



**2024/25 – 2026/27
ANNUAL BUDGET & MEDIUM-TERM
REVENUE AND EXPENDITURE
FRAMEWORK**

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PART 1- ANNUAL BUDGET

1.1 MAYORS REPORT

SPEECH BY THE MAYOR OF UTHUKELA DISTRICT MUNICIPALITY PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF TABLING OF THE 2024/25 FINAL BUDGET

VISION

Our vision is an economically sound municipality with effective infrastructure and a municipality that empowers people, protects the environment and demonstrates excellence in leadership.

In this final budget Council has endeavoured to achieve these calls and has tried to provide for this within its limited resources. Given the constraints on the revenue side, tough decisions have been made to ensure a sustainable budget.

JOB CREATION

Council has heeded the Government's call for job creation and has partnered with the Department of Public Works to ensure that the EPWP is fully operational in this Municipality. The allocation for EPWP will decrease for 2024/25 financial year from R1.8 million to R1.6 million. The municipality is faced with budget funding constraints and not in a position to subsidise with the equitable share. Management will have to manage the contracting of workers accordingly.

INFRASTRUCTURE DEVELOPMENT

The total capital grant allocations for 2024/25 financial year have increased to R292 million. We will continue to upgrade our infrastructure and embark on new capital projects improve water distribution and reticulation. Various infrastructure projects that have been identified by the community during the needs analysis will be considered in this budget.

DEBT MANAGEMENT

Council has written off debts for qualifying indigent debtors, a concerted effort has been made to collect and reduce all outstanding debts. Council has also approved the implementation of prepaid meters in order to improve the collection rate. Debt collection and revenue enhancement will remain a priority in the upcoming financial year. The municipality has prioritised on the issue of revenue enhancement. Further to that consultants deployed by the National Treasury in the revenue section are actively assisting with debt collection. We are anticipating an improvement in our collection rate.

ASSET MANAGEMENT

Asset management is prioritised and ensuring that councils assets are managed properly. It has been noted that the municipality is not budgeting enough for the maintenance of municipal assets, this allocation will be investigated further in light of the total available cash to implement the maintenance plan in phases. We have responsibility of reducing expenditure on non-essential items and prioritising repairs and maintenance of municipal assets. A certain percentage of the MIG will be allocated towards refurbishment of infrastructure.

THE WAY FORWARD

The municipality will remain dedicated to its core business of providing high quality basic services to the community. All areas of non-performance affecting basic service delivery will be identified and remedial measures will be employed accordingly. The limited resources available will be prioritised strictly for basic service delivery.

1.2 COUNCIL RESOLUTIONS:

On the 21st May 2024 the Council of UThukela District Local Municipality met to consider the final annual budget of the municipality for the financial year 2024/25. The Council approved and adopted the following resolutions:

1. The UThukela District Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual final budget of the municipality for the financial year 2024/25 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
 - 1.1.3. Budget Summary as contained in Table A1
 - 1.1.4. Budgeted financial performance (revenue and expenditure) as contained in Table A4
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table A6
 - 1.2.2. Budgeted Cash Flows as contained in Table A7
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8
 - 1.2.4. Asset management as contained in Table A9
 - 1.2.5. Basic service delivery measurement as contained in Table A10
2. The Council of UThukela District Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) to consider:
 - 2.1. The tariffs for water services for conventional and prepaid consumers
 - 2.2. The tariffs for sanitation services.
 - 2.3. The tariffs for other municipal services.

1.3 EXECUTIVE SUMMARY

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

In the compilation of this budget the municipality has taken note of the Cabinet resolution by which all national and provincial departments, constitutional institutions and all public entities are required to implement cost containment measures. These cost containment measures must be implemented to eliminate waste, reprioritise spending and ensure savings on six focus arrears namely consultancy fees, no credit cards, travel and related costs, advertising, catering and events costs as well as accommodation.

The Municipality has embarked on implementing a range of revenue collection strategies to optimise the collection of debt owed by consumers. Most of which will benefit the municipality as well as consumers. Consultants have also been engaged in the revenue department to assist with the prior year's qualifying matters

National Treasury's MFMA Circular No.126 and No.128 of March 2024 was used to guide the compilation of the 2024/25 final budget and MTREF.

The main challenges experienced during the compilation of the 2024/25 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging water infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom of 12.7 per cent in 2024/25 and 15.7 per cent increase in the outer years which is placing an upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Escalating water losses, the municipality continues to suffer water losses
- Wage increases for municipal staff that continues to be a large portion of the equitable, as well as the need to fill critical vacancies.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2024/25 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2024/25 MTREF

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
Total Revenue	<u>1 030 991 000</u>	<u>1 089 096 000</u>	<u>1 151 752 000</u>
Operating Expenditure	<u>- 967 232 000</u>	<u>- 993 971 000</u>	<u>- 1 022 393 000</u>
Operating Surplus	<u>63 759 000</u>	<u>95 125 000</u>	<u>129 359 000</u>
Capital Expenditure	<u>-308 529 000</u>	<u>-340 113 000</u>	<u>- 371 036 000</u>

Operating Revenue

The increase in revenue is due to the general percentage increase which is applied to service Charges tariffs. The municipality has conducted extensive testing of tariffs supported by consultants from Treasury and has found the tariffs non-cost reflective. The municipality has committed to phase out cost reflective tariff without causing shock to the consumer.

The municipality also needed to correct that it had been charging the same tariffs to businesses and household consumers. The current tariff was benchmarked and found to be 14% on average below to other similar municipalities. The municipality seeks to correct business tariffs over three years starting in 2024/2025 the business and government tariff will be increased by 18,4% in the first financial year and 10.6% in the 2025/26 financial year, and 8% in the 2026/27 financial year. The municipality will be increasing the industrial tariffs by 8%, and eliminating the bottom scale in order to correct the faulty declining tariff scale. The tariff scale will be adjusted accordingly in the 2025/26 financial year to an increasing stepped tariff which will be increasing by 8% for the outer two years of the MTREF.

The household consumer tariff will be increased by 6% the municipality notes the tariffs are not cost reflective but will commit to phasing these out gradually with minimum impact on consumer income. The municipality is still burdened by the flat rate applied to certain areas within the district, the flat rate is no longer applicable. The municipality will be engaging with the affected communities during the budget engagement process on the negative impact the flat rate has on service delivery.

Operating Expenditure

Total operating expenditure for the 2024/25 financial year has been appropriated at R697 million which results in the budget having a surplus of R64 million. It must be noted that the surplus includes non-cash items such depreciation and debt impairment which amount to R73 million and R164 million respectively. The municipality assumed the zero based approach in compiling the budget and considered the CPI of 4.9% on expenditure items as advised in the budget circular. No increment was applied to employee related costs due to non- affordability of an increment, in light of our unfunded budget. The municipality has made an application to SALGA. The salary notch increases were considered in compiling the salary budget.

Capital Expenditure

R309 million is inclusive of funding from national Government Grants for water and sanitation capital projects which are core functions of the municipality to the value of 292 million and a budget of R17 million from internally generated funds.

1.4 OPERATING REVENUE FRAMEWORK

For UThukela District 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 achieve a 60% annual collection rate for key service charges; the municipality is struggling to reach the desired collection.
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and tariff policies of the Municipality.

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2024/2025

**The following table is a summary of the 2024/25 MTREF
(classified by main revenue source): Table 2 Summary of revenue classified by
main revenue source A4**

Description	Tabled Budget	Proposed Budget	Increase / (Decrease)	Year 1	Year 2	Year 3
R thousand	2024/25	2024/25	2024/25	2024/25	2025/26	2026/27
Revenue						
Exchange Revenue						
Service charges - Electricity						
Service charges - Water	286 647	316 389	29 742	316 389	335 372	355 494
Service charges - Waste Water Management	18 189	18 189	(0)	18 189	19 281	20 438
Service charges - Waste Management						
Sale of Goods and Rendering of Services	629	632	3	632	666	701
Agency services						
Interest						
Interest earned from Receivables	64 535	64 535	0	64 535	68 407	72 511
Interest earned from Current and Non Current Assets	10 483	10 483	–	10 483	10 966	11 459
Dividends						
Rent on Land						
Rental from Fixed Assets						
Licence and permits						
Operational Revenue	203	203	–	203	213	224
Non-Exchange Revenue						
Property rates						
Surcharges and Taxes						
Fines, penalties and forfeits	39	60	21	60	63	66
Licences or permits						
Transfer and subsidies - Operational	620 501	620 501	–	620 501	654 131	690 850
Interest						
Fuel Levy						
Operational Revenue						
Gains on disposal of Assets						
Other Gains						
Discontinued Operations	29 742	–	(29 742)			
Total Revenue (excluding capital transfers and co	1 030 968	1 030 992	24	1 030 992	1 089 098	1 151 743

Table 3 percentage of revenue by source A4

Description	Year 1		Year 2		Year 3	
R thousand	2024/25		2025/26		2026/27	
Revenue						
Exchange Revenue						
Service charges - Water	316 389	31%	335 372	31%	355 494	31%
Service charges - Waste Water Management	18 189	2%	19 281	2%	20 438	2%
Service charges - Waste Management						
Sale of Goods and Rendering of Services	632	0%	666	0%	701	0%
Interest earned from Receivables	64 535	6%	68 407	6%	72 511	6%
Interest earned from Current and Non Current Assets	10 483	1%	10 966	1%	11 459	1%
Operational Revenue	203	0%	213	0%	224	0%
Non-Exchange Revenue						
Fines, penalties and forfeits	60	0%	63	0%	66	0%
Licences or permits						
Transfer and subsidies - Operational	620 501	60%	654 131	60%	690 850	60%
Discontinued Operations						
Total Revenue (excluding capital transfers and contributions)	1 030 992		1 089 098		1 151 743	

The two tables above show that the municipality 's main source of Revenue is grant funding as it covers more than above half of the income which is greater than 60% for the 2024/25 MTREF. Thus making the municipality grant reliant.

Revenue from the main Service Charges has remained constant between 31% over MTREF, revenue is expected to total just over a billion R1,030 billion. An amount of R317 million is expected to be generated from service charges for water, with a further amount of R18 million expected from sanitation sales. The municipality also noted to correct that it had been charging the same tariffs to businesses and household consumers. The current tariff was benchmarked and found to be 14% on average below to other similar municipalities. The municipality seeks to correct business tariffs over three years starting in 2024/2025 the business tariff will be increased by 18,4% in the first financial year and 6% in the 2025/26 financial year, and 6% in the 2026/27 financial year.

The municipality will be increasing the industrial tariffs by 8%, and eliminating the bottom scale in order to correct the faulty declining tariff scale. The tariff scale will then be adjusted accordingly in the 2025/26 financial year to an increasing stepped tariff.

The household consumer tariff will be increased by 6% the municipality notes the tariffs are not cost reflective but will commit to phasing these out gradually with minimum impact on consumer income.

Revenue increases by 6% in the outer financial years respectively of the MTREF which is inline within the average headline inflation rate. The municipality is in the process of finalising the computation of the cost reflective tariffs as per the tariff tool provided by treasury which will be gradually phased in. consideration will be given to consumer affordability.

The other delaying factor in phasing in the cost reflective tariff is that the municipality has not yet established accurate cost centres.

The water sale line item includes the projection relating to debtors which will be impacted by the regain of prepaid water sales. This was also considered in the application of an increment for revenue of the outer years, in order to calculate reasonable projections.

Operating grants and transfers totals R620 million in the 2024/25 below is a detailed split of the operating grants.

Table 4 Operating Transfers and Grant Receipts

GRANT ALLOCATIONS FOR 2024/2025			
OPERATIONAL GRANTS	R000	R000	R000
	2024/2025	2025/2026	2026/2027
EQUITABLE SHARE	523 752,00	555 332,00	587 650,00
SPECIAL SUPPORT	6 560,00	6 868,00	7 184,00
RSC	83 712,00	87 013,00	90 765,00
TOTAL EQUITABLE SHARE	614 024,00	649 213,00	685 599,00
FMG	2 000,00	2 000,00	2 200,00
EPWP	1 685,00	-	-
	-	-	-
	3 685,00	2 000,00	2 200,00
TOTAL	617 709,00	651 213,00	687 799,00

The Rural Roads Asset Management Grant is classified as an operating grant in terms of mSCOA the grant allocation for the 2024/25 financial year is R2,7 million.

1.4.1 Water and Sanitation Tariffs

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.

Municipality is still recovering from this situation and which has been further negatively debt owed to uMngeni.

The core function of the municipality is water and sanitation which is considered to be the basic needs for human beings and the constitution says they are basic human rights. The municipality has a difficult task of setting tariffs which are affordable to all consumers and the same time must be cost reflective taking into account all cost associated with the end product.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. As mentioned earlier services are failing to break even.

