDITURE OTHER ITEMS		12 043	13 354	17 635	28 053	42 004	42 004	39 827	33 874	35 412
Depreciation	7	8 791	8 722	9 319	11 173	11 173	11 173	11 609	12 073	12 556
Repairs and Maintenance by Asset Class	3	3 252	4 631	8 316	16 880	30 831	30 831	28 218	21 801	22 856
<i>Roads Infrastructure</i>		-	1 164	1 568	11 000	15 551	15 551	9 800	14 692	15 100
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	1 164	1 568	11 000	15 551	15 551	9 800	14 692	15 100
<i>Community Facilities</i>		-	1 436	1 951	2 000	4 980	4 980	5 000	2 200	2 420
<i>Sport and Recreation Facilities</i>		-	1 400	3 133	1 500	1 500	1 500	1 900	1 650	1 815
Community Assets		-	2 836	5 084	3 500	6 480	6 480	6 900	3 850	4 235
Heritage Assets		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		3 027	264	1 065	2 000	7 820	7 820	10 500	2 200	2 420
<i>Housing</i>		-	-	-	-	-	-	-	-	-
Other Assets		3 027	264	1 065	2 000	7 820	7 820	10 500	2 200	2 420
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		14	-	-	-	-	-	-	-	-
Transport Assets		211	368	600	380	980	980	1 018	1 059	1 101
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		12 043	13 354	17 635	28 053	42 004	42 004	39 827	33 874	35 412

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 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.

3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

Explanatory notes to Table A10 - Basic Service Delivery Measurement

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

2 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. EXCO acts as the Budget Steering Committee.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

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

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

2.1.1 Budget Process Overview

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

The Mayor tabled in Council the required the IDP and budget time schedule in August 2020. Key dates applicable to the process were noted and used in the compilation of the IDP and Budget process.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

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 revision cycle included the following key IDP processes and deliverables:

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

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

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2021/2022 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2021/2022 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 2020/21 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 108 have been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The municipality has conducted public participation from 11 to 19 May 2021 on the Draft Budget 2021/22 MTREF as tabled before Council on 28 March 2021 for the community to provide its comments on the draft budget before it is approved by Council as final document in 27 May 2021. The notice was published on the municipality's website, and hard copies will be made available at municipal offices, municipal notice boards and libraries for comments.

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

Ward Committees was utilised to facilitate the community consultation process starting

2.2 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 (PGDS);
- 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 Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2021/2022 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 13 IDP Strategic Objectives

2021/2022 Financial Year	2021/2022 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to MKHAMBATHINI principles through a caring, accessible and accountable service	4. Foster participatory democracy and Mk principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

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:

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

- Provide electricity;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide Municipality planning services; and
 - Maintaining the infrastructure of the Municipality.
2. 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;
 - Ensuring all waste water treatment works are operating optimally;
 - 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-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Mkhambathini principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Mkhambathini in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 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 the 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 2021/22 revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2021/22 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, 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:

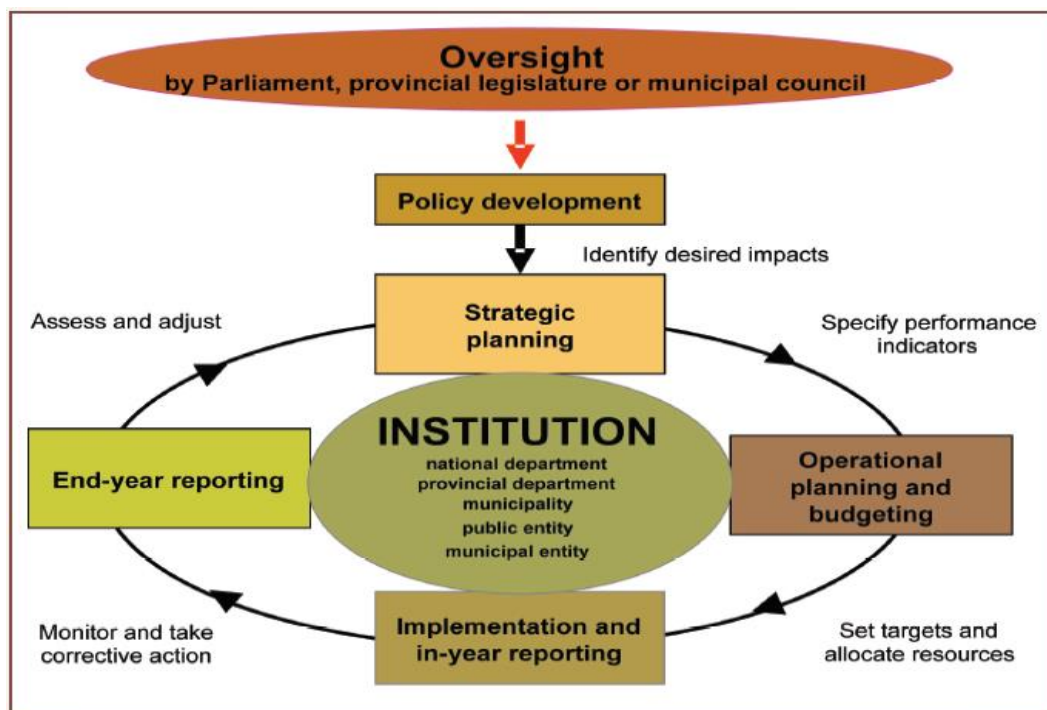


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);

- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

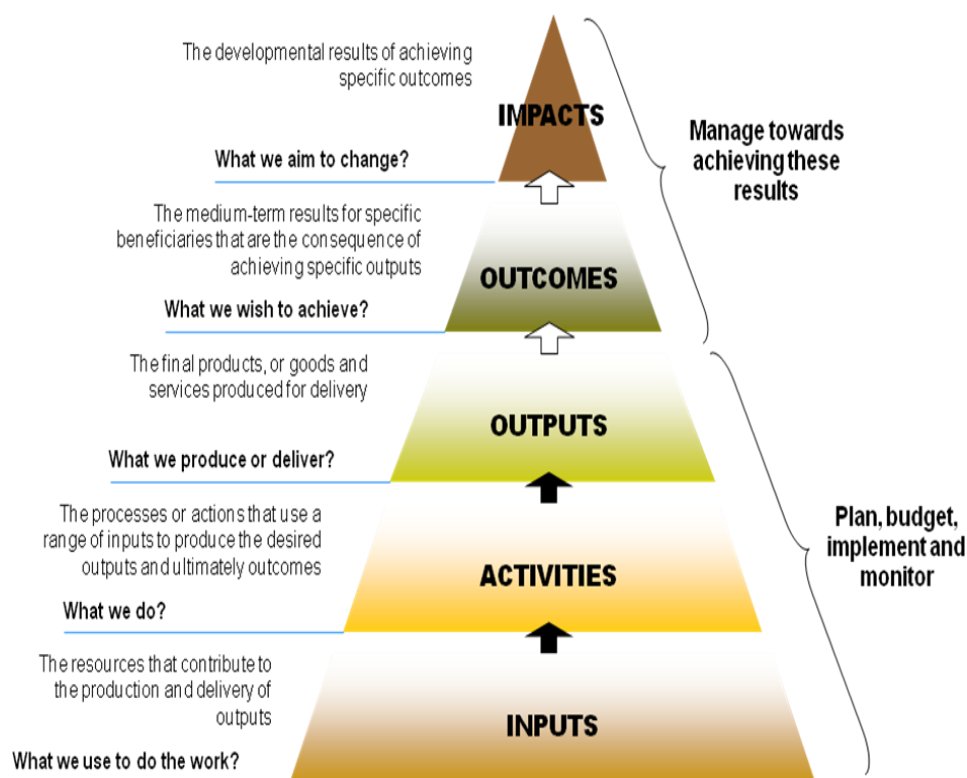


Figure 2 Definition of performance information concepts

Table 145 MBRR Table SA8 - Performance indicators and benchmarks

2.3.1 Performance indicators and benchmarks

KZN226 Mkhambathini - Supporting Table SA8 Performance indicators and benchmarks

KZN220 WRMandatum – Supporting Table 6: Performance Indicators and Benchmarks											
Description of financial indicator	Basis of calculation	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	6.0	6.6	6.8	20.2	7.8	7.8	(3.1)	7.2	4.1	3.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	6.0	6.6	6.8	20.2	7.8	7.8	(3.1)	7.2	4.1	3.7
Liquidity Ratio	Monetary Assets/Current Liabilities	4.6	4.8	5.0	20.4	4.9	4.9	(1.7)	3.9	1.1	(5.4)
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	85.4%	85.4%	85.4%	0.0%	85.0%	83.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	85.4%	85.4%	85.4%	0.0%	85.0%	83.7%	85.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	21.0%	25.3%	24.0%	-0.8%	17.4%	17.4%	44.4%	23.9%	21.2%	22.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	4.5%	-12.7%	-12.7%	0.0%	12.8%	50.1%	5.7%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	39.2%	37.1%	35.7%	41.3%	37.2%	37.2%	48.6%	43.9%	40.2%	42.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	45.2%	43.3%	41.6%	47.2%	42.5%	42.5%		49.9%	43.4%	47.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.7%	4.9%	8.1%	15.6%	25.7%	25.7%		25.5%	17.5%	17.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.1%	9.3%	9.1%	10.3%	9.3%	9.3%	11.2%	10.5%	9.7%	9.9%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	–	10.2	10.2	10.2	(3.6)	8.2	8.6	8.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	100.2%	131.5%	108.4%	-4.0%	101.0%	101.0%	-134.2%	123.0%	118.3%	120.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	–	–	15.0	(3.3)	(3.3)	–	3.3	1.1	(1.7)

2.3.1.1 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. The following financial performance indicators have formed part of the compilation of the 2021/2022 MTREF:

- Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is nil per cent.

2.3.1.2 *Safety of Capital*

2.3.1.3 *Liquidity*

2.3.1.4 *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.*

2.3.1.5 *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.*

2.3.1.6 *Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework is going to be 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, credit control and debt collection. For this purpose and exercise with Trans Union has commenced.

2.3.1.7 *Creditors Management*

- The Municipality managed to ensure that creditors are settled within the legislated 30 days of invoice.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation. The policies are opened for inspection and comment and the final copies will be tabled when the budget is adopted in May 2021.

