

# *éDumbe Municipality*

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ALL CORRESPONDENCE TO BE ADDRESSED TO THE MUNICIPAL MANAGER

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## **ADJUSTMENTS BUDGET OF EDUMBE MUNICIPALITY**

### **2021/2022 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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## Table of Contents

<b>PART 1 – ADJUSTMENTS BUDGET .....</b>	<b>2</b>
1.1 MAYOR’S REPORT .....	2
1.2 COUNCIL RESOLUTIONS .....	3
1.3 EXECUTIVE SUMMARY .....	4
1.4 ADJUSTMENT BUDGET TABLES .....	5
<b>PART 2 – SUPPORTING DOCUMENTATION .....</b>	<b>2</b>
2.1 ADJUSTMENTS TO BUDGET FUNDING.....	22
2.2 ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY.....	22
2.3 ADJUSTMENTS TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS.....	22
2.4 ADJUSTMENTS TO CAPITAL EXPENDITURE.....	22
2.5 MUNICIPAL MANAGER’S QUALITY CERTIFICATION.....	23

## 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
kWh	kilowatt hour		Implementation Plan
ℓ	litre	SMME	Small Micro and Medium Enterprises
LED	Local Economic Development		

# Adjustments Budget

## PURPOSE

The purpose of this report is to inform council of the Municipality's adjustments budget process for the 2020/21 MTERF. To submit the 2021/2022 adjusted Capital and Operating budget for the Council Approval and to advise Council of items affecting the adjustment budget and service delivery.

## LEGISLATIVE REQUIREMENT

As guided by the Local Government: Municipal Finance Management Act No. 56 of 2009, chapter 7 on roles of Mayors, Chapter 4 section 28, the municipality may revise an approved annual through an adjustments budget.

An adjustments budget-

- a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year,
- b) May appropriate additional revenues that have become available over and above those anticipated in the budget, but only to accelerate spending programmes already budgeted for
- c) May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by Mayor of the Municipality
- d) May authorise the utilisation of projected savings in a vote towards spending under another vote
- e) May authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget of the current year was approved by council
- f) May correct any errors in the annual budget, and
- g) May provide for any other expenditure within a prescribed framework

## BACKGROUND

As instructed by Local Government: Municipal Finance Management Act 56 of 2003, chapter 8 on responsibilities of municipal officials the Accounting Officer assessed the performance of the municipality during the first half of the financial year. The midterm report was submitted to council for noting and submitted to National Treasury and the relevant Provincial Treasury.

During the assessment the Accounting Officer has seen necessary for the municipality to make an adjustments budget for the year 2021/2022

## EXECUTIVE SUMMARY

The format and contents of the adjustments budget and supporting documentation must be in the format as specified in schedule B of the Municipal Budget and Reporting Regulations. The adjustments budget as submitted herewith contains the applicable adjustments budget tables B1 to B10 and supporting tables SB1 to SB20.

It should be noted that municipal taxes and tariffs may not be increased during a financial year, and any amendments to the annual budget must remain funded in accordance with section 18 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA).

Table B1 provides high level summary on the adjusted budgeted financial performance, capital expenditure and funds sources, financial position, cash flows, cash backing/surplus reconciliation, asset management and free services whilst table B2-B10 and supporting table SB1-SB19 provides more details on the adjusted budgetary information.

### **Effect of the adjustment budget**

The Declaration of the Country under the State of Disaster had a huge negative impact on the country worldwide, the Municipality has not recovered from its consumer being unable to honour their rates payments and the amount of debtors is escalating monthly which poses a threat to the Municipality's financial stability.

A key consideration for the compilation of the adjustments budget was long term financial sustain nability and ensuring continued service delivery and improved service delivery. In addition, the Council planned and budgeted for the extension of services to areas where there was erosion of the roads and damages to the households due to the hail that occurred within the Local area. The Council has also emphasise on the rapid completion of all the projects on the ground to accelerate service delivery.

This adjustment budget has mainly focussed on shifting funds on the line items that were budgeted for but it is apparent that those budgeted funds will not be utilised within the last quarter of the financial year.

Council should note that there has been few adjustments on the Financial Performance or operational budget – this has been the movement within the budget items hence the surplus is still kept at R 49 million as tabled in the Approved Adjustment budget in February 2022.

**OPERATING BUDGET**

<b>Type</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Budgeted Year 1 2021/22</b>	<b>Budgeted Year 2 2022/23</b>
Revenue	215 809	225 276	222 109	232 104
Expenditure	165 237	175 421	173 337	178 201
<b>Surplus/Deficit</b>	<b>50 571</b>	<b>49 855</b>	<b>48 771</b>	<b>44 903</b>

## ADJUSTMENTS BUDGET TABLES

Operating income and Expenditure by type

Choose name from list - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>												
Property rates	2	29 333	-	-	-	-	-	199	199	29 532	30 623	32 002
Service charges - electricity revenue	2	33 843	-	-	-	-	-	7 000	7 000	40 843	35 332	36 922
Service charges - refuse revenue	2	4 164	-	-	-	-	-	-	-	4 164	4 347	4 543
Rental of facilities and equipment		2 008	-	-	-	-	-	8	8	2 016	2 105	2 200
Interest earned - external investments		1 249	-	-	-	-	-	-	-	1 249	1 304	1 363
Interest earned - outstanding debtors		1 000	-	-	-	-	-	-	-	1 000	1 044	1 091
Fines, penalties and forfeits		3 223	-	-	-	-	-	-	-	3 223	3 365	3 516
Licences and permits		1 263	-	-	-	-	-	490	490	1 753	1 318	1 378
Transfers and subsidies		91 744	-	-	-	-	-	-	-	91 744	92 408	96 566
Other revenue	2	2 634	-	-	-	-	-	2 169	2 169	4 803	2 919	3 051
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>170 462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 867</b>	<b>9 867</b>	<b>180 328</b>	<b>174 767</b>	<b>182 631</b>
<b>Expenditure By Type</b>												
Employee related costs	-	69 045	-	-	-	-	-	(235)	(235)	68 810	72 009	75 180
Remuneration of councillors		6 038	-	-	-	-	-	526	526	6 563	7 494	7 832
Debt impairment		8 000	-	-	-	-	-	-	-	8 000	8 352	8 728
Depreciation & asset impairment		12 410	-	-	-	-	-	-	-	12 410	12 956	13 539
Finance charges		-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity		30 514	-	-	-	-	-	6 000	6 000	36 514	31 856	33 290
Inventory consumed		116	-	-	-	-	-	-	-	116	121	126