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 utilized 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 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

Tariff the cost of the provision of general services. Determining the effective tariff is therefore an integral part of the municipality's budgeting process. The municipality has considered the percentage increase in the major cost drivers of providing services. Which are electricity increasing by 15.7% and no increment has been applied to the cost of labour. The 6% increase on tariffs is not cost reflective. However, the municipality also considers the impact of the economic challenges faced by consumers.

Below are the proposed water services tariffs for the financial year 2024/25 these tariffs exclude VAT. The Municipality has adopted a 6% increase on all tariffs and 8% increase on the industrial tariffs due to the fact that tariffs have not been cost reflective in the past and certain areas are charged a minimum flat rate. Business and government tariffs have been increased by 18,4%. The municipality is working towards phasing in more cost reflective tariffs however this cannot be achieved in a single financial year.

Table 5 Water and Sanitation Tariffs

WATER & SANITATION SERVICES TARIFF 2024/2025 FINANCIAL YEAR

	Description	Tariff
1.	Tariff for accessibility to water (basic charge occupied and unoccupied)	R111.28/ month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R141.82/ month
3.	Sewer tariff for restricted usage (unmetered)	R141.82/ month
4.	Servicing sewer conservancy tanks/pits (small)	R250.56/ service
	Servicing sewer conservancy tanks/pits (large)	R536.95/ 5000l/ load
	Discharge of sewage to wastewater works by private sewer tankers	R0,18/litre
	Integrated Step Tariff (Domestic Use)	
5.	Water tariff for water usage up to 6kl	Free/ Indigent
	Water tariff for water usage 1 to 30kl	R16.15kl
	Water tariff for water usage 31kl to 100kl	R18.71kl

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	Water tariff for water usage 101kl and above	R21.50kl
	Integrated step tariffs (Business use)	
	Water tariff for water usage 1 to 30kl	R18.05kl
	Water tariff for water usage 31kl to 100kl	R20.91kl
	Water tariff for water usage 101kl and above	R24.02kl
	Integrated Step Tariff (Industrial/Factory Use)	
6.	Water tariff for water usage 1kl and above	R17.43kl
	Integrated Step Tariff (Co-operatives)	
7.	Water tariff for water usage 1 to 40kl	R8.76kl
	Water tariff for water usage 41 to 80kl	R8.64kl
	Water tariff for water usage 81kl and above	R10.44kl
	Integrated Step Tariff (Churches)	
8.	Water tariff for water usage 1 to 30kl	R7.60kl
	Water tariff for water usage 31 to 70kl	R8.64kl
	Water tariff for water usage 71kl and above	R10.44kl
	Integrated Step Tariff (Trust)	
9.	Water tariff for water usage 1 to 30kl	R15.47kl
	Water tariff for water usage 31 to 70kl	R15.04kl
	Water tariff for water usage 71kl and above	R17.60kl
	Integrated step tariff (Government use)	
10.	Water tariff for water usage 1 to 30kl	R18.05kl
	Water tariff for water usage 31kl to 100kl	R20.91kl
	Water tariff for water usage 101kl and above	R24.02kl
11.	Bulk potable water supply to IDC Estate	R8.27kl
	Bulk Raw water supply	R5.06kl
12.	Emergency Services Connection (excluding emergency services)	R35.89kl
13.	Availability charge for fire hydrant per month	R131.27
14.	For water drawn or usage from metered fire hydrant	R17.86/kl
15.	Inspections for internal leaks and any other services (per visit)	R866.74
16.	All connections, repairs and work required from Council Domestic	Cost + 10%

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17.	All connections, repairs and work required from Council other services actual cost + 10 %	Cost + 10%
18.	Trade Effluent	Charge(c/kl) = R114.29+([COD/1000] x R2.27c) (COD-Chemical Oxygen Demand)
19.	Account Deposits (Subject to credit worthiness)	Residential dep. max R10072.67 Bus./Govt./Trust dep. max R12525.26 Industrial dep. max. R20873.99 Church/Co-ops dep. Max R8578.68 New consumers:- Residential dep.R2225.15 New Bus./Govt./Industr. R5600.75 New Co-operatives R1045.66 New Churches R2495.40 New Trust businesses R5262.30 New Trusts R2087.87 New account connection fee is R257.25
20.	New accounts administration fees- Opened by Council per para. 4.7 CC&DCP	Residential: R2192.15 Bus/Govt/Ind: R5141.54 Co-ops: R 1166.53 Churches: R2427.07 Trusts in bus: R4848.44 Trusts: R2075.78
21.	Scrutiny of building plans	R664.11/ plan
22.	Clearing of grass overgrowth	Actual cost + 13%

23.	Requested Water Tankering (funerals – if not indigent)	Water R29.88 per kl Transport R20.74per km Plus 6.2% administration fee
24.	Requested Water Tankering (other events)	Water R48.19 per kl Transport R31.54 per km Plus 10% administration fee
25.	Developer's Capital Contribution - Water	R 13913.87
26.	Developer's Capital Contribution - Sanitation	R 15305.38
27.	Disconnection Fee Reconnection fee - Working hours -After hours, Saturdays/Sundays/Public Holidays	R 183.63 R 186.44 R 459.06
28.	Clearance certificates	R639.98
29.	Flat rate services (where applicable)	R456.16 per household
30.	Moving/shifting of the existing water meter (in metres)	
31.	A distance less than a metre (1m)	R456.06
32.	A distance from 1 metre to 3 metres	R736.96
33.	A distance more than 3 metres to any distance	R1096.43

Offences and penalties

1.Any person who fails or refuses to give access required by an officer of the authority or an authorized provider shall be guilty of an offence in terms of section 34 of the Water Services By-laws and liable on conviction to a fine not exceeding R 5 149.96 or in default on payment, to imprisonment for a period not exceeding 6 months and in the event of a continued offence to a further fine not exceeding R 2 574.97 for every day during the continuance of such offence after a written notice from the authority or an authorized provider has been issued and in the event of a second

offence to a fine not exceeding R 7 724.93 or, in default on payment to imprisonment for a period not exceeding 12 months.

2.Any person who obstructs or hinders any officer of the authority in the exercise of his or her powers or performance of his or her functions or duties shall be guilty of an offence in terms of section 34 of the Water Services By-laws and liable on conviction to a fine not exceeding R60 730.58 or in default on payment, to imprisonment for a period not exceeding 6 months and in the event of a continued offence to a further fine not exceeding R12 146.12 for every day during the continuance of such offence after a written notice from the authority has been issued and in the event of a second offence to a fine not exceeding R91095.87 or, in default on payment to imprisonment for a period not exceeding 12 months.

Water and Waste Water Analysis		
Determinant	Units	Cost per sample
Alkalinity	mg/l CaCO ₃	R83.58
Appearance	Descriptive	
Aluminium - soluble	mg/l Al	R72.34
Ammonia	mg/l N	R69.68
Chloride	mg/l Cl	R55.77
Chlorine – Free	mg/l Cl ₂	R27.78
Colour	Pt-Co	R41.67
Conductivity	mS/m	R27.75
Fluoride	mg/l F	R69.69
Iron	mg/l Fe	R40.86
Manganese	mg/l Mn	R70.06
Nitrate	mg/l N	R42.28
Nitrite	mg/l N	R42.28
Odour	Descriptive	
pH	pH Units	R27.78
Phosphate - soluble	mg/l P	R42.28
Solids - Settle able	ml/l	R42.28
Sulphate	mg/l SO ₄	R61.16
Sulphide	mg/l H ₂ S	R69.68
Suspended Solids	mg/l	R61.55
Temperature	°C	
Total Dissolved Solids	mg/l	R42.29

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Turbidity	NTU	R27.65
Oxygen Absorbed	mg/l O ₂	R83.58
Chemical Oxygen Demand	mg/l O ₂	R103.32
Magnesium/Calcium	mg/l Mg/Ca	R97.24

- Sample bottles can be collected at the Laboratory.
- A volume of at least 1 litre is necessary for analysis.

Microbiological Analysis		
Faecal coliforms	colonies per 100ml	R76.66
Total coliforms	colonies per 100ml	R76.66
Standard plate count	colonies per ml	R63.93

- Sample bottle can be collected at the Laboratory.
 - A volume of at least 1 litre is necessary for analysis.
 - Sterile bottles provided by the Laboratory should be used.
 - Samples must be delivered to the Laboratory within 6 hours of collection and should be kept cold.
 - A volume of 500ml is sufficient for analysis.
1. Prices listed are for single samples.
 2. Sterile bottles can be supplied free of charge. Bottles broken or not returned will be charged for at a rate of R25.43 per bottle.

FINES FOR ILLEGAL CONNECTIONS AND TEMPERING

First instance	R 3 476.64
Second instance	R 6 952.07
Third instance	R 10 428.72
Forth instance	R13 904.15

NB: Immediately if the consumer committed a fifth instance, complete disconnection of water supply will apply!

PENALTY FEES

1. Warning letter R 78.41
2. Final cut-off

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• Additional deposit-business	R 235.23
• Additional deposit-households	R166.22
• Penalty fee	R 131.32

RECONNECTION FEES:

1. Standard fee applies during working office hours	R161.50
2. Standard rate applies after office hours	R385.50

NEW CONNECTION (PLUMBING WORK) CHARGES, INCLUDING FIRE HYDRANT

NO	SIZE (MM)	UNIT COST R	DEPOSIT
1	20	3 319.56	313.64
2	25	3 319.56	313.64
3	32	3 976.08	313.64
4	40	9 409.26	784.12
5	50	9 428.76	784.12
6	80	13 838.27	784.12
7	100	15 038.89	784.12
8	150	15 614.48	784.12

NB: The above costs exclude material and labour costs!

Tender documents
Maps GIS
Clearance certificates

	A3 PRINTER	A0 PLOTTER
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	A4	A3	A2	A1	A0
Full Colour	30.92	61.86	234.74	208.77	278.36
Grey Scale	30.92	61.86	234.74	201.05	278.36
Topo Maps	21.89	43.76	109.41	234.74	208.77
Line / Hatch	14.58	43.76	83.05	100.52	139.17

Maps GIS tariffs

1.4.1.1 Tender Documents

Municipal Produced	R625.67
Consultants produced depending on the project	R523.23 and R610.48 respectively

- Clearance certificate R 592.57

Estimated value of the Project	Tender Document Fee	
	2023/2024	2024/2025 (VAT EXC
> R 200 000 < R 1 000 000	R150,00	R159,00
> R 1 000 000 < R 3 000 000	R200,00	R212,00
> R 3 000 000 < R 5 000 000	R350,00	R371,00
> R 5 000 000 < R 10 000 000	R400,00	R424,00
> R 10 000 000 < R 20 000 000	R500,00	R530,00
> R 20 000 000 < R 40 000 000	R600,00	R636,00
> R 40 000 000	R800,00	R848,00

ALL TARIFFS ARE EXCLUSIVE OF VAT!!

