

KZN252 Final Budget
2021/22 To 2023/24

NEWCASTLE MUNICIPALITY



EXTRACT FROM THE MINUTES OF THE VIRTUAL MEETING OF THE NEWCASTLE MUNICIPAL COUNCIL, HELD ON WEDNESDAY, 26 MAY 2021 AT 14:00

PRESENT

Councillor	S	A	Yende	:	Speaker
Councillor	V	V	Bam		
Councillor	L	L	Bosman		
Councillor	M	V	Buhali		
Councillor	S	B	Buthelezi		
Councillor	E	J	C	Cronje	
Councillor	T	J	C	Danisa	
Councillor	B	S		Dlamini	
Councillor	T	N		Dlamini	
Councillor	D	X		Dube	
Councillor	N	P		Dukashe	
Councillor	F	P		Gama	
Councillor	V	F		Hadebe	
Councillor	S	B		Hlatshwayo	
Councillor	A			Khoza	
Councillor	B	V		Khumalo	
Councillor	P	J		Khumalo	
Councillor	V	D		Kubeka	
Councillor	C	Y		Liu	
Councillor Dr	N	N	G	Mahlaba	: Mayor
Councillor	N	K		Majozi	
Councillor	F	A		Malinga	
Councillor	R	N		Mdluli	
Councillor	A	P		Meiring	
Councillor	B	P	N	Mhlongo	
Councillor	S	G		Miya	
Councillor	H	N		Mkhwanazi	
Councillor	T	P		Mkhwanazi	
Councillor	M	S		Mlangeni	
Councillor	S	W		Mngomezulu	
Councillor	N	G		Mnguni	
Councillor	A	S		Mokoena	
Councillor	M	V		Molefe	
Councillor	R	M		Molelekoa	: Deputy Mayor
Councillor	P	B		Mwali	
Councillor	V	P		Mzima	
Councillor	R	B		Ndimi	
Councillor	S	S		Ndlangamandla	
Councillor	M	S		Ndlovu	
Councillor	P	F		Ndlovu	
Councillor	M	E		Ngcobo	
Councillor	B	C		Ngema	
Councillor	D	R		Ngema	
Councillor	D			Ngwenya	
Councillor	S	N		Nkosi	
Councillor	M	J		Ntshangase	
Councillor	T	M		Nzuza	
Councillor	S	E		Shabangu	
Councillor	M			Shunmugam	
Councillor	D	M		Sibilwane	
Councillor	L	T		Sikhosane	
Councillor	J	S		Sithole	
Councillor	N	H		Sitole	
Councillor	G	M	B	Thwala	
Councillor	L	G		Thwala	

(ii)

Councillor	M	F	Zikhali
Councillor	V	G	Zondo
Councillor	N	S	Zulu
Councillor	S	Z	Zulu
Councillor	T	M	Zulu
Councillor	N	A	Zwane

ABSENT WITH APOLOGY

Councillor	J	B	Nkwanazi	:	other commitments
Councillor Dr	J	A	Vorster	:	other commitments

ABSENT WITHOUT APOLOGY

Councillor	X	N	M	Dladla
Councillor	M	V		Mthembu
Councillor	T	M		Ndaba
Councillor	S	J		Nhlapho

TRADITIONAL LEADERS

Nkosi	C	S	Kubheka	:	Absent without apology
Nkosi	B	S	Radebe	:	Present
Nkosi	B	D	Khumalo	:	Present

11(ii) : Final medium term budget 2021/2022

RESOLVED

- (a) That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the municipality for the financial year 2021/2022; and indicative allocations for the two projected outer years 2022/2023 and 2023/2024; and the multi-year and single year capital appropriations be approved;
- (b) that the sources to fund both operating and capital budgets be noted and approved;
- (c) that the Municipality's annual allocation of R131 274 263 to uThukela Water for the provision of bulk water be approved;
- (d) that in terms of section 24(2)(c)(i) of the Municipal Finance Management Act, 56 of 2003, and sections 74 and 75A of the Local Government Municipal Systems Act, 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out in the Tariff of Charges that were used to prepare the estimates of revenue by source, be approved with effect from 1 July 2021 for all services, except for water and electricity consumption, which be levied on the new tariff with effect from 1 August 2021;

(iii)

- (e) that the Final Schedule of Service Delivery Standards be noted and approved;
- (f) that the Tariff of Charges be approved and be applicable with effect from 1 July 2021;
- (g) that water, refuse, sewer and sundry tariffs be increased by 3.9% with effect from 1 July 2021;
- (h) that property rates tariffs be increased by 3.9% and impermissible rate for all properties be capped at R85 000 with effect from 1 July 2021;
- (i) that the electricity tariff be increased by 14.59% as directed by NERSA with effect from 1 July 2021;
- (j) that bulk electricity purchase be increased by 17.8% as per NERSA's approval of the Eskom tariff increase;
- (k) that in terms of the Indigent Policy, the monthly household earnings of an indigent application be capped at R5 000.00 per month for non-pensioners and R6 000 for pensioners;
- (l) that indigent benefit packed be approved as follows :-

Electricity consumption	:	50kW/h
Water consumption	:	6 KI
Electricity availability	:	100%
Water availability	:	100%
Sewer	:	100%
Refuse	:	100%
Property rates	:	100%
Rental municipal dwellings	:	75%;

- (m) that the rate rebates be capped and approved as follows:-

Pensioners	25%
Flood victims	50%
Bread and breakfast businesses	10%
Business development with property greater than R50 million:	
from 0-4 years	40%
from 5-6 years	25%
from 7-8 years	10%
from 9 years onwards	0%;

- (n) that the Budget Funding Plan, be approved;
- (o) that the Budget Policy, be approved;
- (p) that the Tariff Policy, be approved;
- (q) that the Rates Policy, be approved;
- (r) that the Indigent Policy, be approved;

(iv)

- (s) that the Customer Care, Credit Control and Debt Collection Policy, be approved;
- (t) that the Provision for Doubtful Debt and Debtors Write-Off Policy, be approved;
- (u) that the Supply Chain Management Policy, be approved;
- (v) that the Cash and investment Management Policy, be approved;
- (w) that the Asset Management Policy, be approved;
- (x) that the Petty Cash Policy, be approved;
- (y) that the Virement Policy, be approved;
- (z) that the Funding and Reserve Policy, be approved;
- (aa) that the Borrowing Policy, be approved;
- (bb) that the Loss Control Policy, be approved;
- (cc) that the Short-term Insurance Policy, be approved;
- (dd) that the Cost Containment Policy, be approved;
- (ee) that the Property Rates By-Laws, be approved;
- (ff) that the Tariff By-Law, be approved.

I, the undersigned, **VISHANDERAN GOVENDER**, in my capacity as **ACTING MUNICIPAL MANAGER** to the Newcastle Municipal Council, hereby certify the above as a true extract from the minutes of the virtual meeting held on 26 May 2021.