Contracted services	24 900	-	-	-	-	-	1 858	1 858	26 758	26 115	27 290
Transfers and subsidies	738	-	-	-	-	-	-	-	738	771	806
Other expenditure	13 476	-	-	-	-	-	1 971	1 971	15 447	13 663	20 410
Losses	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>165 237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 120</b>	<b>10 120</b>	<b>175 357</b>	<b>173 337</b>	<b>187 201</b>
<b>Surplus/(Deficit)</b>	<b>5 224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(253)</b>	<b>4 971</b>	<b>1 429</b>	<b>(4 570)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	45 347	-	-	-	-	-	-	-	45 347	47 342	49 473
<b>Surplus/(Deficit) before taxation</b>	<b>50 571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(253)</b>	<b>50 318</b>	<b>48 771</b>	<b>44 903</b>
Taxation	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>50 571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(253)</b>	<b>50 318</b>	<b>48 771</b>	<b>44 903</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>50 571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(253)</b>	<b>50 318</b>	<b>48 771</b>	<b>44 903</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>50 571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(253)</b>	<b>50 318</b>	<b>48 771</b>	<b>44 903</b>

References

**Choose name from list - Table B1  
Adjustments Budget Summary -**

Description	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
<b>R thousands</b>											
<b>Financial Performance</b>											
Property rates	29 333	-	-	-	-	-	199	199	29 532	30 623	32 002
Service charges	38 007	-	-	-	-	-	7 000	7 000	45 007	39 679	41 465
Investment revenue	1 249	-	-	-	-	-	-	-	1 249	1 304	1 363
Transfers recognised - operational	91 744	-	-	-	-	-	-	-	91 744	92 408	96 566
Other own revenue	10 129	-	-	-	-	-	2 667	2 667	12 796	10 752	11 236
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>170 462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 867</b>	<b>9 867</b>	<b>180 328</b>	<b>174 767</b>	<b>182 631</b>
Employee costs	69 045	-	-	-	-	-	(235)	(235)	68 810	72 009	75 180
Remuneration of councillors	6 038	-	-	-	-	-	526	526	6 563	7 494	7 832
Depreciation & asset impairment	12 410	-	-	-	-	-	-	-	12 410	12 956	13 539
Finance charges	-	-	-	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	30 630	-	-	-	-	-	6 000	6 000	36 630	31 977	33 416
Transfers and grants	738	-	-	-	-	-	-	-	738	771	806
Other expenditure	46 377	-	-	-	-	-	3 829	3 829	50 205	48 130	56 429
<b>Total Expenditure</b>	<b>165 237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 120</b>	<b>10 120</b>	<b>175 357</b>	<b>173 337</b>	<b>187 201</b>
<b>Surplus/(Deficit)</b>	<b>5 224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(253)</b>	<b>4 971</b>	<b>1 429</b>	<b>(4 570)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	45	-	-	-	-	-	-	-	45 347	47 342	49 473
	347	-	-	-	-	-	-	-	45 347	47 342	49 473

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)												
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>50 571</b>	-	-	-	-	-	(253)	(253)	<b>50 318</b>	<b>48 771</b>	<b>44 903</b>	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/ (Deficit) for the year</b>	<b>50 571</b>	-	-	-	-	-	<b>(253)</b>	<b>(253)</b>	<b>50 318</b>	<b>48 771</b>	<b>44 903</b>	
<b>Capital expenditure &amp; funds sources</b>												
<b>Capital expenditure</b>	48 209	-	-	-	-	-	1 000	1 000	49 209	22 564	23 402	
Transfers recognised - capital	46 609	-	-	-	-	-	-	-	46 609	20 055	20 777	
Borrowing	-	-	-	-	-	-	-	-	-	-	-	
Internally generated funds	1 600	-	-	-	-	-	1 000	1 000	2 600	2 509	2 625	
<b>Total sources of capital funds</b>	<b>48 209</b>	-	-	-	-	-	<b>1 000</b>	<b>1 000</b>	<b>49 209</b>	<b>22 564</b>	<b>23 402</b>	
<b>Financial position</b>												
Total current assets	35 362	-	-	-	-	-	(18 069)	(18 069)	17 293	40 116	39 342	
Total non current assets	628 182	-	-	-	-	-	42 856	42 856	671 038	440 217	476 347	
Total current liabilities	28 639	-	-	-	-	-	(14 502)	(14 502)	14 137	7 629	7 552	
Total non current liabilities	-	-	-	-	-	-	-	-	-	-	-	
Community wealth/Equity	<b>401 702</b>	-	-	-	-	-	<b>(57 302)</b>	<b>(57 302)</b>	<b>344 400</b>	<b>497 090</b>	<b>532 180</b>	
<b>Cash flows</b>												
Net cash from (used) operating	51 879	-	-	-	-	-	(2 336)	(2 336)	49 542	342 113	354 529	
Net cash from (used) investing	50 047	-	-	-	-	-	-	-	50 047	(35 865)	(40 598)	
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-	
<b>Cash/cash equivalents at the year end</b>	<b>101 926</b>	-	-	-	-	-	<b>(2 336)</b>	<b>(2 336)</b>	<b>99 589</b>	<b>306 247</b>	<b>313 931</b>	
<b>Cash backing/surplus reconciliation</b>												
Cash and investments available	31 244	-	-	-	-	-	(18 844)	(18 844)	12 400	35 771	34 742	
Application of cash and investments	14 872	-	-	-	-	-	(11 741)	(11 741)	3 131	32	(220)	

<b>Balance - surplus (shortfall)</b>	<b>16 372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 103)</b>	<b>(7 103)</b>	<b>9 269</b>	<b>35 739</b>	<b>34 963</b>
<b>Asset Management</b>											
Asset register summary (WDV)	333 713	-	-	-	-	-	42 856	42 856	376 569	420 162	455 570
Depreciation	12 410	-	-	-	-	-	-	-	12 410	12 956	13 539
Renewal and Upgrading of Existing Assets	200	-	-	-	-	-	-	-	200	209	218
Repairs and Maintenance	7 496	-	-	-	-	-	1 694	1 694	9 190	8 028	8 390
<b>Free services</b>											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	1 255	-	-	-	-	-	(199)	(199)	1 056	1 311	1 370
<b>Households below minimum service level</b>											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