The table above reflects the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

	Description	2021/22	2022/23	2024/25	2024/25
1.	Tariff for accessibility to water (basic charge occupied and unoccupied)	R91.73/ month	R97.23/month	R105.01/month	R111.31/month
2.	Tariff for accessibility to sewerage system	R116.88/ month	R123.89/month	R133.80/month	R141.82/month

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	(basic charge occupied and unoccupied)				
3.	Sewer tariff for restricted usage (un-metered)	R109.59/month	R116.17/month	R125.46/month	R132.98/month
4.	Servicing sewer conservancy tanks/pits (small)	R206.50 month	R218.89/month	R236.40/month	R250.58/month
5.	Servicing sewer conservancy tanks/pits (large)	R442.57 month	R469.12/month	R506.65/month	R537.04/month
6.	Discharge of sewage to wastewater works by private sewer tankers	R0.42	R0.45	R0.49/month	R0.51/month
	Integrated Step Tariff (Domestic Use)				
7.	Water tariff for water usage up to 6kl	Free / Indigent	Free/ Indigent		
	Water tariff for water usage 1 to 30kl	R13.31kl	R14.11	R15.24	R16.15
	Water tariff for water usage 31k to 100kl	R15.42kl	R16.35	R17.66	R18.71
	Water tariff for water usage 101kl to any usage	R17.73kl	R18.79	R20.29	R21.50

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2024/25 Budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit,
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA,
- The capital programmes 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.
- Strict adherence to the principle of prioritising basic service delivery informed by circular 81 of the MFMA

The following table is a high level summary of the 2024/25 budget and MTREF (classified per main type of operating expenditure):

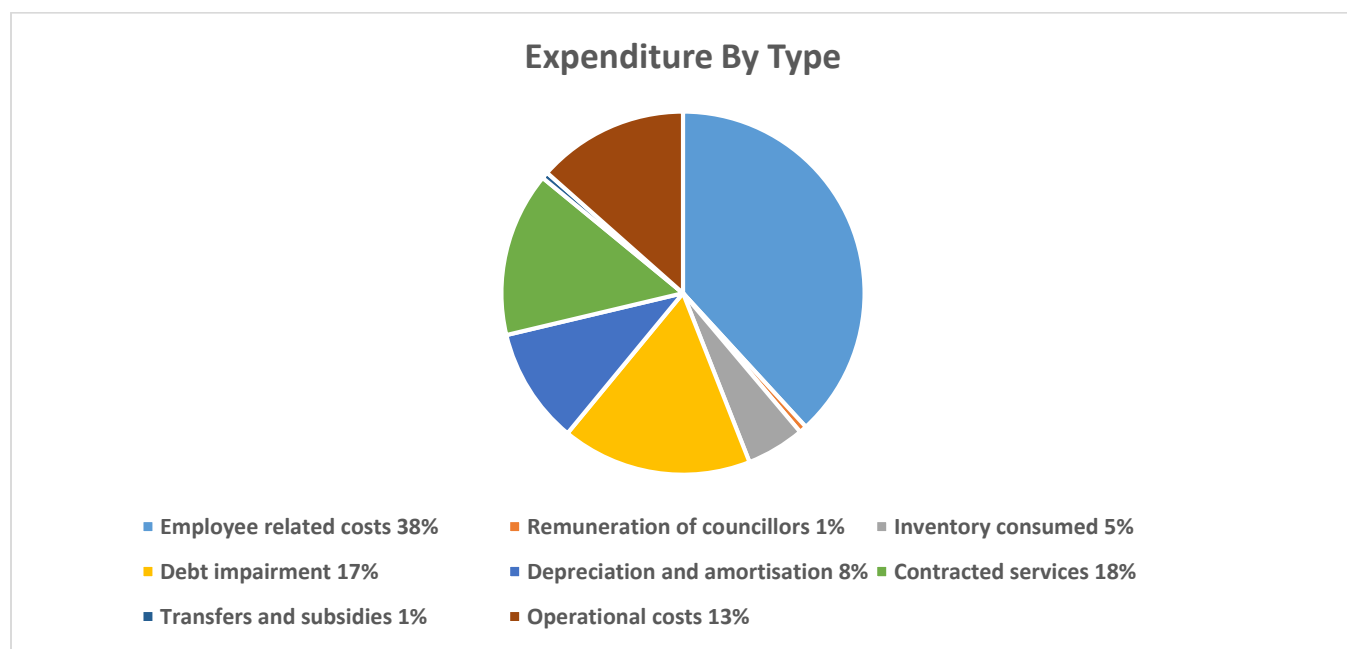
Table 8 Summary of operating expenditure by standard classification item A4

Description	Tabled Budget	Proposed Budget	Increase / (Decrease)	Year 1	Year 2	Year 3
R thousand	2024/25	2024/25	2024/25	2024/25	2025/26	2026/27
Expenditure						
Employee related costs	389 971	363 137	(26 834)	363 137	363 137	363 137
Remuneration of councillors	7 151	6 155	(996)	6 155	6 155	6 155
Bulk purchases - electricity	–	–	–	–	–	–
Inventory consumed	65 500	51 060	(14 440)	51 060	53 409	55 866
Debt impairment	164 658	164 658	0	164 658	172 232	179 983
Depreciation and amortisation	79 231	73 910	(5 321)	73 910	77 310	80 789
Interest	525	–	(525)	–	–	–
Contracted services	244 932	171 931	(73 002)	171 931	179 074	187 311
Transfers and subsidies	11 000	5 830	(5 170)	5 830	6 098	6 379
Irrecoverable debts written off	–	–	–	–	–	–
Operational costs	167 163	130 551	(36 612)	130 551	136 557	142 774
Losses on disposal of Assets	–	–	–	–		
Other Losses	–	–	–	–		
Total Expenditure	1 130 130	967 232	(162 899)	967 232	993 971	1 022 393

Table 9 Operating expenditure expressed as percentages

Description	Year 1		Year 2		Year 3	
R thousand	2024/25		2025/26		2026/27	
Expenditure						
Employee related costs	363 137	38%	363 137	37%	363 137	36%
Remuneration of councillors	6 155	1%	6 155	1%	6 155	1%
Bulk purchases - electricity	–		–		–	
Inventory consumed	51 060	5%	53 409	5%	55 866	5%
Debt impairment	164 658	17%	172 232	17%	179 983	18%
Depreciation and amortisation	73 910	8%	77 310	8%	80 789	8%
Interest	–		–		–	
Contracted services	171 931	18%	179 074	18%	187 311	18%
Transfers and subsidies	5 830	1%	6 098	1%	6 379	1%
Irrecoverable debts written off	–		–		–	
Operational costs	130 551	13%	136 557	14%	142 774	14%
Losses on disposal of Assets	–					
Other Losses	–					
Total Expenditure	967 232	100%	993 971	100%	1 022 393	100%
Surplus/(Deficit)	63 761		95 127		129 350	

Figure 1 Main operational expenditure categories for the 2024/25 financial year



Employee related cost

The budgeted allocation for employee related costs for the 2024/25 financial year totals R389 million, which equals 38% of the total operating expenditure and just below the norm of 40% of operating expenditure.

The municipality has been very strict in budgeting for overtime and standby, the budget has been strictly set at R24,9 million the amount includes R10 million for standby and R936 thousand for night shift. The budgeted amount is in line with the industry norm of 5% of employee related costs. Our aim is to do away completely with overtime in the long run. Senior managers have created a plan to reduce and effectively control overtime as well as to re consider employees eligible for standby.

Remuneration of Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative 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 taken into account in compiling the Municipality's budget. The negotiation process is still underway, the municipality has been advised by provincial treasury to apply at least an increment of 4% to the current year's budget.

Debt Impairment

The cost of debt impairment is considered to be a non-cash flow item; it is informed by the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

The municipality has implemented the installation of prepaid water meters which, will improve the recoverability of service charges. The past the audited financial years has shown a trend of nearly 20% increase of consumer debtors, this trend is expected to decline due to the review of the revenue enhancement strategy.

Provision for depreciation and asset impairment

Table 10 Depreciation per asset class

Segment Desc	2025 Draft Budget	2026 Draft Budget	2027 Draft Budget
COMPUTER SOFTWARE AMORTIZATION	5 320 847	5 565 606	5 816 058
Expenditure:Depreciation and Amortisation:Amortisation:Intan	20 002	20 922	21 864
COMPUTER HARDWARE DEPRECIATION	28 952	30 284	31 647
COMPUTER HARDWARE DEPRECIATION	121 638	127 233	132 959
COMPUTER HARDWARE DEPRECIATION	30 790	32 207	33 656
COMPUTER HARDWARE DEPRECIATION	48 627	50 864	53 153
COMPUTER HARDWARE DEPRECIATION	6 017	6 294	6 577
Depreciation - Computer hardware	137 436	143 758	150 227
COMPUTER HARDWARE DEPRECIATION	110 007	115 067	120 245
Depreciation (300/230001)	86 794	90 787	94 872
FURNITURE & FITTINGS DEPRECIATION	48 476	50 706	52 988
FURNITURE AND OFFICE EQUIPMENT DEPRECIATION	45 770	47 875	50 030
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	136 152	142 415	148 823
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	74 999	78 449	81 979
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	58 484	61 174	63 927
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	105 487	110 340	115 305
BUILDING DEPRECIATION	403 647	422 215	441 214
Expenditure:Depreciation and Amortisation:Depreciation:Other	18 832	19 698	20 584
Expenditure:Depreciation and Amortisation:Depreciation:Other	997 335	1 043 212	1 090 157
SANITATION INFRASTRUCTURE DEPRECIATION	3 929 080	4 109 818	4 294 759
MOTOR VEHICLES DEPRECIATION	71 890	75 197	78 581
MOTOR VEHICLE DEPRECIATION	308 318	322 501	337 013
Depreciation - motor vehicles	1 654 126	1 730 216	1 808 076
MOTOR VEHICLE DEPRECIATION	20 544	21 489	22 456
MOTOR VEHICLE DEPRECIATION	6 050 473	6 328 794	6 613 590
MOTOR VEHICLE DEPRECIATION	13 759	14 392	15 039
WATER INFRASTRUCTURE DEPRECIATION	58 525 158	61 217 316	63 972 095
Expenditure:Depreciation and Amortisation:Depreciation:Water	857 192	896 623	936 971
	73 910 000	77 310 000	80 789 000

Depreciation has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the asset consumption. Budget appropriations in this regard total 79 million for the 2024/25 financial and equates to 8% of the total operating expenditure. The projected depreciation should inform the contribution towards the asset maintenance plan. Calculations for the provision as follows:

With the assumption that only 60% of the capital budget is capitalised and added to asset register, the same method is used to calculate the estimation for the additional new assets. The municipality is also expected to conduct an auction of old fleet in the current financial year.

Inventory Consumed

Repairs and maintenance were previously reported on this line item but due to the changes that came with mSCOA data strings only the following items are now classified as inventory consumed. The reduction in the budget for the 2024/25 financial year is due to the reduced cost of fuel and oil, as well the reduction in the budget for bulk water purchases. The municipality had in the past incorrectly included the debt owed to DWS in the current budget when it should be correctly accounted for a part of the cash flow in terms of the payment plan.

Table 11 Inventory Consumed

INVENTORY CONSUMED 'R000	2024/25	2025/26	2026/27
Printing and Stationery 100/260300	100	105	109
Stationery (300/260340)	100	105	109
Stationery (105/260340)	350	366	383
Stationery (405/260340)	116	121	126
Fuel & Oil. (510/260180)	16 350	17 102	17 889
OM Chemicals	31 060	32 489	33 983
Laboratory Chemicals	1 500	1 569	1 641
Cleaning materials (200/260090)	200	209	219
Stationery (510/260340)	100	105	109
Stationery (200/260340)	500	523	547
Expenditure: Inventory Consumed: Water	685	716	749
TOTAL	51 060	53 409	55 866

Contracted services

mSCOA classifications of expenditure type have changed which has given a move of all items that are outsourced to contracted services. Some of the items such as repairs and maintenance, operational grants expenditure have now form part of contracted services. Chemicals, insurance and computer programs no longer part of contracted services.

An amount of R2.7 million for rural roads has also been included in contracted services as well as an amount of R1.6 million for EPWP

Table 12 Contracted Services

Other expenditure forms 18% of the total operating expenditure. Items that form the total cost other expenditure:

CONTRACTED SERVICES R'000	2024/25	2025/26	2026/27
screening services	300	314	328
Maintenance of buildings and facilities (200/235011)	1 500	314	328
Training	315	329	345
Doctors Examinations (200/260343)	250	261	274
membership fees	4 416	4 619	4 832
Security (200/235525)	25 045	26 197	27 402
Health Professional Council of South Africa	808	845	884
Vaccinations	1 000	1 046	1 094
Pipelines & portable water maintenance (510/235100)	21 142	22 115	23 132
Contracted Services:Consultants and Professional Services:Bu	2 792	2 920	3 055
Vehicle Repairs Outsourced. (510/235080)	8 115	8 488	8 879
Repairs to Pumps (510/235120)			
Pipelines & portable water maintenance (510/235100)	59 285	62 012	64 865
Electrical (510/255045)	20 000	20 920	21 882
Business and Advisory:Business and Financial Management	2 000	2 092	2 188
Outstanding Debt - Collection Fees (300/225001)	532	1 046	1 094
Computer Programs (300/260)	12 437	13 009	13 607
Job Evaluation (200/260218)	90	94	98
Chemical Analysis Laboratory	1 000	1 046	1 094
Legal Fees (200/260240)	10 000	10 460	10 941
GIS. Programmes (405/406360)	448	469	491
Audit Committee (105/260027)	455	476	498
TOTAL	171 931	179 074	187 311

Other Expenditure

Other expenditure forms 13% of the total operating expenditure. Items that form the total cost other expenditure:

Table 13.1 Other Expenditure Operational Costs

OPERATIONAL COSTS R'000	2024/25	2025/26	2026/27
Accommodation (105/260534)	500	523	547
Advertising (200/260020)	300	314	328
Bank Charges (300/260047)	244	255	266
Electricity (510/255040)	53 628	56 095	58 676
Electricity and water (municipal services) (200/255940)	36 636	38 322	40 046
Expenditure: Operational Cost: Indigent Relief	4 196	4 389	4 591
In-Service Training (200/260216)	2 300	2 406	2 514
Insurance (105/235500)	6 000	6 276	6 558
Pauper Burial GE	2 000	2 092	2 188
Protective Clothing (408/260347)	6 000	6 276	6 565
Rental Office Machines. (200/260442)	1 566	1 638	1 712
Renting of Offices (200/260443)	1 241	1 298	1 357
Telephone (200/260540)	1 303	1 363	1 424
(300/260552)	1 111	1 162	1 215
SALGA Levy (200/260435)	4 638	4 851	5 069
TOTAL	121 663	127 260	133 056

Table 13.2 Other Expenditure Skills Development Levy (compliance)

OPERATIONAL COSTS R'000	2024/25	2025/26	2026/27
Skills Levy	2 003	2 093	2 186
TOTAL	2 003	2 093	2 186

Table 13.3 Travel and Subsistence

OPERATIONAL COSTS R'000	2024/25	2025/26	2026/27
TRAVEL AND SUBSISTANCE	6 885	7 202	7 529
TOTAL	6 885	7 202	7 529

To minimise the cost of day to day operating expenses the municipality has put control measures such as that the staff has to pay for their private calls and this has resulted in decline in telephone expenses. The municipality has also reviewed the cell phone allowances for staff based in the main offices in order to reduce costs.