V. GOVENDER
ACTING MUNICIPAL MANAGER

Newcastle

Annexure A

Budget Document



FINAL MEDIUM TERM BUDGET 2021/22 TO 2023/24

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I. ABBREVIATIONS AND ACRONYMS

CPIX	Consumer Price Index
DoRA	Division of Revenue Act
DOHS	Department of Human Settlements
DPLG	Department of Provincial and Local Government
EXCO	Executive Committee
GDP	Gross Domestic Product
GRAP	Generally Accepted Accounting Practice
IDP	Integrated Development Plan
IT	Information Technology
Kl	Kilolitre
Km	Kilometre
Kh	Kilo watt hours
MFMA	Municipal Finance Management Act
MPRA	Municipal Property Rates Act
MSCOA	Municipal Standard Chart of Accounts
MTREF	Medium Term Revenue and Expenditure Framework
NDP	National Development Plan
NERSA	National Electrification Regulator of South Africa
NT	National Treasury
SALGA	South African Local Government Association
SDBIP	Service Deliver and Budget Implementation Plan

II. ORGANISATIONAL STRUCTURE AND COUNCIL

EXECUTIVE COMMITTEE

DESIGNATION	SURNAME & INITIALS	PORTFOLIO COUNCILLOR	POLITICAL PARTY	WARD
Mayor	MAHLABA N N G	Budget and Treasury Office	ANC	PR
Deputy Mayor	MOLELEKOA R M	Technical Services	ANC	12
Executive Committee Member	BAM V V	Corporate Services	IFP	PR
Executive Committee Member	CRONJE E J C	Community Services	DA	2
Executive Committee Member	MDLULI R N	Corporate Services	ANC	13
Executive Committee Member	NZUZA T M	Budget and Treasury Office	IFP	PR
Executive Committee Member	SHABANGU S E	Community Services	ANC	24
Executive Committee Member	SHUNMUGAM M	Planning, Development and Human Settlements	ANC	3

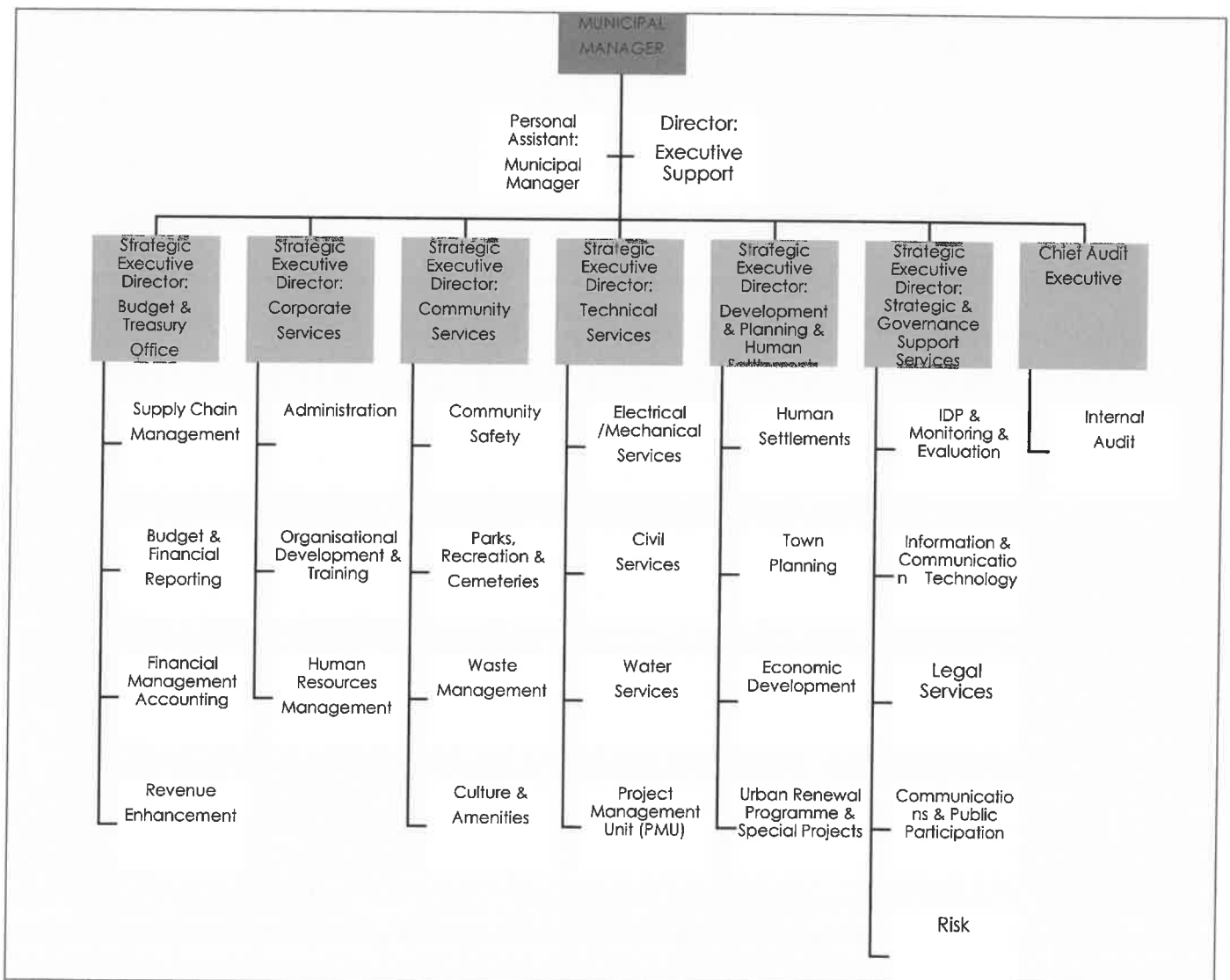
COUNCIL

DESIGNATION	SURNAME & INITIALS	POLITICAL PARTY	WARD
Speaker	YENDE S A	ANC	PR
Councillor	BOSMAN L L	VFP	PR
Councillor	BHULI M V	AZAPO	PR
Councillor	BUTHELEZI S B	EFF	PR
Councillor	DANISA T J C	ANC	31
Councillor	DLADLA X N M	ANC	1
Councillor	DLAMINI B S	ANC	26
Councillor	DLAMINI T N	EFF	PR
Councillor	DUBE D X	IFP	PR
Councillor	DUKASHE N P	ANC	PR
Councillor	GAMA F P	ANC	32
Councillor	HADEBE V F	EFF	PR
Councillor	HLATSHWAYO S B	DA	PR
Councillor	KHOZA A	ANC	28
Councillor	KHUMALO B V	ANC	7
Councillor	KHUMALO P J	ANC	PR
Councillor	KUBEKA V D	ANC	8
Councillor	LIU C	IFP	PR
Councillor	MAJOZI N K	ANC	11
Councillor	MALINGA F A	IFP	PR
Councillor	MEIRING A P	DA	4

Councillor	MHLONGO B P N	IFP	PR
Councillor	MIYA S G	ANC	19
Councillor	MKHWANAZI H N	ANC	30
Councillor	MKHWANAZI T P	ANC	34
Councillor	MLANGENI M S	IFP	PR
Councillor	MNGOMEZULU S W	ANC	22
Councillor	MNGUNI N G	ANC	18
Councillor	MOKOENA A S	DA	PR
Councillor	MOLEFE M V	ANC	21
Councillor	MSEZANE X M	PRM	PR
Councillor	MTHEMBU M V	ANC	29
Councillor	MWALI P B	INDEP	23
Councillor	MZIMA V P	ANC	PR
Councillor	NDABA T M	ANC	15
Councillor	NDIMA R B	IFP	PR
Councillor	NDLANGAMANDLA S S	ANC	27
Councillor	NDLOVU M S	DA	PR
Councillor	NDLOVU P F	EFF	PR
Councillor	NGCOBO M E	ANC	25
Councillor	NGEMA B C	ANC	9
Councillor	NGEMA D R	ANC	PR
Councillor	NGWENYA D	ANC	16
Councillor	NHLAPHO S J	ANC	10
Councillor	NKWANAZI J B	DA	PR
Councillor	NTSHANGASE M J	EFF	PR
Councillor	SIBILWANE D M	ANC	17
Councillor	SIKHOSANE L T	ANC	20
Councillor	SITHOLE J S	ANC	PR
Councillor	SITOLE NH	RLP	PR
Councillor	THWALA G M B	ANC	29
Councillor	THWALA L G	ANC	5
Councillor	VORSTER J A	IFP	9
Councillor	ZIKHALI M F	ANC	14
Councillor	ZONDO V G	ANC	PR
Councillor	ZULU N S	IFP	PR
Councillor	ZULU S Z	ANC	6
Councillor	ZULU T M	IFP	PR
Councillor	ZWANE N A	ANC	PR
Traditional Leader	KHUMALO B D		
Traditional Leader	KUBHEKA C S		
Traditional Leader	RADEBE B S		