2.4.1 Budget Policy

2.4.2 Supply Chain Management Policy

2.4.3. Property Rates Policy

2.4.4 Tariff Policy

2.4.5 Credit Control & Debt Collection Policy

2.4.6 Subsistence & Travel Policy

2.4.7 Leave Policy

2.4.8 Virement Policy

2.4.9 Cash Management and Investment Policy

2.4.10 Overtime Policy

2.4.11 Budget policy

2.4.12 Banking Policy

2.4.12 Indigent Policy

2.5 Councillor and employee benefits

Table 26 MBRR SA22 - Summary of councillor and staff benefits

KZN226 Mkhambathini - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1	4 770	5 236	5 430	5 752	5 752	5 752	6 040	3 358	6 527
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		—	—	—	—	—	—	—	—	—
Cellphone Allowance		403	574	594	622	622	622	653	682	720
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
Sub Total - Councillors	4	5 173	5 809	6 024	6 374	6 374	6 374	6 693	4 039	7 247
% increase			12.3%	3.7%	5.8%	—	—	5.0%	(39.6%)	79.4%
Senior Managers of the Municipality										
Basic Salaries and Wages	2	2 974	3 912	3 359	4 718	4 068	4 068	4 353	4 584	4 905
Pension and UIF Contributions		6	1	14	29	55	55	59	59	63
Medical Aid Contributions		—	—	11	—	40	40	43	40	43
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		130	—	171	122	122	122	131	140	150
Motor Vehicle Allowance	3	155	1	2	—	86	86	92	86	92
Cellphone Allowance	3	44	55	47	78	78	78	83	88	94
Housing Allowances	3	26	63	60	13	13	13	14	14	15
Other benefits and allowances	3	0	0	—	0	0	0	0	0	0
Payments in lieu of leave		157	130	5	121	121	121	129	134	143
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality	4	3 494	4 163	3 669	5 082	4 584	4 584	4 905	5 145	5 505
% increase			19.1%	(11.9%)	38.5%	(9.8%)	—	7.0%	4.9%	7.0%
Other Municipal Staff										
Basic Salaries and Wages		21 241	22 446	24 117	28 015	27 225	27 225	29 960	30 832	32 988
Pension and UIF Contributions		3 323	3 493	3 774	4 403	4 403	4 403	4 712	4 985	5 333
Medical Aid Contributions		1 360	1 420	1 558	1 893	1 893	1 893	2 026	2 144	2 294
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		1 232	1 360	1 520	2 168	2 168	2 168	2 320	2 451	2 623
Motor Vehicle Allowance	3	261	2	168	—	140	140	149	44	46
Cellphone Allowance	3	18	12	10	57	57	57	61	65	70
Housing Allowances	3	221	113	109	324	334	334	357	381	408
Other benefits and allowances	3	1 382	350	202	1 068	1 248	1 248	1 335	1 344	1 435
Payments in lieu of leave		1 327	976	1 437	1 682	1 682	1 682	1 799	1 907	2 041
Long service awards		—	—	17	—	800	800	856	851	895
Post-retirement benefit obligations	6	267	637	(52)	—	72	72	77	6	7
Sub Total - Other Municipal Staff	4	30 632	30 808	32 860	39 609	40 022	40 022	43 653	45 010	48 139
% increase			0.6%	6.7%	20.5%	1.0%	—	9.1%	3.1%	7.0%
Total Parent Municipality		39 298	40 780	42 553	51 066	50 980	50 980	55 251	54 195	60 892
			3.8%	4.3%	20.0%	(0.2%)	—	8.4%	(1.9%)	12.4%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities	4	—	—	—	—	—	—	—	—	—
% increase										
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities	4	—	—	—	—	—	—	—	—	—
% increase										
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities	4	—	—	—	—	—	—	—	—	—
% increase										
Total Municipal Entities		—	—	—	—	—	—	—	—	—
TOTAL SALARY, ALLOWANCES & BENEFITS		39 298	40 780	42 553	51 066	50 980	50 980	55 251	54 195	60 892
% increase	4		3.8%	4.3%	20.0%	(0.2%)	—	8.4%	(1.9%)	12.4%
TOTAL MANAGERS AND STAFF	5.7	34 125	34 971	36 529	44 692	44 606	44 606	48 558	50 155	53 644

KZN226 Mkhambathini - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

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Table 28 MBRR SA24 – Summary of personnel numbers

KZN226 Mkhambathini - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2019/20			Current Year 2020/21			Budget Year 2021/22		
Number		1,2	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 Other Councillors)			14	3	11	14	3	11	14	3	11
Board Members of municipal entities	4			7	6		7	6		7	6
Municipal employees											
Municipal Manager and Senior Managers	5										
Other Managers	3		5	–	5	5	–	5	5	–	5
Professionals	7		6	6	–	7	7	–		9	9
			11	11	–	13	13	–	15	15	–
Finance			9	9	–	11	11	–	12	12	–
Spatial/town planning			1	1	–	1	1	–	1	1	–
Information Technology			1	1	–	1	1	–	2	2	–
Roads											
Electricity											
Water											
Sanitation											
Refuse											
Other											
Technicians			–	–	–	–	–	–	–	–	–
Finance											
Spatial/town planning											
Information Technology											
Roads											
Electricity											
Water											
Sanitation											
Refuse											
Other											
Clerks (Clerical and administrative)			21	21		25	25	–	27	27	–
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators											
Elementary Occupations											
TOTAL PERSONNEL NUMBERS	9		57	48	22	64	55	22	61	61	31
% increase						12.3%	14.6%	–	(4.7%)	10.9%	40.9%
Total municipal employees headcount	6, 10										
Finance personnel headcount	8, 10										
Human Resources personnel headcount	8, 10										

Monthly targets for revenue, expenditure and cash flow

Table 29 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN226 Mkhambathini - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source																	
Property rates			1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	20 553	21 375	22 230
Service charges - electricity revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue			50	50	50	50	50	50	50	50	50	50	50	50	597	621	645
Rental of facilities and equipment			30	30	30	30	30	30	30	30	30	30	30	30	359	373	388
Interest earned - external investments			333	333	333	333	333	333	333	333	333	333	333	333	4 000	4 160	4 327
Interest earned - outstanding debtors			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits			3	3	3	3	3	3	3	3	3	3	3	3	36	37	38
Licences and permits			617	617	617	617	617	617	617	617	617	617	617	617	7 400	7 696	8 004
Agency services			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies			6 380	6 380	6 380	6 380	6 380	6 380	6 380	6 380	6 380	6 380	6 380	6 380	76 559	87 643	88 692
Other revenue			99	99	99	99	99	99	99	99	99	99	99	99	1 185	2 918	3 035
Gains			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			9 224	9 224	9 224	9 224	9 224	9 224	9 224	9 224	9 224	9 224	9 224	9 224	110 688	124 823	127 359
Expenditure By Type																	
Employee related costs			4 047	4 047	4 047	4 047	4 047	4 047	4 047	4 047	4 047	4 047	4 047	4 047	48 558	50 155	53 644
Remuneration of councillors			558	558	558	558	558	558	558	558	558	558	558	558	6 693	4 039	7 247
Debt impairment			262	262	262	262	262	262	262	262	262	262	262	262	3 140	3 580	4 081
Depreciation & asset impairment			967	967	967	967	967	967	967	967	967	967	967	967	11 609	12 073	12 556
Finance charges			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory consumed			504	504	504	504	504	504	504	504	504	504	504	504	6 051	6 308	6 582
Contracted services			3 616	3 616	3 616	3 616	3 616	3 616	3 616	3 616	3 616	3 616	3 616	3 616	43 396	37 165	39 271
Transfers and subsidies			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure			1 955	1 955	1 955	1 955	1 955	1 955	1 955	1 955	1 955	1 955	1 955	1 955	23 455	22 367	23 240
Losses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure			11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	142 902	135 688	146 623
Surplus/(Deficit)			(2 685)	(2 685)	(2 685)	(2 685)	(2 685)	(2 685)	(2 685)	(2 685)	(2 685)	(2 685)	(2 685)	(2 685)	(32 214)	(10 865)	(19 263)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	24 755	17 781	18 394
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 (in-kind - all)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(7 459)	6 916	(869)
Taxation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		1	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(7 459)	6 916	(869)