Electricity is expected to increase by 15.7 % as per proposed tariffs by Eskom.

In terms of the MFMA circular No.55 general expenditure should not exceed 10% of total expenditure however it must be noted the budget for electricity is R90 million due to the high electricity usage in the water treatment plants. This electricity has been correctly classified as other expenditure. It cannot be classified as bulk as electricity is not a trading service for the municipality. The municipality is currently engaging with Eskom to reduce penalty fees.

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 2024/25 budget provides for the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. The municipality has reviewed its tariffs with the aim of channelling the additional revenue income toward the refurbishment of infrastructure in order to improve and stabilise service delivery.

The following table lists the total anticipated cost for repairs and maintenance on infrastructure and assets for the year 2024/25. It must be noted that the municipality has identified all the shortcomings associated with neglecting capital assets such as water and sanitation infrastructure thus wishes to increase provision for repairing and maintenance of capital assets.

Table 14.1 Repairs and maintenance per asset class SA34c

Focus Area			
R'000	2024/25	2025/26	2026/27
Maintenance of buildings and facilities (200/235011)	1 500	314	328
Pipelines & portable water maintenance (510/235100)	21 142	22 115	23 132
Vehicle Repairs Outsourced. (510/235080)	8 115	8 488	8 879
Repairs to Pumps (510/235120) Pipelines & portable water maintenance (510/235100)	59 285	62 012	64 865
Electrical (510/255045)	20 000	20 920	21 882
TOTAL	110 042	113 849	119 086

a portion of the MIG has been set aside specifically for the renewal and refurbishment of assets. It must further be noted that extensive refurbishment costs were incurred in the 2024/2025 financial year. The repairs to pumps and pipelines form one of the major cost drivers.

The water services department will employ a planned maintenance plan in order to prevent emergency repairs which often result in excessive expenditure.

The EPWP grant has also been dedicated towards contracting employees who be responsible for to the general water/sewer reticulation.

Due to insufficient funds the municipality cannot meet the recommended norm of 8% of PPE, however there has been an improvement from the prior year the current budget sits at 4,2%. As part of the engagements with treasury the municipality was advised to apply to MIG and WSIG donors to utilise a larger portion of the infrastructure grants for refurbishments.

Table 14.2 MIG Refurbishment and Upgrade Projects

Projects Name	MIG	Water, Sanitation	Total Budget 2024/25
Refurbishment and Upgrade of Water and Sanitation Infrastructure 3	Refurbishment	Water and Sanitation Project	R 10 000 000,00
Upgrade of Bergville Water Treatemnt Works Bulk Water Supply Phase 2	Upgrade	Water Project	R 20 000 000,00
Upgrade of Langkloof WTW and Bulk Water Supply within Ward 10 Phase 2	Upgrade	Water Project	R 10 833 000,00
TOTAL			R 40 833 000,00

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.

In the 2024/25 financial year it is anticipated that R4.1 million will be allocated towards the provision of free basic services. This budget will also cater for the delivery of water to communities that lack suitable water infrastructure.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

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

Table 15 2024/25 Medium-term capital budget per vote

Description	Year 1	Year 2	Year 3
R thousand	2024/25	2025/26	2026/27
Capital Expenditure - Functional			
<i>Governance and administration</i>	2 000	2 092	2 188
Executive and council			
Finance and administration	2 000	2 092	2 188
Internal audit			
<i>Economic and environmental services</i>	–	–	–
Planning and development			
Road transport			
Environmental protection			
<i>Trading services</i>	306 529	338 021	368 848
Energy sources			
Water management	306 529	338 021	368 848
Waste water management			
Waste management			
<i>Other</i>			
Total Capital Expenditure - Functional	308 529	340 113	371 036
Funded by:			
National Government	291 529	322 331	352 436
Provincial Government			
District Municipality			
Transfers recognised - capital	291 529	322 331	352 436
Borrowing			
Internally generated funds	17 000	17 782	18 600
Total Capital Funding	308 529	340 113	371 036

Due to financial constraints the capital budget is focused mainly on water infrastructure which is funded by national government grants amounting to R291 million. A further amount of R17 million has been budget internally for the capital replacement plan. The municipality has been incurring excessive expenditure on the hire of plant and equipment, as part of the budget funding plan strategies the municipality has transferred the budget for plant and equipment hire towards the plant and equipment acquisition plan.

Table 16 Infrastructure Grants

	R000	R000	R000
CAPITAL GRANTS	2024/25	2025/26	2026/27
MIG	191 529	222 331	242 435
WSIG	100 000	110 000	110 000
TOTAL	291 529	332 331	352 435

Table 17 MIG Capital Projects

Projects Name	MIG	Water, Sanitation	Total Budget 2024/25
Kwanobamaba-Ezitendeni water supply	New	Water Project	R 7 000 000,00
Weenen Sanitation	New	Sanitation Project	R 32 000 000,00
Bhekuzulu/Ephangwini water supply	New	Water Project	R 40 101 350,00
District Wide Sanitation	New	Sanitation Project	R 15 000 000,00
Refurbishment and Upgrade of Water and Sanitation Infrastructure 3	Refurbishment	Water and Sanitation Project	R 10 000 000,00
Okhahlamba ward 2,3 and 14 Regional Bulk Water Supply and reticulation network	New	Water Project	R 10 000 000,00
Fitty Park Sundays River Umhlumayo Extensions Phase 1 AFA	New	Water Project	R 5 000 000,00
Ekuvukeni regional bulk water supply	New	Water Project	R 30 000 000,00
Upgrade of Bergville Water Treatemnt Works Bulk Water Supply Phase 2	Upgrade	Water Project	R 20 000 000,00
Upgrade of Langkloof WTW and Bulk Water Supply within Ward 10 Phase 2	Upgrade	Water Project	R 10 833 000,00
MIG Topslice (PMU)			R 11 591 650,00
			R 191 526 000,00

Table 18 WSIG Capital Projects

Projects Name	
Wembezi Bulk & Reticulation Upgrade (WCDM)	R 10 000 000,00
Reticulation to ennersdale,Ephangwini Ward 4	R 5 000 000,00
Ezakheni WCDM	R 20 000 000,00
Nkosi langalibalele Spring protection and boreholes portion 4	R 15 200 000,00
ladysmith AC pipe replacement	R 24 000 000,00
Steadville WCDM	R 25 800 000,00
	R 100 000 000,00

1.7 ANNUAL BUDGET TABLES

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 2024/25 final budget and MTREF as approved by the Council.

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2024/2025

Table 19 MBRR Table A1 and A2 - Budget Summary

DC23 Uthukela - Table A1 Budget Summary

Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousands										
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	271 055	259 287	226 242	230 154	267 188	267 188	267 188	334 578	354 653	375 932
Investment revenue	5 357	3 922	5 958	6 289	9 994	9 994	9 994	10 482	10 964	11 468
Transfer and subsidies - Operational	535 441	516 839	545 552	585 779	585 779	585 779	585 779	620 501	654 131	690 850
Other own revenue	131 635	111 088	52 990	60 109	61 717	61 717	61 717	65 430	69 349	73 502
Total Revenue (excluding capital transfers and contributions)	943 488	891 135	830 742	882 331	924 678	924 678	924 678	1 030 991	1 089 096	1 151 752
Employee costs	350 386	366 528	349 172	371 090	353 722	353 722	353 722	363 137	363 137	363 137
Remuneration of councillors	6 364	6 463	6 389	6 709	6 164	6 164	6 164	6 155	6 155	6 155
Depreciation and amortisation	65 881	75 121	87 352	95 609	95 609	95 609	95 609	73 910	77 310	80 789
Interest	2 738	6 649	8 614	–	941	941	941	–	–	–
Inventory consumed and bulk purchases	152 171	62 022	44 877	44 822	55 683	55 683	55 683	51 060	53 409	55 866
Transfers and subsidies	–	–	3 120	3 285	5 485	5 485	5 485	5 830	6 098	6 379
Other expenditure	708 593	514 319	598 515	529 021	438 208	438 208	438 208	467 140	487 862	510 068
Total Expenditure	1 286 132	1 031 101	1 098 039	1 050 536	955 812	955 812	955 812	967 232	993 971	1 022 393
Surplus/(Deficit)	(342 645)	(139 966)	(267 297)	(168 205)	(31 134)	(31 134)	(31 134)	63 759	95 125	129 359
Transfers and subsidies - capital (monetary allocations)	293 785	290 719	244 868	306 342	306 342	306 342	306 342	291 529	322 331	352 435
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(48 859)	150 752	(22 429)	138 137	275 208	275 208	275 208	355 288	417 456	481 794
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(48 859)	150 752	(22 429)	138 137	275 208	275 208	275 208	355 288	417 456	481 794
Capital expenditure & funds sources										
Capital expenditure	275 281	0	–	308 395	307 550	307 550	307 550	308 529	340 113	371 036
Transfers recognised - capital	0	0	–	306 342	306 342	306 342	306 342	291 529	322 331	352 436
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	31	–	–	2 053	1 208	1 208	1 208	17 000	17 782	18 600
Total sources of capital funds	31	0	–	308 395	307 550	307 550	307 550	308 529	340 113	371 036
Financial position										
Investments	–	–	–	–	–	–	–	–	–	–
LIABILITIES	–	–	–	–	–	–	–	–	–	–
Financial liabilities	–	–	–	–	–	–	–	–	–	–
NET ASSETS	2 642 084	2 719 949	2 677 547	3 055 507	2 677 864	2 677 864	2 700 539	2 024 677	2 170 217	2 344 370
Community wealth/Equity	–	–	–	–	–	–	–	–	–	–
Cash flows										
Net cash from (used) operating	941 765	1 074 042	797 989	378 719	265 362	265 362	265 362	268 474	343 460	403 018
Net cash from (used) investing	(270 746)	(239 054)	(194 919)	(308 395)	(306 868)	(306 868)	(306 868)	(308 529)	(340 113)	(371 036)
Net cash from (used) financing	–	(406)	(143)	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	671 019	880 439	617 297	40 381	(28 009)	(28 009)	(28 009)	(107 356)	(104 010)	(72 028)
Cash backing/surplus reconciliation										
Non current Investments	14 077	12 978	11 211	3 798	9 817	9 817	9 817	10 431	10 431	10 431
Statutory requirements	(436 694)	(482 633)	(572 901)	(143 837)	(604 034)	(604 034)	(604 034)	(625 615)	(596 558)	(552 147)
Balance - surplus (shortfall)	450 771	495 612	584 112	147 635	613 851	613 851	613 851	636 046	606 988	562 578