## Choose name from list - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
<b>Revenue - Functional</b>												
<b>Governance and administration</b>		96 528	-	-	-	-	-	2 067	2 067	98 596	100 945	105 488
Executive and council		12 357	-	-	-	-	-	-	-	12 357	12 901	13 482
Finance and administration		84 171	-	-	-	-	-	2 067	2 067	86 239	88 044	92 006
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		28 869	-	-	-	-	-	15	15	28 884	30 148	31 504
Community and social services		28 869	-	-	-	-	-	7	7	28 876	30 139	31 496
Sport and recreation		-	-	-	-	-	-	8	8	8	8	9
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		85 141	-	-	-	-	-	7 386	7 386	92 526	87 602	91 544
Planning and development		84 090	-	-	-	-	-	7 000	7 000	91 090	86 505	90 398
Road transport		1 050	-	-	-	-	-	386	386	1 436	1 096	1 146
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		2 147	-	-	-	-	-	-	-	2 147	154	161
Energy sources		2 147	-	-	-	-	-	-	-	2 147	154	161
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>		3 123	-	-	-	-	-	-	-	3 123	3 260	3 407
<b>Total Revenue - Functional</b>	2	215 809	-	-	-	-	-	9 468	9 468	225 276	222 109	232 104
<b>Expenditure - Functional</b>												
<b>Governance and administration</b>		91 672	-	-	-	-	-	2 734	2 734	94 406	97 007	107 426

Executive and council		18 294	-	-	-	-	-	1 070	1 070	19 365	20 259	21 171
Finance and administration		73 378	-	-	-	-	-	1 663	1 663	75 041	76 747	86 254
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>15 897</b>	-	-	-	-	-	<b>100</b>	<b>100</b>	<b>15 997</b>	<b>16 550</b>	<b>17 305</b>
Community and social services		15 130	-	-	-	-	-	100	100	15 230	15 750	16 468
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		767	-	-	-	-	-	-	-	767	801	837
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>24 155</b>	-	-	-	-	-	<b>1 350</b>	<b>1 350</b>	<b>25 505</b>	<b>24 792</b>	<b>25 908</b>
Planning and development		23 935	-	-	-	-	-	1 350	1 350	25 285	24 562	25 668
Road transport		220	-	-	-	-	-	-	-	220	230	240
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>33 514</b>	-	-	-	-	-	<b>6 000</b>	<b>6 000</b>	<b>39 514</b>	<b>34 988</b>	<b>36 563</b>
Energy sources		33 514	-	-	-	-	-	6 000	6 000	39 514	34 988	36 563
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	-	-	-	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>165 237</b>	-	-	-	-	-	<b>10 184</b>	<b>10 184</b>	<b>175 421</b>	<b>173 337</b>	<b>187 201</b>
<b>Surplus/ (Deficit) for the year</b>		<b>50 571</b>	-	-	-	-	-	<b>(716)</b>	<b>(716)</b>	<b>49 855</b>	<b>48 771</b>	<b>44 903</b>

References

**Choose name from list - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -**

Vote Description  <i>[Insert departmental structure etc]</i> <b>R thousands</b>	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue by Vote</b>	1											
Vote 1 - [NAME OF VOTE ]		12 357	-	-	-	-	-	-	-	12 357	12 901	13 482
Vote 2 - [NAME OF VOTE ]		83 820	-	-	-	-	-	2 067	2 067	85 888	87 678	91 623
Vote 3 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - [NAME OF VOTE ]		28 869	-	-	-	-	-	7	7	28 876	30 139	31 496
Vote 7 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE ]		2 147	-	-	-	-	-	-	-	2 147	154	161
Vote 9 - [NAME OF VOTE ]		82 859	-	-	-	-	-	7 000	7 000	89 859	86 505	90 398
Vote 14 - [NAME OF VOTE ]		1 231	-	-	-	-	-	-	-	1 231	-	-
Vote 15 - [NAME OF VOTE ]		351	-	-	-	-	-	-	-	351	366	383
<b>Total Revenue by Vote</b>	2	<b>211 635</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 074</b>	<b>9 074</b>	<b>220 709</b>	<b>217 744</b>	<b>227 542</b>
<b>Expenditure by Vote</b>	1											
Vote 1 - [NAME OF VOTE ]		18 294	-	-	-	-	-	1 070	1 070	19 365	20 259	21 171
Vote 2 - [NAME OF VOTE ]		73 378	-	-	-	-	-	1 663	1 663	75 041	76 747	86 254
Vote 3 - [NAME OF VOTE ]		808	-	-	-	-	-	-	-	808	844	882
Vote 4 - [NAME OF VOTE ]		14 322	-	-	-	-	-	100	100	14 422	14 906	15 586
Vote 8 - [NAME OF VOTE ]		33 514	-	-	-	-	-	6 000	6 000	39 514	34 988	36 563
Vote 9 - [NAME OF VOTE ]		23 935	-	-	-	-	-	1 350	1 350	25 285	24 562	25 668
Vote 10 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE ]		117	-	-	-	-	-	-	-	117	122	128
<b>Total Expenditure by Vote</b>	2	<b>164 367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 184</b>	<b>10 184</b>	<b>174 551</b>	<b>172 429</b>	<b>186 252</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>47 268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 110)</b>	<b>(1 110)</b>	<b>46 158</b>	<b>45 314</b>	<b>41 291</b>

References

## Choose name from list - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>												
Property rates	2	29 333	-	-	-	-	-	199	199	29 532	30 623	32 002
Service charges - electricity revenue	2	33 843	-	-	-	-	-	7 000	7 000	40 843	35 332	36 922
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	4 164	-	-	-	-	-	-	-	4 164	4 347	4 543
Rental of facilities and equipment		2 008	-					8	8	2 016	2 105	2 200
Interest earned - external investments		1 249	-					-	-	1 249	1 304	1 363
Interest earned - outstanding debtors		1 000	-					-	-	1 000	1 044	1 091
Dividends received		-	-					-	-	-	-	-
Fines, penalties and forfeits		3 223	-					-	-	3 223	3 365	3 516
Licences and permits		1 263	-					490	490	1 753	1 318	1 378
Agency services		-	-					-	-	-	-	-
Transfers and subsidies		91 744	-					-	-	91 744	92 408	96 566
Other revenue	2	2 634	-	-	-	-	-	2 169	2 169	4 803	2 919	3 051
Gains		-	-					-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>170 462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 867</b>	<b>9 867</b>	<b>180 328</b>	<b>174 767</b>	<b>182 631</b>
<b>Expenditure By Type</b>	-											
Employee related costs		69 045	-	-	-	-	-	(235)	(235)	68 810	72 009	75 180
Remuneration of councillors		6 038	-					526	526	6 563	7 494	7 832
Debt impairment		8 000	-					-	-	8 000	8 352	8 728
Depreciation & asset impairment		12 410	-	-	-	-	-	-	-	12 410	12 956	13 539