Table 30 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN226 Mkhambathini - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description		Ref	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue by Vote																	
Vote 1 - Finance and Administration			10 378	10 378	10 378	10 378	10 378	10 378	10 378	10 378	10 378	10 378	10 378	10 378	124 541	129 656	132 365
Vote 2 - Finance and Administration2			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services			161	161	161	161	161	161	161	161	161	161	161	161	1 933	1 934	1 935
Vote 5 - Community and Social Services2			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport			3	3	3	3	3	3	3	3	3	3	3	3	31	32	34
Vote 8 - Planning and Development			78	78	78	78	78	78	78	78	78	78	78	78	940	2 664	2 770
Vote 9 - Sport and Recreation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Other			617	617	617	617	617	617	617	617	617	617	617	617	7 400	7 696	8 004
Vote 12 - Waste Management			50	50	50	50	50	50	50	50	50	50	50	50	597	621	645
Vote 13 - Housing			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote			11 287	11 287	11 287	11 287	11 287	11 287	11 287	11 287	11 287	11 287	11 287	11 287	135 443	142 604	145 753
Expenditure by Vote to be appropriated																	
Vote 1 - Finance and Administration			5 190	5 190	5 190	5 190	5 190	5 190	5 190	5 190	5 190	5 190	5 190	5 190	62 283	55 466	59 162
Vote 2 - Finance and Administration2			21	21	21	21	21	21	21	21	21	21	21	21	250	275	303
Vote 3 - Executive and Council			1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	22 481	19 014	23 014
Vote 4 - Community and Social Services			916	916	916	916	916	916	916	916	916	916	916	916	10 995	11 516	12 069
Vote 5 - Community and Social Services2			1 345	1 345	1 345	1 345	1 345	1 345	1 345	1 345	1 345	1 345	1 345	1 345	16 142	14 035	14 993
Vote 6 - Energy Sources			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport			1 397	1 397	1 397	1 397	1 397	1 397	1 397	1 397	1 397	1 397	1 397	1 397	16 760	21 869	22 779
Vote 8 - Planning and Development			48	48	48	48	48	48	48	48	48	48	48	48	572	595	611
Vote 9 - Sport and Recreation			289	289	289	289	289	289	289	289	289	289	289	289	3 470	3 283	3 463
Vote 10 - Public Safety			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Other			577	577	577	577	577	577	577	577	577	577	577	577	6 925	7 365	7 835
Vote 12 - Waste Management			224	224	224	224	224	224	224	224	224	224	224	224	2 685	1 961	2 074
Vote 13 - Housing			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Health			28	28	28	28	28	28	28	28	28	28	28	28	340	309	321
Total Expenditure by Vote			11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	142 902	135 688	146 623
Surplus/(Deficit) before assoc.			(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(7 459)	6 916	(869)
Taxation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		1	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(7 459)	6 916	(869)

Table 31 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN226 Mkhambathini - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue - Functional																
Governance and administration		10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	124,541	129,656	132,365
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	124,541	129,656	132,365
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		161	161	161	161	161	161	161	161	161	161	161	161	1,933	1,934	1,935
Community and social services		161	161	161	161	161	161	161	161	161	161	161	161	1,933	1,934	1,935
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		81	81	81	81	81	81	81	81	81	81	81	81	972	2,696	2,804
Planning and development		78	78	78	78	78	78	78	78	78	78	78	78	940	2,664	2,770
Road transport		3	3	3	3	3	3	3	3	3	3	3	3	31	32	34
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		50	50	50	50	50	50	50	50	50	50	50	50	597	621	645
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		50	50	50	50	50	50	50	50	50	50	50	50	597	621	645
Other		617	617	617	617	617	617	617	617	617	617	617	617	7,400	7,696	8,004
Total Revenue - Functional		11,287	11,287	11,287	11,287	11,287	11,287	11,287	11,287	11,287	11,287	11,287	11,287	135,443	142,604	145,753
Expenditure - Functional																
Governance and administration		7,084	7,084	7,084	7,084	7,084	7,084	7,084	7,084	7,084	7,084	7,084	7,084	85,014	74,755	82,478
Executive and council		1,873	1,873	1,873	1,873	1,873	1,873	1,873	1,873	1,873	1,873	1,873	1,873	22,481	19,014	23,014
Finance and administration		5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	62,533	55,741	59,464
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		2,579	2,579	2,579	2,579	2,579	2,579	2,579	2,579	2,579	2,579	2,579	2,579	30,947	29,142	30,846
Community and social services		2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	27,137	25,550	27,061
Sport and recreation		289	289	289	289	289	289	289	289	289	289	289	289	3,470	3,283	3,463
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		28	28	28	28	28	28	28	28	28	28	28	28	340	309	321
Economic and environmental services		1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	17,332	22,464	23,390
Planning and development		48	48	48	48	48	48	48	48	48	48	48	48	572	595	611
Road transport		1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	16,760	21,869	22,779
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		224	224	224	224	224	224	224	224	224	224	224	224	2,685	1,961	2,074
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		224	224	224	224	224	224	224	224	224	224	224	224	2,685	1,961	2,074
Other		577	577	577	577	577	577	577	577	577	577	577	577	6,925	7,365	7,835
Total Expenditure - Functional		11,909	11,909	11,909	11,909	11,909	11,909	11,909	11,909	11,909	11,909	11,909	11,909	142,902	135,688	146,623
Surplus/(Deficit) before assoc.		(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(7,459)	6,916	(869)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(7,459)	6,916	(869)

Table 32 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN226 Mkhambathini - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Finance and Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Finance and Administration		75	75	75	75	75	75	75	75	75	75	75	75	905	756	787
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services2		247	247	247	247	247	247	247	247	247	247	247	247	2 965	3 000	3 200
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	14 590	-	-
Vote 8 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Sport and Recreation		1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	13 161	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	31 621	3 756	3 987
Total Capital Expenditure	2	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	31 621	3 756	3 987

Table 33 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN226 Mkhambathini - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand																
Capital Expenditure - Functional	1															
Governance and administration		75	75	75	75	75	75	75	75	75	75	75	75	905	756	787
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		75	75	75	75	75	75	75	75	75	75	75	75	905	756	787
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	1 344	16 126	3 000	3 200
Community and social services		247	247	247	247	247	247	247	247	247	247	247	247	2 965	3 000	3 200
Sport and recreation		1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	13 161	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	14 590	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	14 590	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	31 621	3 756	3 987
Funded by:																
National Government		2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	24 755	17 781	18 394
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	24 755	17 781	18 394
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		572	572	572	572	572	572	572	572	572	572	572	572	6 866	756	787
Total Capital Funding		2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	31 621	18 537	19 181