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DC23 Uthukela - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		773 675	589 348	714 294	595 635	593 455	593 455	691 476	731 039	772 254
Executive and council		116 545	319	-	-	-	-	-	-	-
Finance and administration		657 130	589 029	714 294	595 635	593 455	593 455	691 476	731 039	772 254
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		4 029	(187)	1 282	39	27	27	60	63	66
Community and social services		4 029	(190)	1 251	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	3	31	39	27	27	60	63	66
<i>Economic and environmental services</i>		509	-	-	-	-	-	-	-	-
Planning and development		509	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		459 060	592 693	360 034	592 999	637 537	637 537	630 984	680 326	731 867
Energy sources		-	-	-	-	-	-	-	-	-
Water management		459 060	592 693	360 034	592 999	637 537	637 537	630 984	680 326	731 867
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1 237 273	1 181 854	1 075 610	1 188 673	1 231 020	1 231 020	1 322 520	1 411 427	1 504 187
Expenditure - Functional										
<i>Governance and administration</i>		260 139	446 422	461 834	417 572	400 283	400 283	430 019	449 610	468 798
Executive and council		62 084	61 890	47 987	64 311	64 879	64 879	51 120	54 895	57 090
Finance and administration		198 054	384 532	413 846	353 261	335 404	335 404	378 898	394 714	411 707
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		46 356	47 449	44 956	47 204	46 971	46 971	58 078	60 749	63 499
Community and social services		12 455	12 466	11 851	7 477	7 410	7 410	7 773	8 131	8 496
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		33 900	34 983	33 104	39 727	39 561	39 561	50 305	52 619	55 003
<i>Economic and environmental services</i>		17 941	17 770	18 271	28 785	30 249	30 249	26 084	27 284	28 518
Planning and development		17 941	17 770	18 271	28 785	30 249	30 249	26 084	27 284	28 518
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		961 697	519 461	572 979	556 975	478 310	478 310	453 052	456 328	461 578
Energy sources		-	-	-	-	-	-	-	-	-
Water management		961 697	519 461	572 979	556 975	478 310	478 310	453 052	456 328	461 578
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1 286 132	1 031 101	1 098 039	1 050 536	955 812	955 812	967 232	993 971	1 022 393

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Description			
R thousands	2024/25	2025/26	2026/27
Revenue - Functional			
<i>Municipal governance and administration</i>	691 476	731 039	772 254
Executive and council	-	-	-
Finance and administration	691 476	731 039	772 254
<i>Community and public safety</i>	60	63	66
Community and social services	-	-	-
Health	60	63	66
<i>Trading services</i>	630 984	680 326	731 867
Energy sources	-	-	-
Water management	630 984	680 326	731 867
Waste water management	-	-	-
Waste management	-	-	-
<i>Other</i>	-	-	-
Total Revenue - Functional	1 322 520	1 411 427	1 504 187
Expenditure - Functional			
<i>Municipal governance and administration</i>	430 019	449 610	468 798
Executive and council	51 120	54 895	57 090
Finance and administration	378 898	394 714	411 707
<i>Community and public safety</i>	58 078	60 749	63 499
Community and social services	7 773	8 131	8 496
Sport and recreation	-	-	-
Public safety	-	-	-
Housing	-	-	-
Health	50 305	52 619	55 003
<i>Economic and environmental services</i>	26 084	27 284	28 518
Planning and development	26 084	27 284	28 518
Road transport	-	-	-
Environmental protection	-	-	-
<i>Trading services</i>	453 052	456 328	461 578
Energy sources	-	-	-
Water management	453 052	456 328	461 578
Waste water management	-	-	-
Waste management	-	-	-
<i>Other</i>	-	-	-
Total Expenditure - Functional	967 232	993 971	1 022 393
Surplus/(Deficit)	355 288	417 456	481 794

Explanatory notes to MBRR Table A1 and A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A1 is the 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 emphasise 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 are reflected on the Financial Performance Budget;
 - ii. 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.
4. Over the MTREF there is progressive improvement in the level of cash-backing of obligations
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the public. The amount of services provided by the municipality including free basic services continues to increase.
6. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
7. 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.

Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Description			
R thousands	2024/25	2025/26	2026/27
Revenue			
Exchange Revenue			
Service charges - Water	316 389	335 372	355 494
Service charges - Waste Water Management	18 189	19 281	20 438
Service charges - Waste Management	-	-	-
Sale of Goods and Rendering of Services	632	666	701
Interest	-	-	-
Interest earned from Receivables	64 535	68 407	72 511
Interest earned from Current and Non Current Assets	10 482	10 964	11 468
Dividends	-	-	-
Operational Revenue	203	213	224
Non-Exchange Revenue			
Property rates	-	-	-
Surcharges and Taxes	-	-	-
Fines, penalties and forfeits	60	63	66
Licences or permits	-	-	-
Transfer and subsidies - Operational	620 501	654 131	690 850
Interest	-	-	-
Discontinued Operations	-	-	-
Total Revenue (excluding capital transfers and contributions)	1 030 991	1 089 096	1 151 752
Expenditure			
Employee related costs	363 137	363 137	363 137
Remuneration of councillors	6 155	6 155	6 155
Bulk purchases - electricity	-	-	-
Inventory consumed	51 060	53 409	55 866
Debt impairment	164 658	172 232	179 983
Depreciation and amortisation	73 910	77 310	80 789
Interest	-	-	-
Contracted services	171 931	179 074	187 311
Transfers and subsidies	5 830	6 098	6 379
Irrecoverable debts written off	-	-	-
Operational costs	130 551	136 557	142 774
Losses on disposal of Assets	-	-	-
Other Losses	-	-	-
Total Expenditure	967 232	993 971	1 022 393
Surplus/(Deficit)	63 759	95 125	129 359
Transfers and subsidies - capital (monetary allocations)	291 529	322 331	352 435
Surplus/(Deficit) for the year	355 288	417 456	481 794

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

1. Total operating revenue is R1 billion in 2024/25 and increases to over a billion R1.1 billion by 2026/2027. However, given sound financial management strategies are put in place we can expect an increase in revenues exceeding 6% in the outer years. The municipality has included the revenue to be regained from the prepaid water sales.
2. Total operating expenditure is R967 million in 2024/25 and escalates to R1 billion by 2026/27. The municipality continues to monitor expenditure through the implementation of the cost containment policy.
3. It must be noted that the municipality has budgeted for an operating surplus over the MTERF, which indicates the expected increase in operating revenue exceeds the increase in operating expenditure.
4. The municipality was also realistic in providing estimations for major cost drivers such as chemicals, and the provision for fixing pumps and pipelines in order to curb water supply disruptions.

Table 21 MBRR - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Description			
R thousands	2024/25	2025/26	2026/27
Capital Expenditure - Functional			
<i>Municipal governance and administration</i>	2 000	2 092	2 188
Executive and council	-	-	-
Finance and administration	2 000	2 092	2 188
Internal audit	-	-	-
<i>Trading services</i>	306 529	338 021	368 848
Energy sources	-	-	-
Water management	306 529	338 021	368 848
Total Capital Expenditure - Functional	308 529	340 113	371 036
Funded by			
National Government	291 529	322 331	352 436
Transfers recognised - capital	291 529	322 331	352 436
Internally generated funds	17 000	17 782	18 600
Total Capital Funding	308 529	340 113	371 036

Explanatory notes to Table A5- Budgeted Capital Expenditure The capital budget for water and sanitation infrastructure is grant funded the municipality has budgeted R294 million towards water and sanitation infrastructure, for the 2024/25 financial year.

Table 23 MBRR Table A6 - Budgeted Financial Position

Description			
R thousands	2024/25	2025/26	2026/27
ASSETS			
Current assets			
Cash and cash equivalents	(107 356)	(104 010)	(72 028)
Trade and other receivables from exchange transactions	73 257	76 773	80 305
Receivables from non-exchange transactions	7 102	7 428	7 770
Current portion of non-current receivables	-	-	-
Inventory	5 207	5 447	5 698
VAT	43 337	46 509	45 527
Other current assets	48 332	50 556	52 881
Total current assets	69 879	82 704	120 153
Non current assets			
Property, plant and equipment	2 620 048	2 740 570	2 866 636
Total non current assets	2 620 048	2 740 570	2 866 636
TOTAL ASSETS	2 689 926	2 823 273	2 986 789
LIABILITIES			
Current liabilities			
Consumer deposits	20 735	20 735	20 735
Trade and other payables from exchange transactions	479 154	464 808	453 625
Trade and other payables from non-exchange transactions	10 431	10 431	10 431
Provision	50 117	50 117	50 117
VAT	58 116	58 116	58 116
Other current liabilities	11 337	11 859	12 404
Total current liabilities	629 890	616 066	605 428
Non current liabilities			
Financial liabilities	-	-	-
Provision	35 360	36 991	36 991
Total non current liabilities	35 360	36 991	36 991
TOTAL LIABILITIES	665 249	653 057	642 419
NET ASSETS	2 024 677	2 170 217	2 344 370
COMMUNITY WEALTH/EQUITY			
Accumulated surplus/(deficit)	2 045 538	2 191 078	2 365 231
TOTAL COMMUNITY WEALTH/EQUITY	2 045 538	2 191 078	2 365 231

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councillors 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. This table is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Non-current Provisions;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

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Table 24MBRR Table A7 - Budgeted Cash Flow Statement

Description			
R thousands	2024/25	2025/26	2026/27
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts	1 121 056	1 225 075	1 307 447
Property rates	-	-	-
Service charges	129 153	159 594	169 169
Other revenue	69 392	78 056	83 524
Transfers and Subsidies - Operational	620 501	654 131	690 850
Transfers and Subsidies - Capital	291 529	322 331	352 435
Interest	10 482	10 964	11 468
Dividends	-	-	-
Payments	(852 582)	(881 616)	(904 429)
Suppliers and employees	(846 752)	(875 518)	(898 050)
Finance charges	-	-	-
Transfers and Subsidies	(5 830)	(6 098)	(6 379)
NET CASH FROM/(USED) OPERATING ACTIVITIES	268 474	343 460	403 018
Payments	(308 529)	(340 113)	(371 036)
Capital assets	(308 529)	(340 113)	(371 036)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(308 529)	(340 113)	(371 036)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	(40 055)	3 347	31 982
Cash/cash equivalents at the year begin:	(67 302)	(107 356)	(104 010)
Cash/cash equivalents at the year end:	(107 356)	(104 010)	(72 028)

UTHUKELA DISTRICT MUNICIPALITY FINAL BUDGET 2024/2025

DC23 Uthukela - Table A7 Budgeted Cash Flows

DC2's Outcome - Table A: Budgeted Cash Flows											
Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		—	—	—	—	—	—	—	—	—	—
Service charges		115 332	132 127	129 654	100 995	115 959	115 959	115 959	129 153	159 594	169 169
Other revenue		1 538	52 598	39 809	180 203	74 654	74 654	74 654	69 392	78 056	83 524
Transfers and Subsidies - Operational	1	531 457	492 457	533 343	587 779	581 865	581 865	581 865	620 501	654 131	690 850
Transfers and Subsidies - Capital	1	271 924	289 919	252 284	306 342	306 342	306 342	306 342	291 529	322 331	352 435
Interest		5 581	3 399	6 612	6 289	9 994	9 994	9 994	10 482	10 964	11 468
Dividends		—	—	—	—	—	—	—	—	—	—
Payments											
Suppliers and employees		15 933	103 541	(163 713)	(799 604)	(817 967)	(817 967)	(817 967)	(846 752)	(875 518)	(898 050)
Interest		—	—	—	—	—	—	—	—	—	—
Transfers and Subsidies	1	—	—	—	(3 285)	(5 485)	(5 485)	(5 485)	(5 830)	(6 098)	(6 379)
NET CASH FROM/(USED) OPERATING ACTIVITIES											
		941 765	1 074 042	797 989	378 719	265 362	265 362	265 362	268 474	343 460	403 018
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		—	—	—	—	—	—	—	—	—	—
VAT Control (receipts)		—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current receivables		—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—	—	—	—
Payments											
Capital assets		(270 746)	(239 054)	(194 919)	(308 395)	(306 868)	(306 868)	(306 868)	(308 529)	(340 113)	(371 036)
NET CASH FROM/(USED) INVESTING ACTIVITIES											
		(270 746)	(239 054)	(194 919)	(308 395)	(306 868)	(306 868)	(306 868)	(308 529)	(340 113)	(371 036)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits		—	—	—	—	—	—	—	—	—	—
Payments											
Repayment of borrowing		—	(406)	(143)	—	—	—	—	—	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES											
		—	(406)	(143)	—	—	—	—	—	—	—
NET INCREASE/(DECREASE) IN CASH HELD											
		671 019	834 581	602 927	70 323	(41 507)	(41 507)	(41 507)	(40 055)	3 347	31 982
Cash/cash equivalents at the year begin:	2	—	45 858	14 370	(29 942)	13 498	13 498	13 498	(67 302)	(107 356)	(104 010)
Cash/cash equivalents at the year end:	2	671 019	880 439	617 297	40 381	(28 009)	(28 009)	(28 009)	(107 356)	(104 010)	(72 028)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. Table A7 details the cash flow of the municipality and is one of the plays a pivotal role in measuring the funding of the budget.
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.
3. 2024/25 final budget cash flow estimated that the municipality will have an overdraft of R107 million at year end. This estimate is based on current cash flow trends.
4. the applied collection rate of 38,6% is maintained throughout the year, this is the collection rate as per the budget funding plan.
5. All operating expenditure budgeted on table A4 has been budgeted to be settled in 2024/25.