SENIOR MANAGERS

DESIGNATION	SURNAME & INITIALS
Acting Municipal Manager	Govender V
Strategic Executive Director: Budget and Treasury Office	Nkosi S M
Strategic Executive Director: Corporate Services	Dr Mahlubi N Y
Strategic Executive Director: Technical Services	Chauke S
Strategic Executive Director: Community Services	Govender V
Acting Strategic Executive Director: Development, Planning and Human Settlements	Khathide N
Senior Audit Executive	Chenia S



III. NEWCASTLE MUNICIPALITY PROFILE

According to the recent Community Survey (2016) conducted by Statistics SA, Newcastle Local Municipality (KZN252) remains the highest contributor in terms of population growth within Amajuba District Municipality. As of 2016, the population of Newcastle is recorded at 389 117 people, thus marking a 7.1 % increase (25 881 people) over a 5-year period from the year 2011 (363 236 people). This means that on average, Newcastle has experienced a 1,42% annual growth rate, which translates to 5 176 people per year. Newcastle has also experienced a significant increase in the total youth proportion of the population. In terms of the wider KwaZulu-Natal Province, Newcastle ranks 2nd as the local municipality with the highest number of people when compared to other local municipalities, with the highest being the Msunduzi Local Municipality. The population of Newcastle is spread unevenly over 34 wards as per the outcomes of the recent delimitation process by the Demarcation Board, marking a 3 wards increase.

Furthermore, there has been a 7% increase (6 075) in the number of households within Newcastle from 84 272 in 2011 to 90 347 in 2016, with the average household size remaining constant at 4.3 people per dwelling unit. In relation to other local municipalities within the KwaZulu-Natal Province, in the year 2011, Newcastle Local Municipality was ranked 3rd after the Msunduzi and uMhlathuze Local Municipalities respectively. However, recent statistical figures reveal that Newcastle Local Municipality has dropped to 4th place after the Msunduzi, uMhlathuze, and KwaDukuza Local Municipalities respectively. In terms of the 2nd and 3rd ranked local municipalities, the reason for growth in the number of households without any significant growth in the population thereof may be attributed to a general decrease in the average household size thereof, from 3,9 to 3,6 people, and 3,3 to 3,0 people per household respectively.

Traditionally, the town of Newcastle started off as Post-Halt Number 2 on the journey between Durban (then Port Natal) and the Zuid-Afrikaansche Republiek (Transvaal) and Johannesburg. It was strategically positioned in the year 1854, by the Surveyor General of the Natal Colony, Dr. P. C. Sutherland. The city was later known as the Waterfall River Township because of the Ncandu River and, in 1864, the town of Newcastle was founded on the site becoming the fourth settlement to be established in Natal after Durban, Weenen and Pietermaritzburg. Newcastle was named after the British Colonial Secretary, the Duke of Newcastle and, in 1873 Newcastle became a separate electoral division. In the year 1876, the Fort Amiel was built as a barrier against the Zulus, Fort Amiel now being embraced as one of the significant national heritage sites.

In 1897, a sandstone construction of the town hall started and it was completed two years later in 1899. The town hall was constructed in commemoration of Queen Victoria's diamond, the '60th Jubilee.' The town was also used as a depot by the British during the First and Second Boer War. It also functioned as a major transport junction and a popular stopover for wagons and post chaises during the late 19th century. Newcastle also served as an arena when the British preparation work for the Pretoria Convention of 1881 was done. In 1890, the first train arrived in Newcastle and in the year 1891, Newcastle was declared a district with its own administrative unit. The discovery of coal reserves brought a new era of prosperity and the planning of several ambitious building projects.

Newcastle Local Municipality is one of the three local municipalities that make up Amajuba District Municipality, with the others being Dannhauser and eMadlangeni Local Municipalities. It is located on the North-Western of the KwaZulu-Natal Province and borders onto Free State and Mpumalanga Provinces to the West and North respectively. The local municipalities of eMadlangeni and Dannhauser Local Municipalities are located along the Eastern and Southern boundaries of Newcastle. Spatially Newcastle covers an area of approximately 1 854km² in extent. A high majority of the people (80%) within Newcastle resides within the Newcastle East area, which is predominantly township and semi-rural areas characterised by a general lack of adequate infrastructure.

The boundaries of Newcastle Local Municipality were delineated in terms of the Municipal Demarcation Act, 1998 (Act No. 27 of 1998), and takes in account population movement trends, regional economic patterns and the current land use pattern. Currently Newcastle has 34 wards and out of these wards, wards 1, 6, 7, and 30 fall under the custodianship of the Tribal Authorities (Inkosi u-Khathide and Inkosi u-Hadebe) held in trust on behalf of the Ingonyama Trust Board, in terms of the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No. 3KZ of 1994). As mentioned above, the population is spread unevenly amongst 34 wards with the majority of the population residing in the Newcastle-East area. The boundaries are not just administrative, but are also intended towards the promotions of social cohesion and economic development that's mindful to environmental sustainability, whilst at the same time strengthening the existing regionally significant economic and functional linkages.

Newcastle Local Municipality is well placed to benefit from regional economic growth given its strategic location at the nexus of major tourism, logistics, farming and industrial routes, and as the seat of government in KwaZulu-Natal Province. It is located halfway between Johannesburg and

the harbours of Durban and Richards Bay, hence contributing to the export of manufactured goods and supply to the large Gauteng market. Newcastle is also endowed with good access infrastructure to the areas mentioned above, and such includes quality road and railway networks. The town is situated on the national rail route between the Durban Container Terminal and City Deep in the Gauteng Province, and has within its confines, a major rail exchange terminal, supporting railway stations and extensive goods conversion/warehousing facilities.

The city's local authority has jurisdiction over the surrounding maize, livestock and dairy farms including the industrial areas such as Karbochem, Mittal Steel South Africa (previously ISPAT/ISCOR), and the textile service industry. In addition, the city is also well endowed with coal reserves hence opportunities for coal mining within the area. Arcelor Mittal produces over 105 million tons of steel products annually. Although the Arcelor Mittal steelworks and the Karbochem synthetic rubber plant dominate the Newcastle industrial portfolio, there is a wide range of manufacturing undertakings sharing in the success of the region. Newcastle has welcomed many Chinese and Taiwanese into the region with the addition of over a hundred textile factories.