Table 34 MBRR SA30 - Budgeted monthly cash flow

KZN226 Mkhambathini - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand															
Cash Receipts By Source															
Property rates	1 456	1 456	1 456	1 456	1 456	1 456	1 456	1 456	1 456	1 456	1 456	1 456	17 470	17 886	19 022
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	42	42	42	42	42	42	42	42	42	42	42	42	507	527	549
Rental of facilities and equipment	748	748	748	748	748	748	748	748	748	748	748	748	8 979	9 338	9 712
Interest earned - external investments	333	333	333	333	333	333	333	333	333	333	333	333	4 000	4 160	4 326
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	7 889	7 889	7 889	7 889	7 889	7 889	7 889	7 889	7 889	7 889	7 889	7 889	94 669	97 397	96 521
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Receipts by Source	10 469	10 469	10 469	10 469	10 469	10 469	10 469	10 469	10 469	10 469	10 469	10 469	125 626	129 309	130 130
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	2 063	24 755	17 027	17 781
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	12 532	12 532	12 532	12 532	12 532	12 532	12 532	12 532	12 532	12 532	12 532	12 532	150 381	146 336	147 911
Cash Payments by Type															
Employee related costs	4 604	4 604	4 604	4 604	4 604	4 604	4 604	4 604	4 604	4 604	4 604	4 604	55 251	57 461	59 759
Remuneration of councillors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions - water & other inventory	504	504	504	504	504	504	504	504	504	504	504	504	6 051	6 308	6 582
Contracted services	3 450	3 450	3 450	3 450	3 450	3 450	3 450	3 450	3 450	3 450	3 450	3 450	41 396	43 052	44 774
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	3 464	3 464	3 464	3 464	3 464	3 464	3 464	3 464	3 464	3 464	3 464	3 464	41 565	42 893	44 609
Cash Payments by Type	12 022	12 022	12 022	12 022	12 022	12 022	12 022	12 022	12 022	12 022	12 022	12 022	144 263	149 714	155 725
Other Cash Flows/Payments by Type															
Capital assets	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	31 621	17 871	18 394
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	14 657	14 657	14 657	14 657	14 657	14 657	14 657	14 657	14 657	14 657	14 657	14 657	175 884	167 585	174 119
NET INCREASE/(DECREASE) IN CASH HELD	(2 125)	(2 125)	(2 125)	(2 125)	(2 125)	(2 125)	(2 125)	(2 125)	(2 125)	(2 125)	(2 125)	(2 125)	(25 504)	(21 249)	(26 208)
Cash/cash equivalents at the month/year begin:	56 316	54 190	52 065	49 940	47 814	45 689	43 564	41 438	39 313	37 188	35 063	32 937	56 316	30 812	9 563
Cash/cash equivalents at the month/year end:	54 190	52 065	49 940	47 814	45 689	43 564	41 438	39 313	37 188	35 063	32 937	30 812	30 812	9 563	(16 645)

2.6 Annual budgets and SDBIPs – internal departments

In terms of section 53(1)©(ii) the Mayor must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget.

2.7 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.

R thousand	Program/Project description	Asset Sub-Class 3	Total Project Estimate	Project information	
				Ward location	New or renewal
Transportation and Roads	Jilafohla Access Road	<i>Roads, Pavements & Bridges</i>	9 000 000	7	Renew
Community Facilities	Maqonqo Sport Field	<i>Community facilities</i>	5 161 031	1	Renew
Transportation and Roads	Makhokoba Access Road	<i>Roads, Pavements & Bridges</i>	6 541 237	3	New
Community Facilities	Banqobile Sport Field	<i>Community facilities</i>	8 000 000	5	Renew
Total Capital expenditure funded by MIG Total co funding for MIG projects is for Makhakhaba Access Road is R 3 947 268.60			28 702 268		

2.8 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 5 interns through this programme and a majority of them were appointed either in Mkhambathini Municipality or other municipalities.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2021/2022 MTREF in May 2021 directly aligned and informed by the 2021/2022 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.9 Other supporting documents