Finance charges	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity	30 514	-	-	-	-	-	6 000	6 000	36 514	31 856	33 290	
Inventory consumed	116	-	-	-	-	-	-	-	116	121	126	
Contracted services	24 900	-	-	-	-	-	1 858	1 858	26 758	26 115	27 290	
Transfers and subsidies	738	-	-	-	-	-	-	-	738	771	806	
Other expenditure	13 476	-	-	-	-	-	1 971	1 971	15 447	13 663	20 410	
Losses	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>	<b>165 237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 120</b>	<b>10 120</b>	<b>175 357</b>	<b>173 337</b>	<b>187 201</b>	
<b>Surplus/(Deficit)</b>	<b>5 224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(253)</b>	<b>4 971</b>	<b>1 429</b>	<b>(4 570)</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	45 347	-	-	-	-	-	-	-	45 347	47 342	49 473	
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)	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) before taxation</b>	<b>50 571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(253)</b>	<b>50 318</b>	<b>48 771</b>	<b>44 903</b>	
Taxation	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after taxation</b>	<b>50 571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(253)</b>	<b>50 318</b>	<b>48 771</b>	<b>44 903</b>	
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) attributable to municipality</b>	<b>50 571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(253)</b>	<b>50 318</b>	<b>48 771</b>	<b>44 903</b>	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/ (Deficit) for the year</b>	<b>50 571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>(253)</b>	<b>50 318</b>	<b>48 771</b>	<b>44 903</b>	

**Choose name from list - Table B5 Adjustments Capital Expenditure Budget by vote and funding -**

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
<b>R thousands</b>												
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure to be adjusted</b>	2											
Vote 1 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	3	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be adjusted</b>	2											
Vote 1 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - [NAME OF VOTE ]		1 600	-	-	-	-	-	1 000	1 000	2 600	2 509	2 625
Vote 3 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - [NAME OF VOTE ]		2 000	-	-	-	-	-	-	-	2 000	-	-
Vote 7 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE ]		28 500	-	-	-	-	-	-	-	28 500	-	-
Vote 9 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE ]		1 609	-	-	-	-	-	-	-	1 609	-	-
Vote 11 - [NAME OF VOTE ]		14 500	-	-	-	-	-	-	-	14 500	20 055	20 777
Vote 12 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE ]		-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>48 209</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 000</b>	<b>1 000</b>	<b>49 209</b>	<b>22 564</b>	<b>23 402</b>
<b>Total Capital Expenditure - Vote</b>		<b>48 209</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 000</b>	<b>1 000</b>	<b>49 209</b>	<b>22 564</b>	<b>23 402</b>

<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>		1 600	-	-	-	-	-	1 000	1 000	2 600	2 509	2 625
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		1 600	-	-	-	-	-	1 000	1 000	2 600	2 509	2 625
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		3 609	-	-	-	-	-	-	-	3 609	-	-
Community and social services		2 000	-	-	-	-	-	-	-	2 000	-	-
Sport and recreation		1 609	-	-	-	-	-	-	-	1 609	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		14 500	-	-	-	-	-	-	-	14 500	20 055	20 777
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		14 500	-	-	-	-	-	-	-	14 500	20 055	20 777
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		28 500	-	-	-	-	-	-	-	28 500	-	-
Energy sources		28 500	-	-	-	-	-	-	-	28 500	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	48 209	-	-	-	-	-	1 000	1 000	49 209	22 564	23 402

<b>Funded by:</b>												
National Government		46 609	-	-	-	-	-	-	-	46 609	20 055	20 777
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)		-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	46 609	-	-	-	-	-	-	-	46 609	20 055	20 777
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		1 600	-	-	-	-	-	1 000	1 000	2 600	2 509	2 625
<b>Total Capital Funding</b>		48 209	-	-	-	-	-	1 000	1 000	49 209	22 564	23 402

Choose name from list - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>R thousands</b>												
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates		21 412	-					-	-	21 412	22 244	22 244
Service charges		30 785	-					-	-	30 785	32 139	32 139
Other revenue		5 540	-					(2 336)	(2 336)	3 204	3 345	3 345

Transfers and Subsidies - Operational	1	91 778	-						-	-	91 778	92 417	92 417
Transfers and Subsidies - Capital	1	48 612	-						-	-	48 612	39 286	39 286
Interest		-	-						-	-	-	-	-
Dividends		-	-						-	-	-	-	-
<b>Payments</b>													
Suppliers and employees		(146 248)	-						-	-	(146 248)	152 682	152 682
Finance charges		-	-						-	-	-	-	-
Transfers and Grants	1	-	-						-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>51 879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2 336)</b>	<b>(2 336)</b>	<b>49 542</b>	<b>342 113</b>	<b>342 113</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>													
<b>Receipts</b>													
Proceeds on disposal of PPE		1 400	-						-	-	1 400	1 462	1 462
Decrease (increase) in non-current receivables	-	-	-						-	-	-	-	-
Decrease (increase) in non-current investments		-	-						-	-	-	-	-
<b>Payments</b>													
Capital assets		48 647	-						-	-	48 647	(37 327)	(37 327)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>50 047</b>	<b>-</b>	<b>-</b>	<b>50 047</b>	<b>(35 865)</b>	<b>(35 865)</b>						
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>													
<b>Receipts</b>													
Short term loans		-	-						-	-	-	-	-
Borrowing long term/refinancing		-	-						-	-	-	-	-
Increase (decrease) in consumer deposits		-	-						-	-	-	-	-
<b>Payments</b>													
Repayment of borrowing		-	-						-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>101 926</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2 336)</b>	<b>(2 336)</b>	<b>99 589</b>	<b>306 247</b>	<b>306 247</b>
Cash/cash equivalents at the year begin:	2	-	-						(9 815)	(9 815)	(9 815)	-	-
Cash/cash equivalents at the year end:	2	101 926	-	-	-	-	-	-	(12 151)	(12 151)	89 774	306 247	306 247

### **Bulk Purchase**

Bulk purchases are directly informed by the purchase of electricity from Eskom. The guideline for the tariffs charge increases has been approved by NERSA for municipalities at 6.23% taking into account the approval made by NERSA for Eskom increases on electricity. Bulk purchases are increased by about R 5million due to escalating invoices received from Eskom and continuity increase in electricity distribution losses. And also has to be taken into account the demand charge that Eskom Charge during winter season.