During the year 2002, the chrome chemical plant was completed in Newcastle which comes as a clear reflection of the city's industrial future. The joint venture project between Karbochem and the German specialist manufacturing giant LANXESS has made Newcastle the largest producer of chrome chemical in Africa. The company announced an investment of €40 million (almost R600 million) in 2012 towards the construction of a CO₂ plant at its site. Mittal Steel also completed a R400 million project to rebuild one of its coke batteries. Other large operations include a diamond cutting works, various heavy engineering companies, steel reinforcement and slag cement factories.

The Blackrock Casino and Entertainment Hotel provides much entertainment to Newcastle and the surrounding areas. The Newcastle Mall which was constructed by Zen Prop as a R500 million investment, is found adjacent to the Black Rockcasino and Entertainment Hotel, and it serves as a one-stop shopping destination for the wider region of Northern KwaZulu-Natal. Current and planned urban developments within Newcastle entail the new multi-storey Civic Centre, the 80 million expansion of the Victoria Mall, the Meadowlands Estate in Madadeni (residential estate), major extensions and upgrade of the Madadeni Hospital (Northern KwaZulu-Natal Regional Hospital), a R100 million upgrade of the Madadeni Police Station, the Vulintaba Estate, more development at the corner of Allen street along the Trim Park, the new Audi dealership next to

Newcastle Mall (Aquarand), Spar at corner Allen and Memel Road, planned Mercedes-Benz and dealership next to the Newcastle Mall (Aquarand), the development of the Heartlands Dry Port next to the train station, and the possible extension of the Newcastle Airport (Newcastle Airport Techno-hub). From the 1880s, Newcastle experienced rapid economic growth. Today Newcastle has the largest concentration of industry in the North-Western KwaZulu-Natal region.

There has been a 23.04% decline in the level of unemployment within Newcastle, from 87 619 (60.48%) in 2001 to 37 686 (37.44%) in 2011. In terms of unemployment by gender, the highest concentration is amongst the female population. With regards to formal employment by sector within Newcastle Municipality, trade/retail is the highest employer of the population at 8 888 as of July 2012, followed by Government services at 18 324. Government services as an employment sector is closely followed by manufacturing at 6 419, and subsequently finance at 5 375. As of 2013 the GDP of Newcastle was recorded as occupying 80.20% of the total GDP (0.7%) generated by Amajuba District within the KwaZulu-Natal Province.

In terms of the Human Development Index (HDI – the composite measure of life expectancy, education, and income used to measure human development), Newcastle is currently sitting at 0.57 which is deemed by the United Nations Development Programme as being medium human development index. The Gini Coefficient (the measure of inequalities) in Newcastle assumes a municipality working towards addressing inequalities. In the year 2002 inequality was estimated at 0.65 and in 2012 it was estimated to be 0.62 hence marking a move towards perfect equality. Regarding the levels of poverty, Newcastle has also experienced a decrease from 56.0% in 2002, 51.0% in 2006 and 44,4% in 2012. The annual income per capita of Newcastle Municipality is currently sitting at 29 264 thus meaning that the majority of individuals within Newcastle earn R2 438,66 per month hence falling above the global poverty line of \$1,25 per day based on the dollar – rand exchange rate.

1.1 MAYOR'S REPORT

NEWCASTLE MUNICIPALITY BUDGET POLICY STATEMENT BY MAYOR CLLR. DR NTUTHUKO MAHLABA

THEME: “The year of Charlotte Maxeke: promoting human rights in Age of COVID-19”

- Madam Speaker: Cllr. Samkelisiwe Yende
- KwaZulu- Natal Premier: Sihle Zikalala
- MEC for Cooperative Governance and Traditional Affairs: Mr Siphso Hlomuka
- Deputy Mayor: Cllr. Reuben Molelekoa
- Chief Whip: Mrs Dolly Mnguni
- Chairpersons of the various portfolios
- EXCO Members
- Councillors
- Business Chamber of Newcastle
- The Growth Coalition of Newcastle
- Acting City Manager: Mr. Vish Govender
- Leaders of Organized labour
- Traditional leaders
- Religious leaders
- Members of the Media
- And most importantly, a special greeting to the residents of Newcastle Local Municipality.

Sanibonani, Goeienand, Good evening!

Madam Speaker today marks just over a year since President Cyril Ramaphosa declared a national state of disaster in order to contain a COVID-19 outbreak. Over a year ago, we ushered a new era of the ‘the new normal’ and many lives succumbed to the deadly global pandemic. Madam Speaker, before I continue may we collectively take a moment of silence to remember those who have lost the battle against Covid-19...

-MOMENT OF SILENCE-

Madam Speaker, I have observed that Coronavirus has exposed every existing inequality imaginable globally. However, with the vaccine program, we now tither and wait in anticipation for a Covid-19 free world.

Madam Speaker, I cannot emphasise enough of the catastrophic economic impact that Coronavirus has inflicted upon all of us. Our livelihood has certainly changed, and unfortunately not for the better. Today we continue to mourn with those who have lost their loved ones. As a caring, listening and people centred government, we have not slumbered in our efforts to rebuild our local economy. We continue to attract potential investors to see Newcastle as the preferred business destination. We also continue to agitate for the improvement, betterment and dignified

life for all. As mandated by the bill of rights and the constitution, this African National Congress led municipality continues to dispense basic services to its residents unhindered. The tirelessness, zeal and conviction to get tasks done have been fast-tracked and invigorated at a rapid speed in the past year. Whilst the Coronavirus and other challenges attempted to dismantle our efforts, we as the Newcastle Municipality can categorically claim that service delivery has never halted during this period. This ANC led municipality can account, without prejudice or bias, that service delivery has been provided to all, regardless of race, colour of skin, political affiliation and gender. This ANC led municipality has been unwavering in its commitment to fighting corruption, malfeasance, maladministration, incompetence and has been extremely vocal in its stance to promote consequence management at all costs. Last year, we called upon residents to blow the whistle whenever they are confronted or witnessed any form of corruption. Through law enforcement agencies, such as the South African Police Services and the Hawks, we have sounded the clarion call and extended an impassioned plea for residents to report officials, staff or service providers who are engaged in any form of corruption. To date, we have several cases in court where the municipality has swiftly acted against those found wanting. Through our vigorous efforts, we have nabbed a municipal employee who tried to defraud the municipality of millions of rand. Through fair and just disciplinary processes, we have dismissed two senior officials for various transgressions. Our consequence management strategy is another clear indication that we are sincere about fighting crime, and we are closing ranks. We are not going to allow our municipality to be a breeding ground for corrupt thugs and scoundrels. At times, our earnest efforts to root out corruption have also been challenged and met with stiff opposition. It is not negotiable that we put the taxpayer's monies to proper use. We remain resolute and we shall not be derailed.

When this administration took over, our first objective was to implement a master plan to turn around the fortunes of this municipality. Firstly, a situation analysis was undertaken where we assessed our finances, infrastructure, human resources and capital program. Our priority was to service our debt with Eskom which was sitting at over R200 million. To date, we are servicing that debt and have managed to reduce it by over R35 million rand. Currently the municipality's debtor's book is sitting at over R1.7 billion. Plans are afoot to implement a debt collection strategy which will ensure that the municipality recoups outstanding debt. In September last year, the municipality undertook a special adjusted budget which was decreased by R400 million. We embarked on an aggressive cost cutting campaign; including cutting unnecessary perks for officials, cutting cell-phone allowances, cutting unnecessary spending and eventually, we drastically reduced unwarranted expenses. The municipality further cut overtime in some areas thus saving the municipality at least over R5 million a month from unwarranted overtime. In the past we have had instances where employees were claiming over 100 hours of overtime, whilst others claimed to have worked 24 hours a day. Through a thorough program, we were able to detect these municipal staff who were defrauding the municipality. Such innovative systems to safeguard the financial affairs of this institution make this municipality a trailblazer.