Table 40 MBRR Table SA1 - Supporting detail to budgeted financial performance

KZN226 Mkhambathini - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		15 608	15 886	19 609	21 289	21 289	21 289	(21 289)	22 119	23 004	23 924
Less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		(1 535)	(1 594)	(2 241)	1 507	1 507	1 507	1 507	1 566	1 629	1 694
Net Property Rates		17 144	17 480	21 849	19 782	19 782	19 782	(22 796)	20 553	21 375	22 230
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
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											
Service charges - water revenue	6										
Total Service charges - water revenue											
Less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
Less Cost of Free Basis Services (6 kilolitres per indigent household per month)											
Net Service charges - water revenue											
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
Less Revenue Foregone (in excess of free sanitation service to indigent households)											
Less Cost of Free Basis Services (free sanitation service to indigent households)											
Net Service charges - sanitation revenue											
Service charges - refuse revenue	6										
Total refuse removal revenue		498	526	528	574	574	574	(574)	597	621	645
Total landfill revenue											
Less Revenue Foregone (in excess of one removal a week to indigent households)											
Less Cost of Free Basis Services (removed once a week to indigent households)											
Net Service charges - refuse revenue		498	526	528	574	574	574	(574)	597	621	645
Other Revenue by source	1										
Administrative Handling Fees											
Bad Debts Recovered											
Breakages and Losses Recovered											
Collection Charges											
Commission				20	9	9	9	339	9	9	10
Discounts and Early Settlements											
Incidental Cash Surpluses											
Inspection Fees											
Registration Fees											
Staff Recoveries											
Request for Information											
Insurance Refund											
Sale of Property											
Merchandising, Jobbing and Contracts											
Bursary Repayment											
Recovery Infrastructure Maintenance		104	102	97							
Skills Development Levy Refund		23	103	40	62	62	62	83	64	67	70
Arbor City Awards Competition											
Other Revenue		557	437	378	1 104	2 630	2 630	2 687	1 112	2 842	2 955
Total 'Other' Revenue	1	684	641	534	1 174	2 700	2 700	3 109	1 185	2 918	3 035
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		24 215	26 358	27 475	32 733	31 293	31 293	24 740	34 314	35 416	37 893
Pension and UIF Contributions		3 328	3 493	3 788	4 432	4 459	4 459	3 887	4 771	5 044	5 397
Medical Aid Contributions		1 360	1 420	1 570	1 893	1 933	1 933	1 682	2 069	2 184	2 337
Overtime											
Performance Bonus		1 362	1 360	1 690	2 290	2 290	2 290	1 467	2 450	2 591	2 772
Motor Vehicle Allowance		416	3	170		226	226	495	241	130	138
Cellphone Allowance		62	67	57	135	135	135	506	144	153	164
Housing Allowances		248	176	169	337	347	347	213	372	395	423
Other benefits and allowances		1 382	350	202	1 068	1 248	1 248	351	1 336	1 345	1 435
Payments in lieu of leave		1 484	1 107	1 443	1 803	1 803	1 803	256	1 929	2 041	2 184
Long service awards				17		800	800	743	856	851	895
Post-retirement benefit obligations		267	637	(52)		72	72	36	77	6	7
sub-total	4	34 125	34 971	36 529	44 692	44 606	44 606	34 376	48 558	50 155	53 644
Less: Employee costs capitalised to PPE											
Total Employee related costs	1	34 125	34 971	36 529	44 692	44 606	44 606	34 376	48 558	50 155	53 644
Depreciation & asset impairment	1										
Depreciation of Property, Plant & Equipment		8 791	8 722	9 097	10 939	10 939	10 939	7 785	11 365	11 820	12 293
Lease amortisation				222	235	235	235	159	244	254	264
Capital asset impairment											
Total Depreciation & asset impairment	1	8 791	8 722	9 319	11 173	11 173	11 173	7 944	11 609	12 073	12 556
Bulk purchases - electricity	1										
Electricity bulk purchases											
Total bulk purchases	1										
Transfers and grants	1										
Cash transfers and grants											
Non-cash transfers and grants											
Total transfers and grants	1										
Contracted services	1										
Outsourced Services		4 201	7 224	9 483	8 329	8 547	8 547	5 508	10 385	10 379	11 231
Consultants and Professional Services		4 720	3 256	3 279	4 070	3 524	3 524	981	3 662	3 808	3 960
Contractors		3 918	8 103	14 767	18 021	31 852	31 852	30 438	29 350	22 978	24 080
Total contracted services		12 839	18 584	27 530	30 420	43 923	43 923	36 927	43 396	37 165	39 271
Other Expenditure By Type	1										
Collection costs											
Contributions to 'other' provisions											
Audit fees		1 265	1 233	1 173	1 401	1 401	1 401	1 261	1 456	1 514	1 574
Other Expenditure		8 260	10 000	12 539	17 971	25 464	25 464	17 914	21 999	20 853	21 666
Total 'Other' Expenditure	1	9 525	11 233	13 712	19 372	26 865	26 865	19 175	23 455	22 367	23 240
by Expenditure Item	8										
Employee related costs											
Inventory Consumed (Project Maintenance)											
Contracted Services		3 252	4 631	8 316	16 880	30 831	30 831	29 679	21 801	22 856	
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	3 252	4 631	8 316	16 880	30 831	30 831	29 679	21 801	22 856	
Inventory Consumed											
Inventory Consumed - Water											
Inventory Consumed - Other						6 459	6 459	(0)	6 051	6 308	6 582
Total Inventory Consumed & Other Materials						6 459	6 459	(0)	6 051	6 308	6 582

Table 39 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN226 Mkhambathini - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Finance and Administration	Vote 2 - Finance and Administration 2	Vote 3 - Executive and Council	Vote 4 - Community and Social Services	Vote 5 - Community and Social Services2	Vote 6 - Energy Sources	Vote 7 - Road Transport	Vote 8 - Planning and Development	Vote 9 - Sport and Recreation	Vote 10 - Public Safety	Vote 11 - Other	Vote 12 - Waste Management	Vote 13 - Housing	Vote 14 - Waste Water Management	Vote 15 - Health	Total
R thousand	1																
Revenue By Source																	
Property rates		20 553	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20 553
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	597	-	-	-	597
Rental of facilities and equipment		359	-	-	-	-	-	-	-	-	-	-	-	-	-	-	359
Interest earned - external investments		4 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 000
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	4	-	-	31	-	-	-	-	-	-	-	-	36
Licences and permits		-	-	-	-	-	-	-	-	-	-	7 400	-	-	-	-	7 400
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		74 649	-	-	1 910	-	-	-	-	-	-	-	-	-	-	-	76 559
Transfers and subsidies		225	-	-	19	-	-	-	940	-	-	-	-	-	-	-	1 185
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		99 786	-	-	1 933	-	-	31	940	-	-	7 400	597	-	-	-	110 688
Expenditure By Type																	
Employee related costs		17 312	-	6 008	2 696	8 242	-	6 960	-	-	-	5 440	1 900	-	-	-	48 558
Remuneration of councillors		-	-	6 693	-	-	-	-	-	-	-	-	-	-	-	-	6 693
Debt impairment		3 140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 140
Depreciation & asset impairment		11 609	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11 609
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		686	250	2 805	1 740	-	-	-	20	320	-	-	230	-	-	-	6 051
Contracted services		18 373	-	3 688	2 805	5 680	-	9 800	240	2 520	-	-	30	-	-	260	43 396
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		11 163	-	3 287	3 754	2 220	-	-	312	630	-	1 485	525	-	-	80	23 455
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		62 283	250	22 481	10 995	16 142	-	16 760	572	3 470	-	6 925	2 685	-	-	340	142 902
Surplus/(Deficit)		37 503	(250)	(22 481)	(9 062)	(16 142)	-	(16 729)	369	(3 470)	-	475	(2 088)	-	-	(340)	(32 214)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		24 755	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24 755
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		62 258	(250)	(22 481)	(9 062)	(16 142)	-	(16 729)	369	(3 470)	-	475	(2 088)	-	-	(340)	(7 459)