### **Contracted services**

Contracted services have been increase area for the municipality. As part of the compilation of the 2020/21 MTREF this group of expenditure was critically evaluated, and operational efficiencies were enforced. The contracted services include the provision of the grass cutting to the municipal properties and the security services to all municipal buildings as per the service level agreement that was increase during the looting started in July that has to be in force the security in the Municipality Building and Also includes the community Halls in all wards. AS result we have to adjust the Security expenditure to avoid the untheorized expenditure.

The other expenditure was treated as Cut costing measure as outlined in a secular 82 which the Municipality will make a saving from this expenditure that legal services where the Municipal has bigger saving from the six month.

### **Repairs and maintenance of assets**

This has become a challenge when it comes to the disclosure of the amount to be spent on the repairs and maintenance of the assets. This is because the repairs and maintenance portion include the portion of salaries of employees which are involved on the repairs and maintenance. The repairs and maintenance budgeted for 2021/22 financial year per item is as follows excluding the salaries portion.

<b>Repairs and Maintenance</b>				
<b>Description</b>				
<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>				
<b>R thousand</b>	<b>Budget Year 2021/22</b>	<b>Adjusted</b>	<b>Budget Year +1 2022/23</b>	<b>Budget Year +2 2022/24</b>

		<b>Budget Year 2021/22</b>		
<b>Electricity Infrastructure</b>	3 000 000	3 000 000	3 132 000	3 272 940
<b>Operations &amp; Maintenance</b>	2 000 000	3 300 000	2 088 000	2 181 960
<b>Building Maintenance</b>	1 000 000	1 200 000	1 566 000	1 636 470
<b>Vehicles</b>	<b>1 000 000</b>	<b>1 000 000</b>	<b>1 044 000</b>	<b>1 090 980</b>
<i>Total</i>	7 000 000	8 500 000	7 830 000	8 182 350

### **Free Basic Services: Basic Social Services Package**

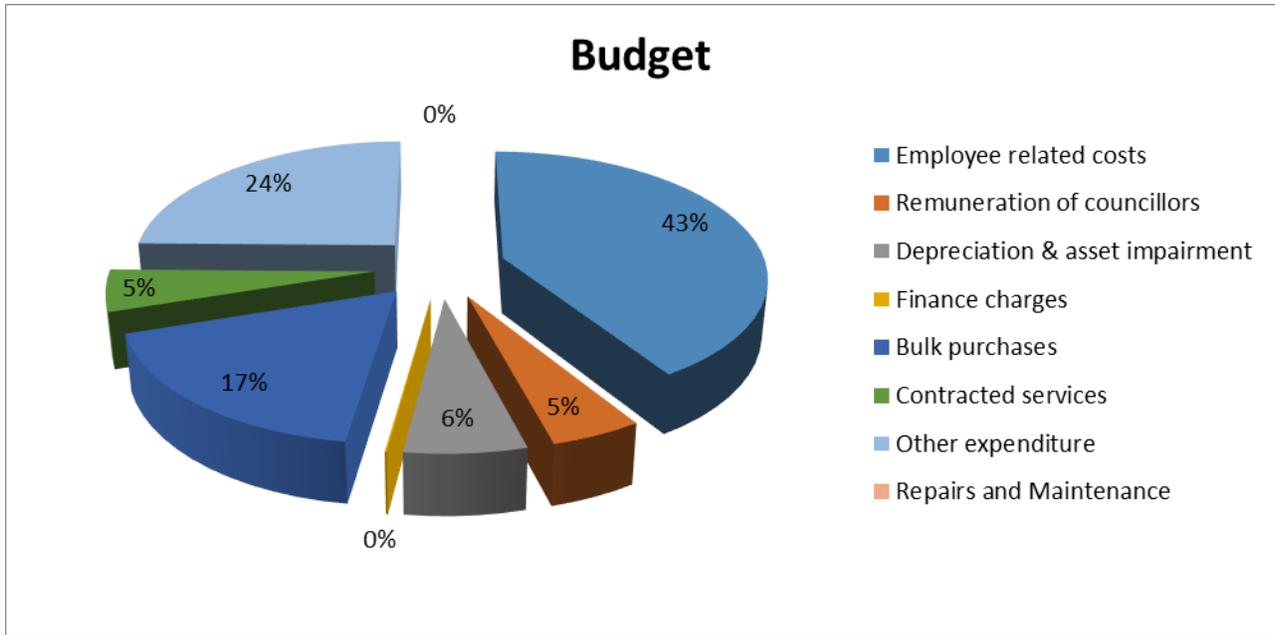
The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services, the households are required to register in terms of the eDumbe Local Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement). The municipality is currently providing the free basic electricity to rural household and the municipality pay Eskom for the provision of the free basic electricity since the license holder is Eskom.

The budgeted amount for FBE has been included on the bulk purchases for electricity. And we have indigent policy for eDumbe Municipality.

### **Depreciation**

This is a non-cash item budgeted for as per the stipulation of the new accounting standards and is funded from backlog depreciation. The depreciation and impairment of assets has been budgeted at R 21 000 000 for 2021/22 financial year we did not increase this financial.

The following table/ chart give a breakdown of the main expenditure categories for the 2020/21 financial year.



- **DISCUSSION**

- **Executive Summary**

*The application of sound financial management principles for the compilation of eDumbe Local Municipality financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically, and equitably to all communities.*

*National Treasury's MFMA Circular No. 85 and 86 were used to guide the compilation of the 2021/22 – 2022/23 MTREF. The mSCOA Regulations was also considered when the draft budget was compiled, and the budget complies with the mSCOA requirements.*

*The main challenges experienced during the compilation of the 2021/22 MTREF has not changed from the previous year's challenges which were experienced by the municipality when the budget was previously compiled. The challenges can be summarized as follows:*

- *The ongoing difficulties in the national and local economy.*
- *Aging roads and electricity infrastructure.*
- *The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases that are not sustainable - as there will be a point where services will no-longer be affordable;*
- *Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;*
- *Most of the rural settlements are small thus making service delivery costly, this effect is compounded by the aspect that only 35% of the municipality's population lives in an urban area while 65% lives in the rural hinterland of the municipality. The spatial development pattern of the municipality will have to be addressed.*
- *Income levels in eDumbe tend to be quite low with 69% of the population earning less than R1200 a month. The traditional and rural areas are the most poverty stricken.*