Madam Speaker, the glorious movement, the home of millions of South Africans, the ANC, propels us, at all material times to remember that the freedom that which we enjoy today did not come easy. It came at a cost of many lives who paid the price, by fighting years of oppression by an unjust and senseless government. Today we are reminded of the late ANC stalwart and former Secretary General of the Communist Party, Chris Hani, who said that he hated the oppressive

regime with a passion. It is through these words that we remember that we should guide and protect our freedom jealously. We should take ownership of our property, our infrastructure, our roads, municipal property and detest any efforts which may call for the destruction of property. Where we have erred and wronged as a municipality, we call upon you to take us to task and account. The process to make the municipality account should never be through acts of vandalism, violence and damage to municipal property. The Freedom Charter, which was adopted by this government and enshrined in our constitution, mandates us... us the municipality to dispense basic services to you... you the people. The Freedom Charter demands for all national groups to have equal rights.

Madam Speaker the government of the day, the African National Congress, has declared this year as the “The year of Charlotte Maxeke: promoting human rights in the Age of Covid-19.” Charlotte Makgomo Maxeke once said and I quote, “this work is not for yourselves- kill that spirit of self, and not live above your people but live with them. If you can rise, bring someone with you” close quote. This municipality has reinvigorated efforts to build a united front, social cohesion, unity, peace and fair justice for all. Considering this topic, I am compelled to report that the office of the premier of KwaZulu-Natal, working together with the municipality has made significant headway, with instilling and forging long lasting peaceful solutions among farm owners, farm dwellers and farm workers. Peaceful engagements and deliberations in that sector are still ongoing. We might not find solutions overnight, but a solution is inevitable. Where there has been wrong which has gone unpunished, we call upon our justice system to act swiftly. Where human rights have been infringed upon, we call upon our justice system to act swiftly. A society which upholds its justice system cannot allow wrong to prevail forever.

Madam Speaker, this year we also reflect on another important milestone, and journey. This year the Newcastle Municipality is commemorating and reflecting on the 20-year journey of local government and looks back at the extraordinary strides that we have made as a service delivery orientated institution. Local Government is a facet and cornerstone through which we can accelerate service delivery, create a dignified life for all and empower communities to be self-sufficient.

Madam Speaker our uttermost goal and mantra this year is to bolster and fast track incomplete projects, in particular our bulk water project and the provision of houses. Plans are afoot to aggressively provide housing, electricity and sanitation to first time homeowners. The municipality continues to deliver on its mandate of providing houses to first time homeowners, especially those who were previously disenfranchised and marginalized. Our housing programs in H39, the N11, Charlestown, Siyahlala-la, Hospital Street, JBC and Blaauwbosch are a demonstration and an indicator that our people’s dignity is being restored every day. We are demonstrating decisive leadership and undoing years of rhetoric which unashamedly treated one race as children of a lesser god. Fellow residents of Newcastle, allow me to update you on other ground-breaking milestones and achievements thus far in the last financial year:

- The municipality has been given the go ahead and approved to construct 560 community residential units valued at R4 billion. That project alone will lead to the creation of over 1000 jobs.

- Secondly, the municipality has been approved to construct 1 256 Social Housing Units valued at R6 billion, which will also create over 100 jobs.
- This ANC led municipality was able to negotiate with UNISA for the establishment of a regional university campus which will cater for Newcastle and surrounding areas. The university will lease a municipal building for a period of 3 years with the option of purchasing the building. We understand that education is a priority for the youth of Newcastle, and this will give them easy access to the institution of higher learning. It is for this reason that the municipality this year rewarded 109 students with bursaries, so that they can further their education at tertiary level. Next year we plan to drastically increase that figure.
- We continue to prioritize young people for employment opportunities.
- Fourthly, the municipality has approved the construction of six new roads in Madadeni, Osizweni and Blaauwbosch.
- Again, the municipality has obtained approval from the Department of Mineral Resources and Energy to speedily electrify 5 areas which never had electricity before, namely Siyahlala-la, Charlestown, Ingogo, Normandien and some areas in Blaauwbosch. Most of these projects would have been completed by the end of March, but Covid-19 has caused insurmountable delays. The issue of potholes remains a thorny problem, and it is for this reason that the municipality has expedited its program of resealing over 7kms of roads across Newcastle.
- The municipality has obtained approval from the Department of Mineral Resources and Energy to provide 285 solar power geysers in ward 1. The project is expected to be completed before the end of this month. Newcastle Municipality has through audacious efforts positioned itself as one of the most improved municipalities. This year we revitalized our “One Ward, One Project” program. Service delivery must be felt and seen in Osizweni, Blaauwbosch, Mndozo, Theku Plaza, Madadeni, Charlestown, Normandien, Ingogo, and Newcastle as a whole - from ward 1 to ward 34!
- To date we have connected 50 729 households to water and refuse removal.
- 255 new households will be connected to electricity by the 30th of June 2021.
- 247 new houses will be completed by the 30th of June 2021.
- 311 VIP Toilets have been installed.
- 3,4 kms of roads has been resealed in Newcastle.
- 70 speedhumps will be installed by the 30th of June 2021.
- 0,2 kms of road will be graveled outside the Mndozza Clinic.
- 0,75 Kms of the sub-base layer complete (MF18 & MF19)
- 0,714 Kms of the sub-base layer complete (MF69, 7,10)
- 0,375 Kms of the sub-base layer complete (MC13)
- 1 km of the sub-base layer complete (OB Link Road)
- 0,52 Kms of the sub-base layer complete (OA27)
- 1 km of the sub-base layer complete (H39 Bus Road)
- Completion of 0,78 km of road upgraded from gravel to black-top.
- Completion of 0,821 Km of road upgraded from gravel to blacktop.

- 0.9KM base layer complete and 0.9km of roads upgraded from gravel to blacktop for OA 103
- Completion of 2km of pipeline for Soul City
- Completion of the Madadeni Cashier's office
- The municipality was recognized for producing one of the best Integrated Development Plan.
- The municipality was rated as having one of the most improved Integrated Development Plan in KwaZulu-Natal.
- The municipality was applauded by Eskom for honoring its financial commitment to settling a longstanding debt with the power utility. This was one our efforts to make sure that our town is not plunged into darkness. We will continue to service this debt religiously and impeccably.

Madam Speaker, during the creation of the 2021/22 budget allocation, we frowned upon from a budget that would focus on willy-nilly matters, but to strike the crux of the needs of the population of Newcastle. Ours was a budget allocation whose stance mainly focused on bread-and-butter issues.

Fellow residents of Newcastle, madam Speaker, our business of today is as follows...

The total consolidated budget for the 2021/ 22 financial year is R2.6 billion, which has been developed with an overall planning framework and includes the programmes and projects to achieve the maximum strategic objectives of Newcastle Municipality as per the IDP. This budget has been set against the back and the current slow economic growth, escalating debtors, historical commitments on loans and creditors, while at the same time taking into cognisance in respect of the burden to consumers through rates and services. Economic challenges will continue to put pressure on municipal revenue generation and its ability to collect revenue in the 2021/22 financial year, hence a very conservative approach was adopted when projecting revenue and receipts based on the current payment factors. It is however hoped that, with easing of the Covid-19 restrictions, the payment is expected to start showing a positive trend during the budget year. Covid-19 has presented us with a variety of financial challenges and obstacles, but these impediments will not deter us from our mandate of service delivery. As tasked by the electorate, the municipality continues to sustain service delivery through this budget, by reprioritising expenditure to ensure that key objectives are optimized and achieved.