Table 40 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN226 Mkhambathini - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
ASSETS											
Consumer debtors		22 456	29 161	30 835	1 387	23 954	23 954	23 954	25 380	25 872	27 414
Less: Provision for debt impairment		(8 514)	(9 937)	(11 193)	(2 755)	(3 140)	(3 140)	(3 140)	—	—	—
Total Consumer debtors	2	13 942	19 225	19 642	(1 367)	20 814	20 814	20 814	25 380	25 872	27 414
Debt impairment provision		—	—	—	—	—	—	—	—	—	—
Balance at the beginning of the year		—	—	—	—	—	—	—	—	—	—
Contributions to the provision		(3 969)	(5 387)	(6 578)	(2 755)	(3 140)	(3 140)	(3 140)	—	—	—
Bad debts written off		(4 544)	(4 550)	(4 615)	—	—	—	—	—	—	—
Balance at end of year		(8 514)	(9 937)	(11 193)	(2 755)	(3 140)	(3 140)	(3 140)	—	—	—
Inventory		—	—	—	—	—	—	—	—	—	—
Water		—	—	—	—	—	—	—	—	—	—
Opening Balance		—	—	—	—	—	—	—	—	—	—
System Input Volume		—	—	—	—	—	—	—	—	—	—
Water Treatment Works		—	—	—	—	—	—	—	—	—	—
Bulk Purchases		—	—	—	—	—	—	—	—	—	—
Natural Sources		—	—	—	—	—	—	—	—	—	—
Authorised Consumption	6	—	—	—	—	—	—	—	—	—	—
Billed Authorised Consumption		—	—	—	—	—	—	—	—	—	—
Billed Metered Consumption		—	—	—	—	—	—	—	—	—	—
Free Basic Water		—	—	—	—	—	—	—	—	—	—
Subsidised Water		—	—	—	—	—	—	—	—	—	—
Revenue Water		—	—	—	—	—	—	—	—	—	—
Billed Unmetered Consumption		—	—	—	—	—	—	—	—	—	—
Free Basic Water		—	—	—	—	—	—	—	—	—	—
Subsidised Water		—	—	—	—	—	—	—	—	—	—
Revenue Water		—	—	—	—	—	—	—	—	—	—
Unbilled Authorised Consumption		—	—	—	—	—	—	—	—	—	—
Unbilled Metered Consumption		—	—	—	—	—	—	—	—	—	—
Unbilled Unmetered Consumption		—	—	—	—	—	—	—	—	—	—
Water Losses		—	—	—	—	—	—	—	—	—	—
Apparent losses		—	—	—	—	—	—	—	—	—	—
Unauthorised Consumption		—	—	—	—	—	—	—	—	—	—
Customer Meter Inaccuracies		—	—	—	—	—	—	—	—	—	—
Real losses		—	—	—	—	—	—	—	—	—	—
Leakage on Transmission and Distribution Mains		—	—	—	—	—	—	—	—	—	—
Leakage and Overflows at Storage Tanks/Reservoirs		—	—	—	—	—	—	—	—	—	—
Leakage on Service Connections up to the point of Customer Meter		—	—	—	—	—	—	—	—	—	—
Data Transfer and Management Errors		—	—	—	—	—	—	—	—	—	—
Unavoidable Annual Real Losses		—	—	—	—	—	—	—	—	—	—
Non-revenue Water		—	—	—	—	—	—	—	—	—	—
Closing Balance Water		—	—	—	—	—	—	—	—	—	—
Agricultural		—	—	—	—	—	—	—	—	—	—
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions	7	—	—	—	—	—	—	—	—	—	—
Issues	8	—	—	—	—	—	—	—	—	—	—
Adjustments	9	—	—	—	—	—	—	—	—	—	—
Write-offs		—	—	—	—	—	—	—	—	—	—
Closing balance - Agricultural		—	—	—	—	—	—	—	—	—	—
Consumables		—	—	—	—	—	—	—	—	—	—
Standard Rated		—	—	—	—	—	—	—	—	—	—
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions	7	—	—	221	—	—	—	221	—	—	—
Issues	8	—	—	—	—	—	—	—	—	—	—
Adjustments	9	—	—	—	—	—	—	—	—	—	—
Write-offs		—	—	—	—	—	—	—	—	—	—
Closing balance - Consumables Standard Rated		—	—	221	—	—	—	221	—	—	—
Zero Rated		—	—	—	—	—	—	—	—	—	—
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions	7	—	—	—	—	—	—	—	—	—	—
Issues	8	—	—	—	—	—	—	—	—	—	—
Adjustments	9	—	—	—	—	—	—	—	—	—	—
Write-offs		—	—	—	—	—	—	—	—	—	—
Closing balance - Consumables Zero Rated		—	—	—	—	—	—	—	—	—	—
Finished Goods		—	—	—	—	—	—	—	—	—	—
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions	7	—	—	—	—	—	—	—	—	—	—
Issues	8	—	—	—	—	—	—	—	—	—	—
Adjustments	9	—	—	—	—	—	—	—	—	—	—
Write-offs		—	—	—	—	—	—	—	—	—	—
Closing balance - Finished Goods		—	—	—	—	—	—	—	—	—	—
Materials and Supplies		—	—	—	—	—	—	—	—	—	—
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions	7	—	—	—	221	—	221	—	221	—	—
Issues	8	—	—	—	—	—	—	440	6 051	6 308	6 582
Adjustments	9	—	—	—	—	(6 459)	(6 459)	0	(6 051)	(6 308)	(6 582)
Write-offs		—	—	—	—	—	—	—	—	—	—
Closing balance - Materials and Supplies		—	—	—	—	—	—	440	221	—	—
Work-in-progress		—	—	—	—	—	—	—	—	—	—
Opening Balance		—	—	—	—	—	—	—	—	—	—
Materials		—	—	—	—	—	—	—	—	—	—
Transfers		—	—	—	—	—	—	—	—	—	—
Closing balance - Work-in-progress		—	—	—	—	—	—	—	—	—	—
Housing Stock		—	—	—	—	—	—	—	—	—	—
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions		—	—	—	—	—	—	—	—	—	—
Transfers		—	—	—	—	—	—	—	—	—	—
Sales		—	—	—	—	—	—	—	—	—	—
Closing Balance - Housing Stock		—	—	—	—	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—	—
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions		—	—	—	—	—	—	—	—	—	—
Sales		—	—	—	—	—	—	—	—	—	—
Adjustments		—	—	—	—	—	—	—	—	—	—
Correction of Prior period errors		—	—	—	—	—	—	—	—	—	—
Closing Balance - Land		—	—	—	—	—	—	—	—	—	—
Closing Balance - Inventory & Consumables	8	—	—	221	—	—	—	661	221	—	—
Property, plant and equipment (PPE)		163 159	192 026	212 877	211 420	252 297	252 297	241 528	232 774	192 396	200 172
PPE at cost/valuation (excl. finance leases)		—	—	—	—	—	—	—	—	—	—
Leases recognised as PPE	3	39 620	46 095	54 598	45 297	57 627	57 627	(62 340)	47 987	50 872	53 644
Less: Accumulated depreciation		—	—	—	—	—	—	—	—	—	—
Total Property, plant and equipment (PPE)	2	123 539	145 931	158 279	166 122	194 670	194 670	303 864	184 787	141 524	146 527
LIABILITIES		—	—	—	—	—	—	—	—	—	—
Current liabilities - Borrowing		—	—	—	—	—	—	—	—	—	—
Short term loans (other than bank overdraft)		—	—	—	—	—	—	—	—	—	—
Current portion of long-term liabilities		—	—	—	—	—	—	—	—	—	—
Total Current liabilities - Borrowing		—	—	—	—	—	—	—	—	—	—
Trade and other payables	5	9 191	8 772	7 852	5 353	3 935	3 935	(7 289)	3 935	4 792	(944)
Trade Payables		—	—	—	—	—	—	—	—	—	—
Other creditors		966	469	444	(5 000)	(444)	(444)	(9 518)	444	444	444
Unspent conditional transfers	2	2 729	3 953	4 843	—	—	—	1 029	1 029	1 029	1 029
VAT		—	—	—	—	—	—	—	—	—	—
Total Trade and other payables		12 886	13 194	13 139	353	4 521	4 521	(22 803)	5 409	6 266	530
Non current liabilities - Borrowing	4	—	—	—	—	—	—	—	—	—	—
Borrowing		—	—	—	—	—	—	—	—	—	—
Finance leases (including PPP asset element)		—	—	—	—	—	—	—	—	—	—
Total Non current liabilities - Borrowing		—	—	—	—	—	—	—	—	—	—
Provisions - non-current		2 158	2 591	2 374	5 110	4 158	4 158	(2 374)	—	—	—
Retirement benefits		—	—	—	—	—	—	—	—	—	—
Refuse landfill site rehabilitation		—	—	—	—	—	—	—	—	—	—
Other		2 158	2 591	2 374	5 110	4 158	4 158	(2 374)	—	—	—
Total Provisions - non-current		2 158	2 591	2 374	5 110	4 158	4 158	(2 374)	—	—	—
CHANGES IN NET ASSETS		—	—	—	—	—	—	—	—	—	—
Accumulated Surplus/(Deficit)		—	—	—	—	—	—	—	—	—	—
Accumulated Surplus/(Deficit) - opening balance		—	—	—	—	234 494	234 494	—	248 494	169 400	163 753
GRAP adjustments		—	—	—	—	—	—	—	—	—	—
Restated balance		—	—	—	—	234 494	234 494	—	248 494	169 400	163 753
Surplus/(Deficit)		25 115	32 495	24 602	2 686	3 163	3 163	(18 824)	(7 459)	6 916	(869)
Transfers to/from Reserves		—	—	—	—	—	—	—	—	—	—
Depreciation offsets		—	—	—	—	—	—	—	—	—	—
Other adjustments		—	—	—	—	—	—	—	—	—	—
Accumulated Surplus/(Deficit)	1	25 115	32 495	24 602	2 686	237 657	237 657	(18 824)	241 035	176 315	162 884
Reserves		—	—	—	—	—	—	—	—	—	—
Housing Development Fund		—	—	—	—	—	—	—	—	—	—
Capital replacement		—	—	—	—	—	—	—	—	—	—
Self-insurance		—	—	—	—	—	—	—	—	—	—
Other reserves		—	—	—	—	—	—	—	—	—	—
Revaluation		—	—	—	—	—	—	—	—	—	—
Total Reserves	2	—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	2	25 115	32 495								