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6. Payment to creditors and suppliers includes an amount of R124 million which is budgeted to settle old debts per approved payment plans and further payments outstanding over 30 days.
7. The municipality has prioritised the payment debt in order to improve the budget funding position

Table 25.1 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Year 1	Year 2	Year 3
R thousand	2024/25	2025/26	2026/27
Cash and investments available			
Cash/cash equivalents at the year end	(107 356)	(104 010)	(72 027)
Other current investments > 90 days			
Non current Investments			
Cash and investments available:	(107 356)	(104 010)	(72 027)
Application of cash and investments			
Unspent conditional transfers	10 431	10 431	10 431
Unspent borrowing			
Statutory requirements	26 117	23 466	24 993
Other working capital requirements	431 595	408 535	394 579
Other provisions	50 117	50 117	50 117
Long term investments committed			
Reserves to be backed by cash/investments			
Total Application of cash and investments:	518 259	492 548	480 119
Surplus(shortfall)	(625 615)	(596 558)	(552 146)

DC23 Uthukela - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Cash and investments available											
Cash/cash equivalents at the year end	1	671 019	880 439	617 297	40 381	(28 009)	(28 009)	(28 009)	(107 356)	(104 010)	(72 028)
Other current investments > 90 days		(625 162)	(866 070)	(603 608)	-	(0)	(0)	(0)	-	-	-
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		45 858	14 370	13 689	40 381	(28 009)	(28 009)	(28 009)	(107 356)	(104 010)	(72 028)
Application of cash and investments											
Unspent conditional transfers		14 077	12 978	11 211	3 798	9 817	9 817	9 817	10 431	10 431	10 431
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	51 291	20 011	33 000	(47 912)	26 117	26 117	26 117	26 117	23 466	24 993
Other working capital requirements	3	393 362	433 498	500 457	177 001	510 926	510 926	510 926	431 595	408 535	394 579
Other provisions		23 822	30 515	41 922	51 331	50 117	50 117	50 117	50 117	50 117	50 117
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		482 552	497 003	586 589	184 218	596 977	596 977	596 977	518 259	492 548	480 120
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		(436 694)	(482 633)	(572 901)	(143 837)	(624 986)	(624 986)	(624 986)	(625 615)	(596 558)	(552 147)
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		(436 694)	(482 633)	(572 901)	(143 837)	(624 986)	(624 986)	(624 986)	(625 615)	(596 558)	(552 147)

Reference

Table 25.2 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
R thousand	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<u>Cash and investments available</u>										
Cash/cash equivalents at the year end	(107 356)	(104 010)	(72 027)	4 213	86 856	173 244	289 422	414 259	544 773	680 150
Other current investments > 90 days										
Non current investments										
Cash and investments available:	(107 356)	(104 010)	(72 027)	4 213	86 856	173 244	289 422	414 259	544 773	680 150
<u>Application of cash and investments</u>										
Unspent conditional transfers	10 431	10 431	10 431	10 431	10 431	10 431	10 431	10 431	10 431	10 431
Unspent borrowing										
Statutory requirements	26 117	23 466	24 993	24 137	25 885	27 120	25 873	27 425	29 071	30 815
Other working capital requirements	431 595	408 535	394 579	369 088	353 664	337 530	305 447	287 972	269 692	250 572
Other provisions	50 117	50 117	50 117	50 117	50 117	50 117	50 117	50 117	50 117	50 117
Long term investments committed										
Reserves to be backed by cash/investments										
Total Application of cash and investments:	518 259	492 548	480 119	453 772	439 796	425 197	391 868	375 944	359 310	341 934
Surplus(shortfall)	(625 615)	(596 558)	(552 146)	(449 559)	(352 940)	(251 954)	(102 445)	38 315	185 463	338 216

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. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
3. The municipality's budget is unfunded and supported by means of a budget funding plan. The budget funding plan is over a 10-year period.
4. The budget funding plan contains cost containment strategies and the financial impact of these strategies projected over the budget funding plan period.
5. 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.
6. 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".
7. From the table it can be seen that for the period 2024/25 financial year the budget will be unfunded by R604 million. The municipality has also compiled a budget funding plan, which identifies the major costs drivers and the areas of possible cost containment. the detailed funding plan consists of strategies that municipalities will employ as measures of cost containment and the financial benefits thereon. The plan adopted will cover a 10-year financial span, however improvements in the financial position of the municipality can be noted within before that period.
8. The municipality has budgeted R31,2 million for uMngeni and DWS payment plans.
9. the municipality acknowledges that achieving a healthy financial position means having another working capital of greater than 1. The funding plan aims to fund the budget in Year 8 which is the 2031/2032 financial year
10. It must also be noted that the municipality has enforced measures to encourage employees to utilise leave days earned. This will also have a positive impact on the employee benefit obligation provision.

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Table 26 MBRR -Table A9 Asset Management

Description			
R thousands	2024/25	2025/26	2026/27
CAPITAL EXPENDITURE			
<u>Total New Assets</u>	253 696	340 113	371 036
<i>Water Supply Infrastructure</i>	173 104	322 331	352 436
<i>Sanitation Infrastructure</i>	52 000	-	-
Infrastructure	225 104	322 331	352 436
Intangible Assets	-	-	-
Computer Equipment	1 000	1 046	1 094
Furniture and Office Equipment	12 592	1 046	1 094
Machinery and Equipment	15 000	15 690	16 412
Living Resources	-	-	-
<u>Total Renewal of Existing Assets</u>	24 000	-	-
<i>Water Supply Infrastructure</i>	24 000	-	-
<i>Sanitation Infrastructure</i>	-	-	-
Infrastructure	24 000	-	-
<u>Total Upgrading of Existing Assets</u>	30 833	-	-
<i>Roads Infrastructure</i>	-	-	-
<i>Storm water Infrastructure</i>	-	-	-
<i>Electrical Infrastructure</i>	-	-	-
<i>Water Supply Infrastructure</i>	30 833	-	-
Infrastructure	30 833	-	-
Community Facilities	-	-	-
Living Resources	-	-	-
<u>Total Capital Expenditure</u>	308 529	340 113	371 036
<i>Roads Infrastructure</i>	-	-	-
<i>Storm water Infrastructure</i>	-	-	-
<i>Electrical Infrastructure</i>	-	-	-
<i>Water Supply Infrastructure</i>	227 937	322 331	352 436
<i>Sanitation Infrastructure</i>	52 000	-	-
<i>Solid Waste Infrastructure</i>	-	-	-
<i>Rail Infrastructure</i>	-	-	-
<i>Coastal Infrastructure</i>	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-
Infrastructure	279 937	322 331	352 436
Computer Equipment	1 000	1 046	1 094
Furniture and Office Equipment	12 592	1 046	1 094
Machinery and Equipment	15 000	15 690	16 412
TOTAL CAPITAL EXPENDITURE - Asset Class	308 529	340 113	371 036

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ASSET REGISTER SUMMARY - PPE (WDV)			
<i>Roads Infrastructure</i>	-	-	-
<i>Storm water Infrastructure</i>	-	-	-
<i>Electrical Infrastructure</i>	-	-	-
<i>Water Supply Infrastructure</i>	58 752	(3 362)	(68 271)
<i>Sanitation Infrastructure</i>	48 071	43 961	39 666
<i>Solid Waste Infrastructure</i>	-	-	-
<i>Rail Infrastructure</i>	-	-	-
<i>Coastal Infrastructure</i>	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-
Infrastructure	106 823	40 599	(28 605)
Community Assets	2 382 877	2 240 575	2 076 372
Heritage Assets	-	-	-
Investment properties	-	-	-
Other Assets	110 915	431 761	782 645
Biological or Cultivated Assets	-	-	-
Intangible Assets	-	-	-
Computer Equipment	517	1 057	1 622
Furniture and Office Equipment	12 035	12 500	12 986
Machinery and Equipment	15 000	30 690	47 102
Transport Assets	(8 119)	(16 612)	(25 486)
Land	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-
Living Resources	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 620 048	2 740 570	2 866 636

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. The Municipality has committed to the renewal and repairs and maintenance of existing capital assets. The cost saving that will be gained from maintaining existing assets will have employed in future capital projects

PART 2 – SUPPORTING DOCUMENTATION

2.1. OVER VIEW OF THE BUDGETPROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

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

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 the 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 July 2024) 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 2023, Key dates applicable to the process were as follows:

Table 27 Key dates applicable to the process were as follows:

Activity No.	Action/ Task for IDP	Timeframe for Task Completion
July 2023 & Aug. 2023	▪ Drafting of the IDP Framework and process plan	12 July 2023
	▪ Alignment of IDP and budget process plans	19 July 2023
	▪ Submission of the draft Framework and Process Plan to COGTA for comments	26 July 2023
	▪ Advertisement of the IDP Framework and process plan	31 July 2023
	▪ Adoption of IDP Framework and Process Plan by full council	30 August 2023
	▪ Planning Indaba	30 August 2023
Sept 2023	▪ Submission of the adopted IDP Framework and Process plan to COGTA	04 September 2023
	▪ Identify outstanding Sector Plans	19 September 2023
	▪ Integrate sector plans.	19 September 2023
	▪ IDP input into provincial adjustment budgets	27 September 2023
	▪ Provincial planners Forum	29 September 2023
Oct 2023	▪ Provide inputs in the review of the Spatial Development Framework	04 October 2023
	▪ Projects identifications and prioritization	11 October 2023
	▪ Develop KPI's targets, timeframes etc. where impacted upon by reprioritization	18 October 2023
	▪ Align with draft budget estimates	25 October 2023
Nov 2023	▪ World Planning Day	01 November 2023
	▪ Municipal alignment session	08 November 2023
	▪ Alignment meeting between DM & Province to revised 3 year MTEF	13 November 2023
	▪ Alignment meeting with family of municipalities	21 November 2023
	▪ SDF Alignment between the bordering district municipalities	22 November 2023
Dec 2023	□ IDP best practice conference	04 December 2023
Jan 2024	▪ IDP Supporting Structure Committee Meeting	17 January 2024
Feb 2024	▪ IDP steering committee and strategic planning session to:	6&7 February 2024
	- Review Municipal Vision and Mission	
	- Develop Objectives and Strategies	

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	<ul style="list-style-type: none"> ▪ Meeting COGTA and municipalities on IDP assessment ▪ Updating of municipal CIP and MTEF based on Draft DORA allocations ▪ IDP Coordinating committee meeting(IDP Managers) ▪ IDP Representative Forum meeting ▪ IDP Roadshows (needs analysis) 	<p>13 February 2024</p> <p>15 February 2024</p> <p>19 February 2024</p> <p>21 February 2024</p> <p>26-29 February 2024</p>
March 2024	<ul style="list-style-type: none"> ▪ EXCO approval of the Draft, recommend to Council ▪ Council Approval of the Draft IDP 2024/2025 ▪ Submission of the Draft 2024/2025 IDP to COGTA 	<p>20 March 2024</p> <p>25 March 2024</p> <p>29 March 2024</p>
April 2024	<ul style="list-style-type: none"> • Decentralized IDP assessment forums • Advertise for public comments(21days) • IDP/Budget Road shows 	<p>10 April 2024</p> <p>12 April 2024</p> <p>22-26 April 2024</p>
May 2024	<ul style="list-style-type: none"> <input type="checkbox"/> IDP Assessment Feedback Session <input type="checkbox"/> Amend IDP in accordance with the outcome of the assessment 	<p>06 May 2024</p> <p>13 May 2024</p>
May 2024	<ul style="list-style-type: none"> <input type="checkbox"/> EXCO recommend to Council <input type="checkbox"/> Council approval of the final 2024/2025 IDP 	<p>15 May 2024</p> <p>29 May 2024</p>
June 2024	<ul style="list-style-type: none"> <input type="checkbox"/> Submission of the adopted IDP to the MEC <input type="checkbox"/> Advertise the Adopted IDP in the local newspaper 	<p>03 June 2024</p> <p>10 June 2024</p>

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

2.2.1 ROLE PLAYERS

- **National Linkages**

The national sphere should at least provide a framework for the preparation of the sectoral Plans, and where possible funding be accessed. This will contribute to the creation of a normative framework and consistency between municipalities.

The national sphere should also co-ordinate and prioritizes programmes and budgets between sectors and the national sphere in line with the framework.