- *The municipality has also experience the challenge due to the cutting of the expenditure by both National and Provincial Governments. All grants were affected but cut costing measures implemented by the government.*
- *Lastly the impact caused by the new pandemic COVID which eroded the financial base and the manner we were doing business.*

### **Legislative framework**

*The 2021/2022 budget is prepared in accordance with the Local Government; Municipal Finance Management Act, 2003 and the Municipal Budget and reporting regulations issued by the Minister in terms of Section 168(1) of the Act. In terms of these regulations a multi-year budget spanning over three (3) years is prepared. It needs to be noted that the figures for 2021/22 and 2022/23 are indicative in terms of the medium term expenditure framework.*

*The budget comprise of two categories:*

- (a) Operational Budget*
- (b) Capital Budget*

- ***The focus area where eDumbe Municipality is rendering service to community includes the following:***

- *Electricity supply*
- *Municipal Roads and Solid Waste removal*
- *Cemeteries*
- *Fire fighting and Public Safety Services*
- 

### **Linkages between the budget, the IDP and political priorities**

*Firstly, the budget timetable and the IDP process plan are aligned through an integrated time schedule.*

*Secondly, the IDP is prepared and the projects are included in the budget with each project properly reference per IDP reference number.*

Moreover, the financial plan comprising the total budget, among other items, is included in the IDP.

Finally, the implementation of electricity and solid waste projects and other assigned functions through the Municipal Structures Act constitutes compliance with National, Provincial and Local development goals to eradicate backlogs of the past.

- *Operating Revenue Framework*

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 has a huge task to implement the revenue enhancement strategy due to the fact that the municipality has a huge backlog on infrastructure which must be addressed.

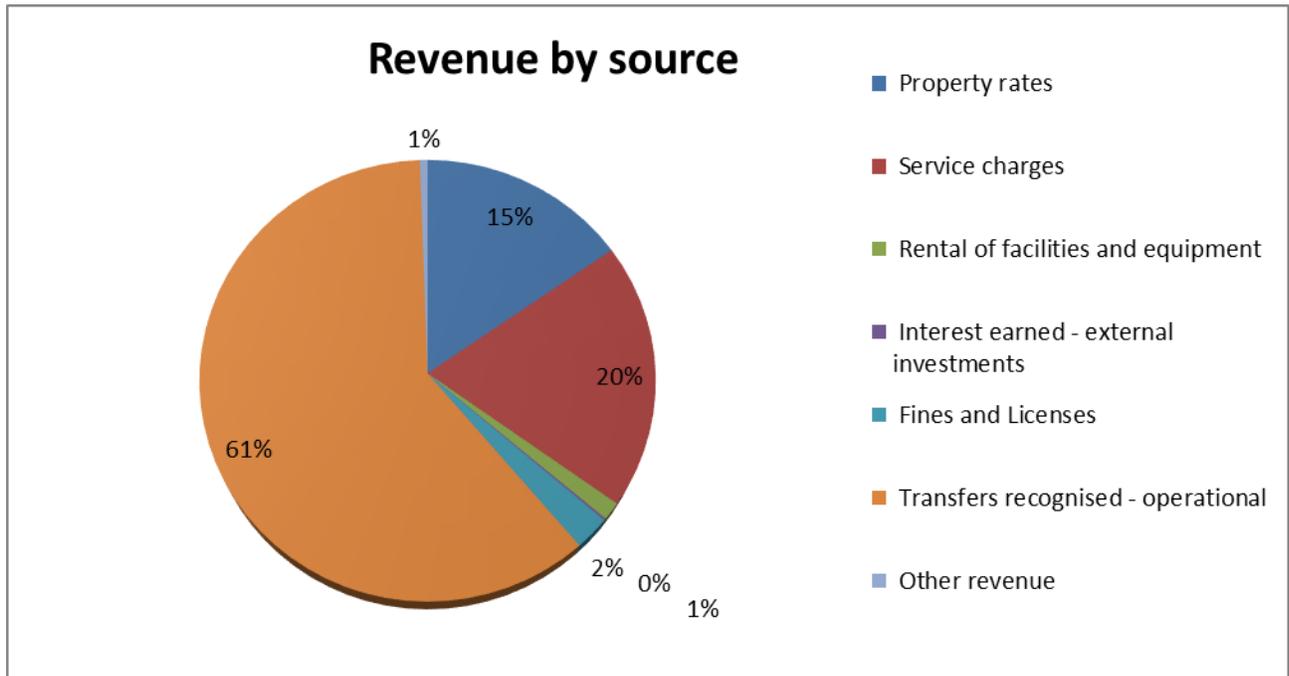
Cash flow has become a huge challenge in a municipality due to the non-payment by customers. One of the challenges which cause the customers not to pay is the current economy status within the area which has affected the market and some businesses are struggling to cope with the situation.

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

- Efficient revenue management and electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- 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 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 revenue as per chart is as follows:**



- ***Sale of Electricity and Impact of Tariff Increases***

*the municipality is expecting NERSA approval of an average increase to Eskom on bulk electricity by 10% per cent. The municipality will be applying to NERSA for the electricity tariff increase for 14.5%:*

- *Approximately 450 households who have had tempered meters have come forward to apply electricity meter replacement;*
- *Eleven (11) large power users who had been using hexing meters have come forward and meter replacement processed has been finalised; and*
- *approximately 7 new shops to be connected upon the completion of phase 2 of the shopping centre in town*

**2021/2022 Electricity Tariff Application**

- *eDumbe local Municipality is hereby applying for the following tariff application increase for the 2021/22 financial year.*

**Domestic: Prepaid and Conventional****c/kwh**

- Block 1. 0 – 50 kWh 124.08
- Block 2. 51 – 350 kWh 156.75
- Block 3. 351 – 600 kWh 213.07
- Block 4: > 600 kWh 220.88
- \*Conventional metering, fixed monthly charge of R 260.90 per month

**Commercial prepaid****c/kwh**

- Energy Charge. 263.87

**Commercial: Conventional****c/kwh**

- Energy Charge. R 195.49
- Conventional metering, fix monthly charge of R 814.17 per month

**Commercial (Vacant land)**

- Basic charge R 683.39

**Industrial:**

- Energy Charge. R 124.07 c/kWh
- Demand Charge. R 257.94 kva
- Basic Charge. R 4 767.89 per month

### Operating Transfers and Grant Receipts

The National Treasury has allocated grants to the municipality through DORA which will assist on the provision of the basic services. The schedule of grants received is as follows:

<b>Details</b>	<b>Final Budget 2021/22</b>	<b>Adjusted Budget 2021/22</b>	<b>Budget 2022/23</b>	<b>Budget 2023/24</b>
<b>GRANTS &amp; SUBSIDIES</b>				
<b>National Government</b>				
<i>Equitable Share</i>	82 382 000	82 382 000	86 186 000	84 207 000
<i>Finance Management Grant</i>	2 900 000	2 900 000	3 000 000	3 000 000
<i>Municipal Infrastructure Grant</i>	18 847 000	18 847 000	20 055 000	20 777 000
<i>Integrated National Electrification</i>	26 500 000	26 500 000	16 000 000	14 000 000
<i>Public Works Integrated Grant</i>	1 231 000	1 231 000	-	-
<i>Energy efficiency @demand</i>	2 000 000	2 000 000	-	-
	<b>133 860 000</b>	<b>133 860 000</b>	<b>125 241000</b>	<b>121 984 000</b>
<b>Provincial Government</b>				
<i>Provincialisation of Libraries</i>	1 871 000	1 871 000	1 964 000	1 964 000
<i>Community Library Services</i>	1 360 000	1 360 000	1 426 000	1 426 000
	<b>3 231 000</b>	<b>3 231 000</b>	<b>3 390 000</b>	<b>3 390 000</b>
<b>Total Grants &amp; Subsidies</b>	<b>137 091 000</b>	<b>137 091 000</b>	<b>128 631000</b>	<b>125 374 000</b>

- **Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R95 000 reduction on the market value of a property will be granted in terms of eDumbe Local

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.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance.

The proposed property rates tariff for 2021/22 financial year has been calculated in compliance with the MPRA regulations which stipulate the ratios of tariffs per category. It must be noted that the previous year's tariffs was not complying with the MPRA regulations when it comes to ratios per category. The revenue forgone has been calculated to **R 1 050 000** based on the R65 000 reduction amount on all residential properties.

Due to Covid-19, people lost jobs the proposed tariffs remain the same except for state owned properties, public service purpose and public service infrastructure that increased with 4.1% which will be implemented by eDumbe Local Municipality

Tariffs are as follow:

<b>Property Category</b>	<b>Budget 2020/2021</b>	<b>Rebate</b>	<b>Budget 2021/22</b>	<b>Rebate</b>
<i>Residential</i>	0.008949		0.008990	
<i>Business, Commercial</i>	0.02237	10%	0.020611	10%
<i>Industrial business</i>	0.02411		0.024156	
<i>Agricultural</i>	0.001873		0.001886	
<i>Public Service Purposes</i>	0.02891		0.030036	
<i>Public Service Infrastructure</i>	0.00518		0.005082	
<i>Vacant Land</i>	0.029524		0.030236	
<i>Place of Public Worship</i>	<b>Exempted 100%</b>			
<i>Municipal properties</i>				
<i>Communal Land</i>				
<i>Public Benefit Organisation Properties, and Non-Profit Organisation Properties</i>				

The municipality will be charging interest on overdue accounts in 2021/22 financial year for all services at the rate of 1% on 30 days account in arrears, as a result of incorrect or missing customers Data and challenges on sending of statements

- **Waste Removal and Impact of Tariff Increases**

The increase 4.1 % in the waste removal tariff is proposed from 1 July 2021. The following table compares current and proposed amounts payable from 1 July 2021: They will be no adjustment

<b>Waste removal proposed tariffs</b>	<b>2020/21 excl. VAT</b>	<b>2021/22 excl. VAT</b>
1. Domestic removal - Refuse	<b>130.90</b>	R 136
2. Business removal - Refuse		
1 - 2 Bins	R358.60	R 373.00
3 - 4 Bins	R 538.32	R 560.00
5 - 6 Bins	R 579.55	R 603.00
More than 6 Bins	R 830.65	R 864.00

### **EXPENDITURE SECTION**

- *Operating Expenditure Framework*

The eDumbe Local Municipality 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 program 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.*

**Employee cost**

*The employee related cost comprises of 42% of the operating budget and 31% of the total budget inclusive of Capital budget excluding the councillor's remunerations. The employee costs percentage is above the threshold/ acceptable norm as per National Treasury Circular 71 which indicates that the acceptable norm for the Employee related cost must be 25% to 40%.*

*The increase on salaries for employees has been projected at 4.1% as per Circular no. 107 and 108 issued by National Treasury as well as bargaining Council circular for increment of salaries.*

*The employee cost has a provision of vacant posts to be filled during the next financial year.*

*Also included on the employee related costs is the provision for travel allowances for all managers at R6 500 per month. The managers will therefore not be eligible to use municipal vehicles as they will be having the travel allowances.*

**Remuneration for Councillors**

*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 municipal budget. It must also be noted that the position of the Mayor, Speaker, Deputy Mayor and Chief Whip was appointed or approved by MEC of Gogta for eDumbe for the first time on new Council and there was an increase in a number for the Councillors from previously to the new elected from 16 to 19 seats of eDumbe Local Municipality for the will be full time which had an impact on the allowances of the councillors.*

**Bulk Purchase**

*Bulk purchases are directly informed by the purchase of electricity from Eskom. The guideline for the tariffs charge increases to be approved by NERSA for municipalities at 10% taking into account the approval made by NERSA for Eskom increases on electricity. Tariffs will be increased by 14%. The bulk purchase was increased on adjusted budget after consideration of the trends on a bulk purchase for the first six months of the current period. With an additional of R 6.5 m on adjusted budget.*

### **Contracted services**

Contracted services have been increase during the six months on a current period because of the looting in July for the eDumbe Local Municipality. As part of the compilation of the 2021/22 MTREF this group of expenditure was critically evaluated, and operational efficiencies were enforced. The contracted services include the provision of the grass cutting to the municipal properties and the security services to all municipal buildings as per the service level agreement that was appointed during the financial year and it was increase the amount during the looting on July on current period that resulted into additional security guards in Municipality Properties Also had to be adjusted during the adjustment budget to the untheorized expenditure and Grass Cutting the contract for this service provider needed to be reviewed in order to make saving during summer furthermore this we made some saving on this contract as per secular 82 of treasury.

<b>Description</b>	<b>Budget Year</b>	<b>Adjusted Budget Year</b>	<b>Budget Year</b>	<b>Budget Year</b>
	<b>2021/2022</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Security Services	R3 300 000	5 500 000	R3 498 000	R3 707 880
Grass Cutting	R1 300 000	975 000	R1 378 000	R1 460 680
	<b>4 600 000</b>	<b>6 475 000</b>	<b>4 876000</b>	<b>R5 168 560</b>

- **Repairs and maintenance of assets**

This has become a challenge when it comes to the disclosure of the amount to be spent on the repairs and maintenance of the assets. This is because the repairs and maintenance portion include the portion of salaries of employees which are involved on the repairs and maintenance. The repairs and maintenance budgeted for 2021/22 financial year per item is as follows excluding the salaries portion.