Table 41 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

KZN226 Mkhambathini - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	2017/18	2018/19	2019/20	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics								
Population		57	57	57	57	57	57	57
Females aged 5 - 14		7	7	7	7	7	7	7
Males aged 5 - 14		6	6	6	6	6	6	6
Females aged 15 - 34		12	12	12	12	12	12	12
Males aged 15 - 34		10	10	10	10	10	10	10
Unemployment		8	8	8	8	8	8	8
Monthly household income (no. of households)	1, 12							
No income								
R1 - R1 600								
R1 601 - R3 200								
R3 201 - R6 400								
R6 401 - R12 800								
R12 801 - R25 600								
R25 601 - R51 200								
R52 201 - R102 400								
R102 401 - R204 800								
R204 801 - R409 600								
R409 601 - R819 200								
> R819 200								
Poverty profiles (no. of households)								
< R2 060 per household per month	13							
Insert description	2							
Household/demographics (000)								
Number of people in municipal area		57	57	57	57	57	57	57
Number of poor people in municipal area								
Number of households in municipal area								
Number of poor households in municipal area								
Definition of poor household (R per month)		2 160	2 160	2 160	2 160	2 160	2 160	2 160
Housing statistics								
Formal	3	14 900	14 900	14 900	14 900	14 900	14 900	14 900
Informal		560	560	560	560	560	560	560
Total number of households		15 460	15 460	15 460	15 460	15 460	15 460	15 460
Dwellings provided by municipality	4							
Dwellings provided by province/s								
Dwellings provided by private sector	5							
Total new housing dwellings		-	-	-	-	-	-	-
Economic								
Inflation/inflation outlook (CPIX)	6	5.4%	5.4%	6.0%	6.0%	6.0%	6.0%	6.0%
Interest rate - borrowing								
Interest rate - investment		8.0%	8.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Remuneration increases		7.0%	7.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Consumption growth (electricity)								
Consumption growth (water)								
Collection rates	7							
Property tax/service charges		60.0%	65.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Rental of facilities & equipment								
Interest - external investments		8.0%	8.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Interest - debtors		6.0%	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue from agency services								



Municipal Manager's Quality Certificate

OFFICE OF THE MUNICIPAL MANAGER

QUALITY CERTIFICATE

I, Mr. S Mngwengwe, Municipal Manager of Mkhambathini Local Municipality, hereby certify that the Annual Budget and SDBIP with the supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and the budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Mr. S Mngwengwe

Municipal Manager of Mkhambathini Local Municipality KZ226

Signature: _____

Date: 27 May 2021