Madam Speaker, the provision in this budget is in line with government's steadfast commitment to support efforts which will broaden service delivery and expand investment in infrastructure, especially through capital projects, while at the same time considering the limited fiscal environment upon which this budget was prepared. The budget has further been structured to contribute to the municipality achieving the maximum strategic objectives of the IDP, considering the effect of limited resources. The National Treasury's MFMA circulars were used to guide the compilation of the 2021/22 budget. Furthermore, the budget format and the content incorporate the requirements of the Municipal Budget and Reporting Regulations.

The following principles were applied in formulating the draft budget:

- The municipality's Budget Funding Plan.
- Cost containment strategies.
- National economic outlook and its impact on local government.
- Affordable, realistic budget.
- Realistic and achievable collection rates.
- Budget to contribute to achieving strategic objectives of the IDP.
- Repayment of loans to be properly provided for, with no new loans planned for.
- Capital expenditure to be mainly funded from grants.
- Indigent subsidy for water be maintained to the national guideline of 6kl.
- Indigent subsidy package to include property rates.
- Revenue driven budget with a view to achieve affordability.

Madam Speaker, this budget was not crafted without hurdles. We were confronted with a host of challenges, but none are insurmountable- or too great for this municipality to conquer.

- The on-going difficulties in the national and local economy which necessitated costs containment measures as required by Treasury.
- The prevalence of COVID-19 coronavirus pandemic, which required reprioritisation of funds from other functions. The impact on the collection of revenue due to economic slowdown could also not be overlooked.
- National Treasury austerity measures with minimal growth on conditional grants.
- Inadequate allocation for repairs and maintenance due to funds limited.
- Limited capital infrastructure injection with no corresponding provision of near or future maintenance due to limited resources
- Inability to extend capital budget projects in terms of the IDP, other than those funded by grants and already on the business plans.
- The use of income-based budgeting, which has proven that previous budgets had been overstated in expenditure.
- Inability to provide for adequate vacant and critical positions due to limited funding.
- Cutting down on sum of the key functions due to limited funds, however prioritising the service delivery (especially maintenance of infrastructure).
- Bulk electricity tariff increases above the increase in revenue tariff increase, which implies additional burden for the municipality.

These are just a brief summary of the number of impediments which we were exposed to. This environment and terrain do not require us to mourn, but needs us to be steadfast, resolute and committed to the cause of serving the population of Newcastle.

Madam Speaker, the operating budget, which funds the continued provision of services provided by the municipality, is projected to increase from R2.395 billion in 2020/21 to R2.488 billion in 2020/21, representing an increase of R93.5 million (4%). The increase is mainly due to the increase in bulk water and electricity purchases, employee cost and debt impairment.

Madam Speaker, there has been a reduction in other expenditure and finance charges due to the cost containment measures being implemented by the municipality. This is the indication that the municipality is starting to take the right direction towards cost containment of non-core functions, and reprioritisation of service delivery functions. The increase in the overall operating budget is mainly due to the provision of the following:

- Costs of bulk purchases of electricity and water due to tariff increases.
- Increased costs of employee related costs due projected annual salary increase.
- Increase debt impairment due to high consumer debtors still not collectable.

Madam Speaker, the total operating revenue is projected at R2.214 billion in the 2021/22 financial year, representing an increase of R82.9 million (4%) from the current year's adjusted budget of R2.131 billion.

Madam Speaker, after rigorous analysis of the current financial climate, whilst also deeply considering the impact of Coronavirus, and ensuring that service delivery is not stalled or halted- as a collective council, the municipality will be implementing the following charges from the 1st of July 2021.

ELECTRICITY SERVICES

Electricity tariffs are expected to increase by 14.59%. It must be noted that this tariff increase is as per the NERSA's guidelines of municipal tariff increase as well as the application that will be submitted by the municipality to NERSA. With the tariff increase of 14.59%, electricity revenue is expected to increase by R90.0 million (15%) in the 2021/22 financial year. Cognisance should also be taken that this percentage increase of 14.59% is way above the projected inflation rate of 3.9%, however this increase is based on the NERSA's tariff approval for municipal tariffs. The revenue figure of R710.1 million is also net of the cost of free basic service of R8.5 million in respect of electricity as required in terms of the Budget and Reporting Regulations.

WATER SERVICES

Water tariffs are expected to increase by 3.9% in the 2021/22 financial year. The increase of 3.9% in tariffs is expected to generate additional revenue of R6.3 million (3%), from R187.5 million in the current year to R193.9 million in the 2021/22 financial year. The revenue figure of R193.9 million is net of the cost of free basic services of R10.3 million in respect of water as required in terms of the Budget and Reporting Regulations.

REFUSE REMOVAL

Refuse removal tariffs are expected to increase by 3.9% in the 2021/22 financial year. The increase of 3.9% in tariffs is expected to generate additional revenue of R2.8 million (3%), from R92.7 million in the current year to R95.6 million in the 2021/22 financial year.

SANITATION

Sanitation tariffs are expected to increase by 3.9% in the 2021/22 financial year. The increase of 3.9% is expected to generate additional revenue of R3.1 million (3%), from R116.2 million in the current year to R119.4 million in the 2021/22 financial year. The revenue figure of R119.4 million is net of the cost of free basic services of R15.1 million in respect of sanitation as required in terms of the Budget and Reporting Regulations.

PROPERTY RATES

Property rates tariffs are expected to increase by 3.9% in the 2021/22 financial year, while the impermissible amount will be remaining at R85 000. The increase in the property rates tariffs is expected to generate additional revenue of R13.6 million (3%), from R348.8 million in the current year to R362.4 million in the 2021/22 financial year. The revenue figure of R362.4 million is net of the rates rebates and indigent benefit of R79.1 million as required in terms of the Budget and Reporting Regulations.

OPERATIONAL EXPENDITURE

Madam Speaker, the total operating expenditure is projected at R2.488 billion in the 2021/22 financial year, representing an increase of R95.3 million from the current financial year's budget of R2.395 billion. The municipality's expenditure for the 2021/22 budget is informed by:

- National Treasury budget and cost containment measures circulars
- Relevant legislative imperatives,
- Expenditure limits set by realistic and realisable revenue levels,
- National, provincial and local economic and fiscal conditions,
- Electricity load shedding and COVID-19 challenges.
- Employee Related Costs: R570.2 million, increase of R25.7 million.

Employee related costs has increased from R544.4 million to R570.2 million, representing an increase of R25.7 million. Included in the employee related costs is an amount of R29 million for overtime. This constitute 5% of the total employee related costs, which is also within the National Treasury norm of 5%.

The bulk of this provision relates to overtime for essential services which the municipality cannot avoid. These services include waste management, electricity maintenance, water maintenance, waste management, public safety and other essential services which the municipality is required to provide to communities. It must be noted that the municipality is currently implementing a few measures to ensure that overtime is not abused and is kept to the bear minimum.