### **Repairs and Maintenance**

<b>Description</b>	<b>2021/2 Medium Term Revenue &amp; Expenditure Framework</b>
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<i>R thousand</i>	<i>Budget Year 2021/22</i>	<i>Adjusted Budget 2021/2022</i>	<i>Budget Year +1 2022/23</i>	<i>Budget Year +2 2023/24</i>
<b>Electricity Infrastructure</b>	3 000 000	3 000 000	3 132 000	3 272 940
<b>Roads Maintenance</b>	2 000 000	3 300 000	2 088 000	2 181 960
<b>Building Maintenance</b>	1 000 000	1 200 000	1 566 000	1 636 470
<b>Vehicles</b>	1 000 000	1 000 000	1 044 000	1 090 980
<b>TOTALS</b>	<b>7 000 000</b>	<b>8 500 000</b>	<b>7 830 000</b>	<b>8 182 350</b>

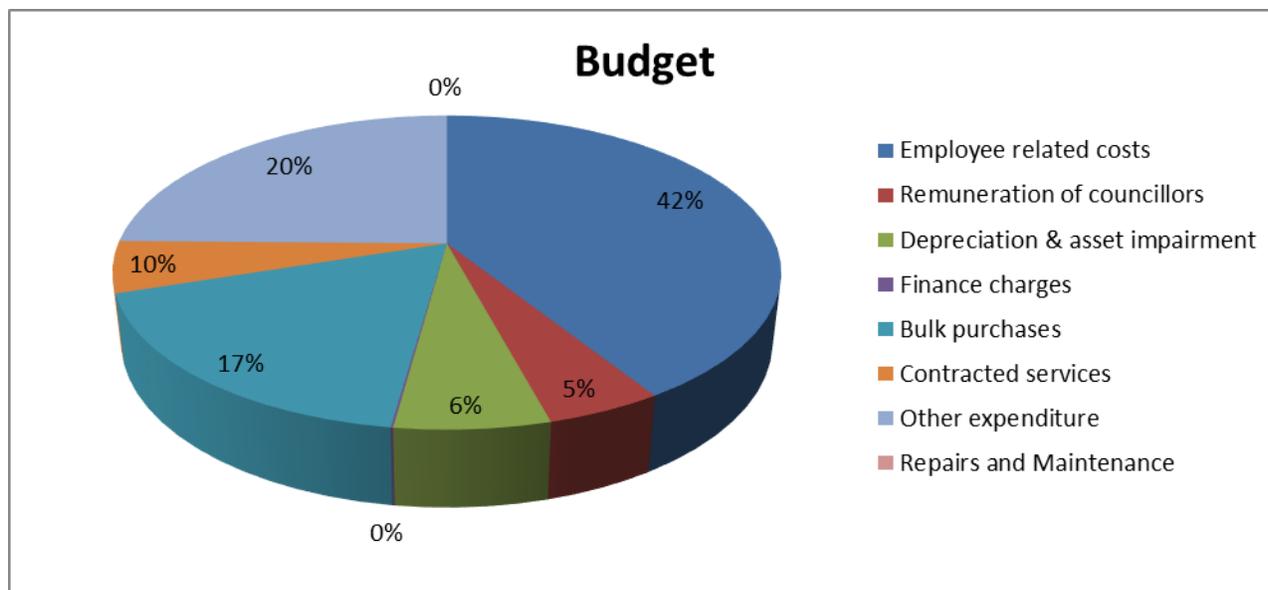
- **Free Basic Services: Basic Social Services Package**

*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 eDumbe Local Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement). The municipality is currently providing the free basic electricity to rural household and the municipality pay Eskom for the provision of the free basic electricity since the license holder is Eskom.*

### **Depreciation**

*This is a non cash item budgeted for as per the stipulation of the new accounting standards and is funded from backlog depreciation. The depreciation and impairment of assets has been adjusted budgeted at R 20 400 000 for 2021/22 financial year.*

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



#### ✓ **Capital Budget**

The capital budget is funded by the grants which will be transferred to the municipality by National Treasury as per DORA allocation gazette for 2022. A capital grant consists of following:

- Municipal Infrastructure Grants
- Electrification Grants
- Own Funding

#### Capital expenditure

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

R Thousand	Program/ Project Description	Asset Sub-class	Total Project Estimate	Project Information
Own Funding	Motor Vehicles	Transport	2 600 000	All wards
<b>Total</b>			<b>2 600 000</b>	
MIG Project	KwaThimu Pedestrian Bridge	Bridge	2 500 000	Ward 1
MIG Project	Sigodiphola/Ngwanya Access Road		2 000 000	Ward 2
MIG Project	Eskhaleni Multipurpose & SMME Centre	Building	2 000 000	Ward 3

MIG Project	KwaPhoqa (Mlambo) Causeway	Road	2 500 000	Ward 4
MIG Project	Shayamoya Access Road	Road	2 000 000	Ward 5
MIG Project	Mphelandaba Pedestrian Bridge	Building	3 500 000	Ward 6
MIG Project	KwaDanxa Access Road	Building	2 000 000	Ward 7
MIG Project	Nhlakanipho Outdoor Gym Playground	Outdoor Gym Playground	1 608 650	Ward 8
<b>Total MIG EXPENDITURE</b>			<b>R18 108 650</b>	
Electrification Services	éDumbe Switching & MV upgrade	Electrification	R 11 000 000	Ward 3
Electrification Services	Zungwini P-2	Electrification	R 5 000 000	Ward 7
Electrification Services	KwaSonkela P-2	Electrification	R 5 500 000	Ward 1
Electrification Services	Esikhaleni	Electrification	R 5 000 000	Ward 3
Demand Defficiency			R 2000 000	
<b>Total Expenditure</b>			<b>R 28 500 000</b>	
<b>TOTAL CAPITAL EXPENDITURE</b>			<b>R 49 208 650</b>	

### **CONFIRMATION OF CREDIBILITY AND RELIABILITY OF INFORMATION**

1. I hereby confirm that according to the information availed to me in respect of this item that to the best of my knowledge the information submitted to the committee is acceptable.
2. That should more information to the contrary to what was made available to the committee becomes available at a later stage, I reserve the right to revisit my findings.