- **Provincial Level**

As with the National Government, Provincial Government district programmes also need to be coordinated and aligned. should prepare sectoral guidelines and funding analysis (Business Plans) for the preparation of these plans. The preparation of the sectoral Plans and programmes and

2.2.2 KEY STAGES OF ALIGNMENT BETWEEN UTHUKELA DISTRICT MUNICIPALITY AND ITS FAMILY OF MUNICIPALITIES

Alignment meetings will take place on a quarterly basis through the IDP Supporting Structure Committee that is formed by the IDP Managers of all Local Municipalities, representative from COGTA and is chaired by the District IDP Manager. It ensures that the IDP process is carried out in a holistic manner, interaction between the district and locals is essential as well as the alignment Should a need arise for more of these meetings, local municipalities and the district municipality will have to come to consensus on suitable dates.

2.2.3 PARTICIPATING LOCAL MUNICIPALITIES

The uThukela district municipality consists of three local municipalities, which are:

- Alfred Duma Local Municipality
- Inkosi Langalibalele Local Municipality
- Okhahlamba Local Municipality

The FINAL IDP Framework and Process Plan have been circulated to all local municipalities and COGTA for their inputs before its adoption.

2.2.4 MONITORING OF THE PROCESS PLAN

Alignment is the instrument that synthesis and integrates the top-down and the bottom-up planning process between different spheres of government. Not only alignment between the district and the local municipalities is important, but also between the local municipalities within the jurisdiction of the district municipality. The alignment procedures and mechanisms should be incorporated in the process plans of the local municipalities, while the responsibility for alignment rests with the district municipality.

In order to facilitate the above, frequent IDP alignment meetings will be rotational in all local municipalities, chaired and convened by the District. The secretariat function will be performed by the hosting municipality and verified by the district IDP Manager before its circulation to all members of the family. Coordination meetings have been scheduled as well as alignment workshops as stipulated in the Activity programme.

IDP Manager is required to submit a written report at each meeting, indicating progress and deviations from the Framework and Process plan, as well as the recommended action to address the deviation. The members at the meeting will assess the deviation and recommend necessary amendments to the Process Plan to the individual Steering Committees, which will make a decision as to whether the matter needs to be endorsed by the Executive Committee of the relevant Municipality.

2.2.5 PROCEDURES FOR DEVIATION

In terms of the Municipal Systems Act of 2000, the district and local municipalities must determine procedures to effect amendments to the Framework Plan. In order to amend the Framework Plan, amendments should be tabled at the IDP Supporting Structure Committee meeting. The Committee will evaluate the changes and recommend such amendments to the individual Steering Committees. The IDP Steering Committee may recommend that changes be presented to Council in order to formally amend the Framework Plan

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

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

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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.

Table 28.1 IDP Goals Objectives and Strategies

Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Schedule attachment

DC23 Uthukela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand												
Good governance and public participation				116 545	319							
Municipal transformation and institutional development				1 641	298	152	2 161					
Financial viability and management				656 489	588 731	568 750	671 475	593 455	593 455	691 524	731 091	772 309
Local economic development and social development				4 538	(190)							
Spatial planning and environment					3	36	39	27	27	60	63	66
Basic Service Delivery				459 060	584 517	667 358	627 999	637 537	637 537	339 407	357 943	379 377
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	1 237 273	1 173 678	1 166 297	1 301 673	1 231 019	1 231 019	1 030 991	1 089 096	1 151 752

References

Table 28.2 IDP Goals Objectives and Strategies

Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Schedule attachment

DC23 Uthukela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand												
Good governance and public participation				59 663	62 191	66 533	69 902	69 902	69 902	51 120	54 895	57 090
Municipal transformation and institutional development				113 001	119 894	105 514	114 927	114 927	114 927	136 627	119 513	124 294
Financial viability and management				95 217	271 377	217 930	229 289	229 289	229 289	242 271	275 201	287 413
Local economic development and social development				22 654	23 196	29 098	30 565	30 565	30 565	33 657	35 415	37 014
Spatial planning and environment				33 900	34 983	38 046	39 938	39 938	39 938	50 305	52 619	55 003
Basic Service Delivery				968 438	526 069	484 300	454 291	451 784	451 784	453 052	456 528	461 578
Allocations to other priorities												
Total Expenditure			1	1 292 873	1 037 710	941 421	918 912	936 405	936 405	967 232	993 971	1 022 392

References

The 2024/25 MTREF has therefore been directly informed by the IDP revision process and the above tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

2.3 OVER VIEW OF BUDGET RELATED POLICIES

2.3.1. Budget Policy

The objective of this policy is to set out the budgeting principles which the Municipality will follow in preparing each annual budget, as well as the responsibilities of the Chief Financial Officer in compiling such budget.

2.3.2 Cash Collection Policy

- The Council of the municipality, in adopting this policy on credit control and debt collection, recognises its constitutional obligations to develop the local economy and to provide acceptable services to its residents. It simultaneously acknowledges that it cannot fulfil these constitutional obligations unless it exacts payment for the services which it provides and for the taxes which it legitimately levies – in full from those residents who can afford to pay, and in accordance with its indigent relief measures for those who have registered as indigents in terms of the Council's approved indigent management policy.

2.3.3 Indigent Support Policy

- Indigents, whose level of income is less than the amount determined by Council as qualifying for indigent support, may apply in writing to the Council for such support.
- Owners or occupiers who apply for such support shall be required to apply annually, in writing, for such support on the prescribed form.
- Only registered residential consumers of services delivered by Municipality qualify for support.
- o consumer conducting a business on a residential property, with or without special consent from the Council, shall qualify for assistance.
- Support in terms of this policy only be provided to owners or residents who occupy the premises.
- Applications for support must be made during March of each year and will apply from the first of the month following the month application and will continue for 12 months. Should further support be required a new application must be lodged.

2.3.4 Supply Chain Management Policy

The principal objective of the policy is to provide, promote and implement, theoretical guidelines, governing processes and procedures within the supply chain management when

- 1) Procuring goods or services;
- 2) Disposal of goods, assets and immovable property no longer needed;
- 3) Selecting contractors to provide assistance in the provision of municipal services other than that where Chapter 8 of the Municipal Systems Act applies.

2.3.5. Virements Policy

This policy applies only to transfers between line items within votes of the Municipality's operating budget.

Section 28(2) (d) read together with section 69 of the MFMA provides that *"An adjustments budget...may authorise the utilisation of projected savings in one vote towards spending in another vote."* Transfers between votes may therefore be authorised only by the Council of the Municipality.

For ease of reference, the definition of "vote" as contained in Section 1 of the MFMA is set out hereunder:

"Vote means –

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and*
- (b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned."*

This policy shall not apply to transfers between or from capital projects or items and no such transfers may be performed under this policy.

Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the Council through an adjustment budget.

2.3.6. Tariff Policy

In terms of Section 62 (1) of the Municipal Finance Management Act (MFMA) the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality and, in terms of S62 (1) (f), must for this purpose take all reasonable steps to ensure – "that the municipality has and implements a tariff policy referred to in Section 74 of the Municipal Systems Act" (MSA).

In giving effect to S74 (1) of the Municipal Systems Act, the municipality adopts this policy as the as the framework for determining tariffs.

2.3.7. Petty Cash Policy

The objectives of the policy are to:

- 2.3.7.1 Ensure goods and services are procured by the municipality in accordance authorized processes only.
- 2.3.7.2 Ensure that the municipality has and maintains an effective petty cash system Expenditure control.
- 2.3.7.3 Ensure that sufficient petty cash is available when required
- 2.3.7.4 Ensure that the items required to be procured are approved petty cash items.

2.3.8. Billing and Account Administration Policy

The administrative integrity of the municipality's billing, and credit control and debt collection must be maintained.

- 2.3.8.1 Billing is to be accurate, timeous and understandable.
- 2.3.8.2 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 2.3.8.3 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 2.3.8.4 Enforcement of payment must be prompt, consistent and effective.
- 2.3.8.5 Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution.
- 2.3.8.6 Incentives and disincentives may be used in collection procedures.

2.3.9. Budget funding and reserves policy

To ensure that the operating and capital budgets of the municipality are appropriately funded.

To ensure that provisions and reserves are maintained at the required levels.

To avoid future year unfunded liabilities.

To set out the assumptions and methodology for estimating the following:

- a) Projected billings, collections and all direct revenues.
- b) The provision for revenue which will not be collected.
- c) The funds the municipality can expect to receive from investments.
- d) The dividends to municipality can expect to receive from municipal entities.
- e) The proceeds the municipality can expect to receive from the transfer or disposal of assets.
- f) The municipality's borrowing requirements.
- g) The funds to be set aside in reserves.

2.3.10 Cash management and investment policy

a) The Council of the Municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the Municipality's cash resources are managed effectively and efficiently.

b) The Council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.

c) The investment policy of the Municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the Municipality's cash management programme, which must identify the amounts surplus to the Municipality's needs, as well as the time when and period for which such revenues are surplus.

2.3.11 Cost containment policy

This policy document seeks to implement National Treasury instruction 04 of 2017/18 dated 25 May 2017, MFMA Circular No. 82 of March 2016 and the Municipal Cost Containment Regulations published on the 7th of June 2019. This policy has been reviewed in light of circular 97 of July 2019.

The purpose of the policy is to regulate spending and to implement cost containment measures at UThukela District Municipality.

1. OBJECTIVES OF THE POLICY

The objectives of this policy are to:

- 3.1 To ensure that the resources of the municipality are used effectively, efficiently and economically;
- 3.2 To implement cost containment measures.

2. SCOPE OF THE POLICY

This policy will apply to all:

- 4.1 Councilors'; and
- 4.2 Municipal employees.

2.3.12 Assets Management policy

Asset Management encompasses planning/demand management, acquisitions, use, maintenance, and disposal of assets. UDM should use assets to affect efficient and effective service delivery to the community within the UThukela District.

The purpose of the Asset Management Policy and Procedure Manual is to govern the management of assets owned by UDM (both operationally and financially) to ensure that they are managed, controlled, safeguarded and used in an efficient and effective manner.

In other words, the purpose of the Asset Management Policy and Procedure Manual is to facilitate the management of assets both operationally and financially (accounting treatment).

2.3.13 Supplier Performance Monitoring Policy

The Municipality's vision states, "Together in partnership, building a model Municipality of excellence" This Vision will be achieved by growing the economy and meeting people's needs so that all citizens enjoy a high quality of life with equal opportunities.

Service providers play a vital role in the performance of the organization as many municipal services and support services are outsourced to service providers. The Municipality is responsible for ensuring effective and efficient service delivery to the community. Therefore, there is a need to monitor the performance of service providers.

The objective of performance monitoring of service providers is to obtain a measure of the service provider's performance under the contract. Performance assessments during a contract helps both the Municipality and the service provider to reach a common understanding of the requirements of both parties about the work.

2.3.14 Contract management policy

The objective of uThukela District procurement contracting is to acquire goods, services and/or works and to carry out contracts in a manner that enhances access, competition and fairness and results in best value or, if appropriate, the optimal balance of overall benefits to the uThukela District Municipality and the people of uThukela District at large.

In accordance with the National Treasury Contract Management Guidelines, 2010, contract management should deliberately focus on the activities associated with the operational phase of the contract after the contract has been awarded and is functional and being implemented. It is, however, fully acknowledged that successful contract management is significantly dependent on what happens before, during and after the tendering and award phases. For example, the quality of the original specification included in the bid documentation, and the agreed terms and conditions, play a critical role in enabling the effective management of the contract. Therefore, procurement planning during the tendering, contract award and the contract management phases should be seen as a continuum, with effective contract management planned from the very start of the procurement process. The policy framework is designed not only to support the application of good practice within a contract, but also to support the development and application of an effective contract management function, in general.

2.3.15 Credit control policy

The objectives of this policy are to:

- 3.1 Define a framework within which the municipality can develop an effective procedure to bill and collect its revenues;
- 3.2 Ensure that all monies due and payable to the municipality are collected in full and used to deliver municipal services in the best interest of the community, residents and ratepayers and in a financially sustainable manner as prescribed by the municipal systems Act, 2000(Act No,32 of 2000), and other applicable legislation;
- 3.3 enable the implementation of this policy throughout the district municipality

2.3.16 Bad debt & write off policy

To ensure that debtors disclosed in the annual financial statements are stated at amounts that are deemed to be collectable. To ensure that uncollectable debt is written off within guidelines of existing policies and applicable legislation.

The effective management of debtors includes, amongst others, the following processes: Implementation/maintenance of the appropriate ICT systems and business processes.

1. Accurate billing.
2. Customer care and accounts query management.
3. Effective and timeous credit control.
4. Impairment of debtors (provision for doubtful debtors).
5. Write-off of uncollectable debtors.