REMUNERATION OF COUNCILLORS

Remuneration of councillors is projected to be R28.8 million, representing an increase of R1.4 (5%) from the current financial year budget of R27.4.8 million. The projection is based on the 2020/21 notice of the upper limits issued by the MEC for Local government in December 2020,

and an increase of 4% has been estimated in respect for 2021/22, which will be determined by the MEC for CoGTA at the beginning of 2022. This provision also is based on the expectation that EXCO councillors, MPAC Chair and the Chief Whip will be approved as fulltime councillors during the 2021/22 financial year.

BULK ELECTRICITY PURCHASES

Expenditure on bulk electricity purchases is projected at R557.1 million, representing an increase of R57.4 million (12%) from the current financial year budget of R499.6 million. The provision of R577.1 million is informed by the NERSA guidelines and the expected demand for electricity to the municipal consumers in the 2021/22 financial year.

UTHUKELA WATER ENTITY

The municipality's contribution to uThukela Water increased from R126.2 million to R131.2 million which represents an increase of R5.0 million (4%) from the current financial year. While the entity has submitted a budget of R134.8 million, the current financial state of the municipality makes it impractical to afford the full budget requested by the entity. Hence, the municipality has only afforded the increase in line with the inflation rate and the expected tariff increase of the municipality on water. It will be critical that the entity adjust its expenditure in order to fit within the budget of R131.2 million.

Madam Speaker, we have a host of exciting projects in store for the 2021/22 financial year. This financial year we will rejuvenate and implant a spirit of a dedicated public servant. As instructed by the late Charlotte Maxeke who said that everything we do, we do for the people and not ourselves. It is for this reason that I implore the residents of Newcastle to work with us as we roll out the following projects for the 2021/22 financial year.

- We plan to construct and complete 300 new houses connected with water, sanitation and refuse removal.
- 624 new household connections to electricity.

Madam Speaker, we have prioritized our roads projects. We are aware of the importance of resealing of roads, which will gradually ensure that potholes become a thing of the past. We have focused our energies on revitalizing the following roads,

- 0,9 Km of Roads resealed at Madadeni (Mad6).
- 0,3 km of Roads resealed at Osizweni (JR4).
- 0,8 Km of Roads resealed at Newcastle Residential (Resealing for Henrietta street 0,4 Km and Ribbon Street 0,4 Km).
- 1,1 Km's of Roads resealed in Newcastle CBD (Resealing for Hardwick street 0,5 Km and Marconi street 0,6 Km).
- Completion of 3 km of graveling at the following roads:
 - Madadeni school - 1km,
 - Charlestown road in ward 1 -1km,

- Mndozo Clinic - 0,5km and
- OC44- 0,5km)
- And the completion of 3km of graveling in Osizweni at the following roads:
 - Ward 14- MP 29 (0,5km),
 - Ward 15-Kwantshangase (0,5km),
 - Ward 22-MB24 (0,5km),
 - ward 30 Thiyasizwe (0,5km) and
 - Ward 31 Bus Route-1km
- 0,75 Km's of gravel road upgraded to blacktop complete for MF18 & 19
- 0,714 Km's of gravel road upgraded to blacktop complete for MF69, 7,10
- Completion of 0,48 Km's of gravel road upgraded to blacktop complete for OA44
- 1.1 Km's of gravel road upgraded to blacktop complete for OB Link Road
- Completion 0,61 Km's of gravel road upgraded to blacktop complete (MA23,26 &25)
- Completion of 1.2 Km's of gravel road upgraded to blacktop (H39 Bus Road)
- Approval of the Electricity Service Delivery Plan (ESDP) by Council in June 2022.
- 50451
- 6km's of trench excavation & pipe laying for the construction of 11.5 km pipeline from Brackfontein reservoir to Blaawbosch area.

Madam Speaker, we have also undertaken to complete the following projects during the 2021/22 financial year.

- 100% implementation of the water maintenance plan
- 100% implementation of the electricity maintenance plan
- Transfer of 100 title deeds
- Advertisement of 25 properties for disposal
- Completion of construction of 0, 708 km of storm-water drainage for the medical precinct
- Completion of the installation of 20 streetlights for the medical precinct
- Completion 0,68km's of water pipeline at the medical precinct
- Completion 0,933km's of sewer pipeline at the medical precinct
- Completion of the commissioning of the electrical substation for the medical precinct
- Purchase and delivery of 1 compactor truck
- Construction of 2km of pipeline and 10 standpipes in ward 33 and 15
- Completion of the replacement of the DN150 Bulk Sewer Clay Pipeline from Stafford Hill
- Appointment of the Contractor Upgrade and Refurbishment of Bulk Sewer Pipeline from Siyahlala-la to Voortrekker Pump station
- Purchase of 1 x laptop
- Supply of 11500 households with free basic water, sanitation, refuse removal and electricity in terms of the Indigent Policy.
- Appointment of the SED: Community Services
- Filling of key positions according to the approved critical positions budget funding.

Madam Speaker, fellow Newcastle residents and our key stakeholders, I table the 2021/22 budget. As I conclude, I would like to end with a quote from our late president and stalwart of the glorious

movement, President Nelson Mandela, who once said and I quote, “there can be no greater gift than that of giving one’s time and energy to help others without expecting anything in return,” close quote.

In those words, let us continue to exercise selflessness during this Covid-19 period. And most importantly, we should unite in our diversity, and build our beautiful town.

I THANK YOU

1.2 BUDGET RESOLUTIONS

- (a) That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the municipality for the financial year 2021/22; and indicative allocations for the two projected outer years 2023/23 and 2023/24; and the multi-year and single year capital appropriations be approved;
- (b) That the sources to fund both operating and capital budgets be noted and approved;
- (c) That the Municipality's annual allocation of R131 274 263 to uThukela Water for the provision of bulk water be approved;
- (d) That in terms of section 24(2)(c)(i) of the Municipal Finance Management Act, 56 of 2003, and sections 74 and 75A of the Local Government Municipal Systems Act, 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out Tariff of Charges that were used to prepare the estimates of revenue by source, be approved with effect from 1 July 2021 for all services, except for water and electricity consumption, which be levied on the new tariff with effect from 01 August 2021;
- (e) That the Final Schedule of Service Delivery Standards be noted and approved;
- (f) That the Tariff of Charges be approved and be applicable with effect from 01 July 2021;
- (g) That water, refuse, sewer and sundry tariffs be increased by 3.9% with effect from 01 July 2021.
- (h) That property rates tariffs be increased by 3.9% and impermissible rate for all properties be capped at R85 000 with effect from 01 July 2021;
- (i) That the electricity tariff be increased by 14.59% as directed by NERSA with effect from 01 July 2021;
- (j) That bulk electricity purchases be increased by 17.8% as per NERSA's guideline of the Eskom tariff increase.
- (k) That in terms of the Indigent Policy, the monthly household earnings of an indigent application be capped at R5000.00 per month.
- (l) That indigent benefit package be approved as follows:

Electricity consumption	: 50 kW/h
Water consumption	: 6 KI
Electricity availability	: 100%
Water availability	: 100%
Sewer	: 100%
Refuse	: 100%
Property rates	: 100%
Rental municipal dwellings	: 75%

- (m) That the rate rebates be capped and approved as follows:
- | | |
|---|-------|
| Pensioners | : 25% |
| Flood victims | : 50% |
| Bread and breakfasts businesses | : 10% |
| Business development with
Property greater than R50 million: | |
| from 0-4 years | : 40% |
| from 5-6 years | : 25% |
| from 7-8 years | : 10% |
| from 9 years onwards | : 0% |
- (n) That the Budget Funding Plan be approved;
- (o) That the Budget Policy be approved;
- (p) That the Tariff Policy be approved;
- (q) That the Rates Policy be approved;
- (r) That the Indigent Policy be approved;
- (s) That the Customer Care, Credit Control and Debt Collection Policy be approved;
- (t) That the Provision for Doubtful Debt and Debtors Write-Off Policy be approved;
- (u) That the Supply Chain Management Policy be approved;
- (v) That the Cash and Investment Management Policy be approved;
- (w) That the Asset Management Policy be approved;
- (x) That the Petty Cash Policy be approved;

- (y) That the Virement Policy be approved;
- (z) That the Funding and Reserves Policy be approved;
- (aa) That the Borrowing Policy be approved;
- (bb) That the Loss control Policy be approved;
- (cc) That the Short-term Insurance Policy be approved;
- (dd) That the Cost Containment Policy be approved;
- (ee) That the Property Rates By-Laws be approved;
- (ff) That the Tariff By-Laws be approved.