The policy provides guidelines on the treatment of the impairment and write-off of debtors.

2.3.17 Inventory policy

3. OBJECTIVE OF THE POLICY

The policy aims to achieve the following objectives which are to:-

- a) Provide guidelines that employees of the Municipality must follow in the management and control of inventory, including safeguarding and disposal of inventory.
- b) Procure inventory in line with the established procurement principles contained in the Municipality's Supply Chain Management Policy.
- c) Eliminate any potential misuse of inventory and possible theft.

4. LEGAL FRAMEWORK

In terms of the MFMA, the Accounting Officer for a municipality must:

- a) Be responsible for the effective, efficient, economical and transparent use of the resources of the municipality as per section 62 (1) (a);

All policies highlighted above have been attached to the budget for further reference.

The comprehensive list of policies approved is as follows:

Budget policy

Cash Collection Policy

Billing and Account Administration Policy

Credit control policy

Bad debt & write off policy

Budget funding and reserves policy

Cash management and investment policy

Contract management policy

Supplier performance monitoring policy

Cost containment policy

Virements policy

SCM policy

Petty cash policy

Tariff policy

Assets Management policy

Indigent Policy

Inventory Policy

2.4 OVER VIEW OF BUDGET ASSUMPTIONS

- The 2024/25 budget assumes the following:
 - CPI inflation rate forecast 4.9% for 2024/25 and 4.6% and 4.6% respectively for the outer two years.
 - Eskom approved tariff increases of 15.7% in 2024/25 and 12.7% increase in the outer years of the MTERF.
 - Tariffs have been increased by 6% household consumers however the increase in industrial tariffs is 8%. With further engagements to be had with the business chamber in order to discuss the removal of the bottom tariff of the declining tariff scale. Business and government tariffs have been increased by 18,4%
 - Collection rate is estimated at 38.6% of service charges,
 - No increment on employee related costs. The application has been made to SALGA
 - The municipality has budgeted to settle at 100% all expenditure incurred in the current year.
 - An additional budget will be allocated towards the municipalities repayment plans and settle long outstanding creditors.
 - 60% of the capital budget is capitalised and added to the Asset register.
 - The asset maintenance plan will be reviewed, in light of available budget and phased in accordingly
 - A total commitment to the strategies adopted in the budget funding plan from the identified budget vote administrators, with measurable objective.

2.5 OVERVIEW OF BUDGET FUNDING

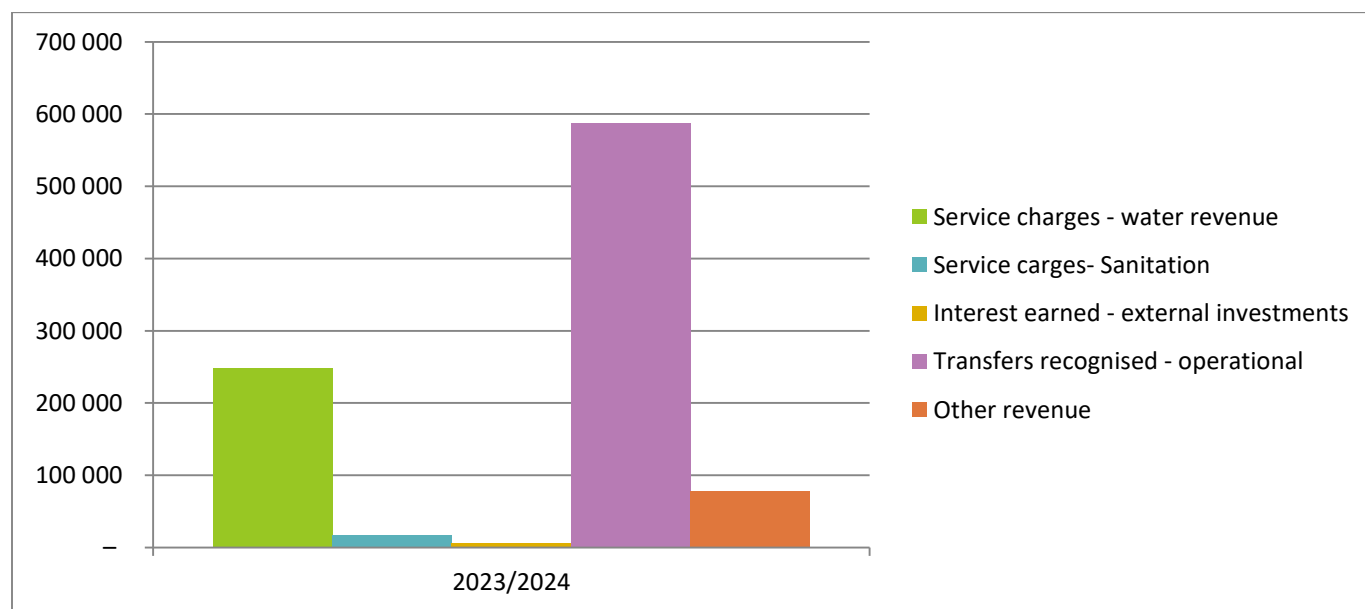
2.5.1 Medium-term outlook: operating revenue

Table 29 Breakdown of the operating revenue over the medium-term

Description	Year 1	Year 2	Year 3
R thousand	2024/25	2025/26	2026/27
Cash and investments available			
Cash/cash equivalents at the year end	(107 356)	(104 010)	(72 027)
Other current investments > 90 days			
Non current Investments			
Cash and investments available:	(107 356)	(104 010)	(72 027)
Application of cash and investments			
Unspent conditional transfers	10 431	10 431	10 431
Unspent borrowing			
Statutory requirements	26 117	23 466	24 993
Other working capital requirements	431 595	408 535	394 579
Other provisions	50 117	50 117	50 117
Long term investments committed			
Reserves to be backed by cash/investments			
Total Application of cash and investments:	518 259	492 548	480 119
Surplus(shortfall)	(625 615)	(596 558)	(552 146)

Figure 2 Breakdown of operating revenue over the 2024/25 MTREF

The following graph is a breakdown of the operational revenue per main category for the 2024/25 financial year.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives 27% of its operational revenue from the provision of and services such as water and sanitation.

The above graph demonstrates that the major part of the municipality revenue is derived from operating grants making up more than 60% of the revenue basket.

The revenue enhancement strategy is a function of key components such as:

- Growth in the municipality and economic development
- Revenue management and enhancement
- Achievement of a 60% and above annual collection rate for consumer revenue
- National Treasury guidelines
- Water tariff increases by DWA and Eskom
- Achievement of full cost recovery of specific user charges
- Determining tariff escalation rate by establishing/calculating revenue requirements
- And the ability to extend new services and obtain cost recovery levels

The above principles guide the annual increase in the tariffs charged to the consumers and are aligned to the economic forecasts.

2.5.2 Capital revenue

The capital expenditure budget will be funded from the infrastructure grants to the value of R294 million.

Table 30 – Capital Grants

CAPITAL GRANTS	R'000	R'000	R'000
MIG	191 529	222 331	242 435
WATER SERVICES	100 000	100 000	110 000
TOTAL CAPITAL GRANTS	294 321	325 249	355 486

2.6. LEGISLATION COMPLIANCE STATUS

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

1. In- year reporting

Section S71 Reporting to National Treasury in electronic format was fully complied with on a monthly basis.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed 4 interns that have undergone training in various divisions of the Budget and Treasury Services Department.

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. Budget Steering Committee

A Budget Steering Committee has been established and is fully functional

6. Service Delivery and Implementation Plan

The detailed FINAL SDBIP document will compiled and submitted to the relevant departments after approval of the 2024/25MTREF and will be directly aligned and informed by the 2024/25 MTREF.

7. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

8. Policies

Budget related policies are reviewed on an annual basis.

9. MScoa compliance

The municipality is Mscoa compliant, an Mscoa committee has been established as well as an implementation plan put in place. Mscoa risks are reviewed regularly.

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Standard	Description	Service Level
Solid Waste Removal		
	Premise based removal (Residential Frequency)	N/A
	Premise based removal (Business Frequency)	N/A
	Bulk Removal (Frequency)	N/A
	Removal Bags provided(Yes/No)	N/A
	Garden refuse removal Included (Yes/No)	N/A
	Street Cleaning Frequency in CBD	N/A
	Street Cleaning Frequency in areas excluding CBD	N/A
	(24hours/48hours/longer)	N/A
	Clearing of illegal dumping (24hours/48hours/longer)	N/A
	Recycling or environmentally friendly practices(Yes/No)	N/A
	Licenced landfill site(Yes/No)	N/A
Water Service		
	Water Quality rating (Blue/Green/Brown/N0 drop consumers)	Indigents only
	Frequency of meter reading? (per month, per year)	per month
	consumption over (two month's/three month's/longer period)	three months
	before reverting back to actual readings? (months)	4 months
	<i>cases of service interruption (complete the sub questions)</i>	
	One service connection affected (number of hours)	3 Hours
	Up to 5 service connection affected (number of hours)	8 Hours
	Up to 20 service connection affected (number of hours)	day
	Feeder pipe larger than 800mm (number of hours)	4 Hours
	municipality?	
	protection activities as part of your operations? (Yes/No)	Yes
	How long does it take to replace faulty water meters? (days)	2 days
	operational at this stage? (Yes/No)	Yes
Electricity Service		
	month?	N/A
	operational? (Yes/No)	N/A
	ripple control system?	N/A
	year)	N/A
	(two month's/three month's/longer period)	N/A
	before reverting back to actual readings? (months)	N/A
	Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	N/A
	(Yes/no)	N/A
	protection activities as part of your operations? (Yes/No)	N/A
	How long does it take to replace faulty meters? (days)	N/A
	prevention of electricity theft? (Yes/No)	N/A
	(Good/Bad)	N/A
	customer upon a written request? (days)	N/A
	service where existing infrastructure can be used? (working days)	N/A

service for low voltage users where network extension is not required? (working days)	N/A
service for high voltage users where network extension is not required? (working days)	N/A
Sewerage Service	
back in to the system after purification?	Yes
To what extend do you subsidize your indigent consumers?	Yes
average	
Severe overflow? (hours)	2 Hours
Sewer blocked pipes: Large pipes? (Hours)	2 Hours
Sewer blocked pipes: Small pipes? (Hours)	2 Hours
Spillage clean-up? (hours)	2 Hours
Replacement of manhole covers? (Hours)	3 Hours
Road Infrastructure Services	
(Hours)	N/A
(Hours)	N/A
crossing? (Hours)	N/A
Time taken to repair walkways? (Hours)	N/A
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	N /A
Do you have any special rating properties? (Yes/No)	N /A
Financial Management	
wasteful expenditure over time? (Decrease/Increase)	Decrease
Are the financial statement outsources? (Yes/No)	No
flow and managemet of documentation feeding to Trial Balalnce?	Yes
date it has been received?	within 30 Days
departmental plans quaterly and annually including for the next two to three years procurement plans?	Yes
Administration	
Reaction time on enquiries and requests?	
Time to respond to a verbal customer enquiry or request?	Immedatily
Time to respond to a written customer enquiry or request?	2 Days
Time to resolve a customer enquiry or request?	24 Hours
What percentage of calls are not answered?	N/A
How long does it take to respond to voice mails?	N/A
Does the municipality have control over locked enquiries?	No
Is there a reduction in the number of complaints or not?	Yes
customer? (Less than 20 minutes
unit sit to review and resolve SCM process delays other than normal monthly management meetings?	Once Every Week
Community safety and licensing services	
How long does it take to register a vehicle? (minutes)	N/A
How long does it take to renew a vehicle license? (minutes)	N/A
certificate vehicle? (minutes)	N/A

How long does it take to de-register a vehicle? (minutes)	N/A
How long does it take to renew a drivers license? (minutes)	N/A
incident? (minutes)	N/A
to an incident in the urban area? (minutes)	N/A
to an incident in the rural area? (minutes)	N/A
Economic development	
municipality drive?	14
be catalytic in creating an enabling environment to unlock key economic growth projects?	14
security?	
create an conducive environment for economic development? (Yes/No)	Yes
Other Service delivery and communication	
(Yes/No)	Yes
inform the community? (Yes/No)	Yes
manner? (Yes/No)	Yes

Captured above are the service level standards which were tabled with the final budget. As per recommendations of circular 75 of the MFMA.

2.8 MUNICIPAL MANAGERS QUALITY CERTIFICATE



I **Langelihle Jili** Municipal Manager of UThukela District Municipality, hereby certify that this final annual budget for 2024/25 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under this Act.

Print Name	<u>LANGELIHLE JILI</u> Municipal Manager
Signature	

Date 17 May 2024