1.3 EXECUTIVE SUMMARY

1.3.1 INTRODUCTION

The 2021/2022 budget is a consolidated budget of R2.6 billion which has been developed with an overall planning framework and includes the programmes and projects to achieve the minimum strategic objectives of Newcastle Municipality as per the IDP. This budget has been set against the back and the current slow economic growth, escalating debtors, historical commitments on loans and creditors, while at the same time take cognisance in respect of burden to consumers through rates and services. Economic challenges will still continue to put pressure on municipal revenue generation and its ability to collect revenue in the 2021/22 financial year, hence a very conservative approach was adopted when projecting revenue and receipts based on the current payment factors. It is however hoped that, with easing of the Covid-19 restrictions, the payment is expected to start showing a positive trend during the budget year.

Despite these challenges, it remains the mandate and responsibility of the municipality to sustain service delivery through this budget by reprioritising expenditure to ensure key objectives are achieved. Provision in this budget continue to support government's commitment to broadening service delivery and expanding investment in infrastructure, especially through capital projects, while at the same time taking into account the limited fiscal environment upon which this budget was prepared. The budget has further been structured to contribute to the municipality achieving the minimum strategic objectives of the IDP, taking into account the effect of limited resources. The National Treasury's MFMA circulars were used to guide the compilation of the 2021/22 budget. Furthermore, the budget format and the content incorporates the requirements of the Municipal Budget and Reporting Regulations.

The following principles were applied in formulating the budget:

- The municipality's Budget Funding Plan;
- Cost containment strategies;
- National economic outlook and its impact on local government;
- Affordable, realistic budget;
- Realistic and achievable collection rates;
- Budget to contribute to achieving strategic objectives of the IDP;
- Repayment of loans to be properly provided for, with no new loans planned for;
- Capital expenditure to be mainly funded from grants;
- Indigent subsidy for water be maintained to the national guideline of 6kl;
- Indigent subsidy package to include property rates;
- Revenue driven budget with a view to achieve affordability;

This budget was not crafted without challenges. The main challenges experienced can be summarised as follows:

- The on-going difficulties in the national and local economy which necessitated costs containment measures as required by Treasury circulars;
- The prevalence of COVID-19 coronavirus pandemic, which required reprioritisation of funds from other functions. The impact on the collection of revenue due to economic slowdown could also not be overlooked;
- National Treasury austerity measures with minimal growth on conditional grants;

- Slow economic growth and unemployment, coupled with the fact that, a number of key industries are shutting down businesses in the area of Newcastle;
- Inadequate allocation for repairs and maintenance due to funds limited;
- Limited capital infrastructure injection with no corresponding provision of near or future maintenance due to limited resources
- Inability to extend capital budget projects in terms of the IDP, other than those funded by grants and already on the business plans.
- The use of income-based budgeting, which has proven that previous budgets had been overstated in expenditure.
- Inability to provide for adequate vacant and critical positions due to limited funding.
- Cutting down on sum of the key functions due to limited funds, however prioritising the service delivery (especially maintenance of infrastructure).
- Bulk electricity tariff increase above the increase in revenue tariff increase, which implies additional burden for the municipality.

1.3.2 OVERVIEW OF THE 2021/2022 BUDGET

OPERATING BUDGET

The operating budget, which funds the continued provision of services provided by the municipality, is projected to increase from R2.395 billion in 2020/21 to R2.488 billion in 2020/21, representing an increase of R93.5 million (4%). The increase is mainly due to the increase in bulk water and electricity purchases, employee cost and debt impairment.

There has been a reduction in the other expenditure, depreciation and finance charges due to the cost containment measures being implemented by the municipality, as well as the current year's full year projection. This is an indication that the municipality is starting to take the right direction towards cost containment of non-core functions, and reprioritisation of service delivery functions. The increase in the overall operating budget is mainly due to the provision of the following:

- Costs of bulk purchases of electricity and water due to tariff increases;

- Increased costs of employee related costs due projected annual salary increase;
- Increase debt impairment due to high consumer debtors still not collectable

OPERATING REVENUE

Total operating revenue is projected at R2.214 billion in the 2021/22 financial year, representing an increase of R82.9 million (4%) from the current year's adjusted budget of R2.131 billion. The major items of the operating revenue for the 2021/22 financial year are as follows:

Details	2021/2022 R'000	% of Total Revenue
Electricity	710 188	32.1%
Water	193 910	8.8%
Sanitation / sewer	119 429	5.4%
Refuse	95 601	4.3%
Property rates	362 426	16.4%
Grants and subsidies	695 021	31.4%
Other revenue	20 987	0.9%
Interest on outstanding debtors	4 642	0.2%
Rental of facilities	7 532	0,3%
Fines	2 105	0.1%
Interest on investments	2 295	0.1%

The following is the analysis of the revenue sources which have had the main impact in the increase in revenue:

- **Electricity services: R710.1 million, increase of R91.0 million (15%)**

Electricity tariffs are expected to increase by 14.59%. It must be noted that this tariff increase is as per the NERSA's guidelines of municipal tariff increase as well as the application that will be submitted by the municipality to NERSA. With the tariff increase of 14.59%, electricity revenue is expected to increase by R90.0 million (15%) in the 2021/22 financial year. Cognisance should also be taken that this percentage increase of 14.59% is way above the projected inflation rate of 3.9%, however this increase is based on the NERSA's tariff approval for municipal tariffs. The revenue figure of R710.1 million is also net of the cost of free basic service of R8.5 million in respect of electricity as required in terms of the Budget and Reporting Regulations.

- **Water services: R193.9 million, increase of R6.3 million (3%)**

Water tariffs are expected to increase by 3.9% in the 2021/22 financial year. The increase of 3.9% in tariffs is expected to generate additional revenue of R6.3 million (3%), from R187.5 million in the current year to R193.9 million in the 2021/22 financial year. The revenue figure of R193.9 million is net of the cost of free basic services of R10.3 million in respect of water as required in terms of the Budget and Reporting Regulations.

- **Refuse removal: R95.6 million, increase of R2.8 million (3%)**

Refuse removal tariffs are expected to increase by 3.9% in the 2021/22 financial year. The increase of 3.9% in tariffs is expected to generate additional revenue of R2.8 million (3%), from R92.7 million in the current year to R95.6 million in the 2021/22 financial year.

- **Sanitation: R119.4 million, increase of R3.1 million (3%)**

Sanitation tariffs are expected to increase by 3.9% in the 2021/22 financial year. The increase of 3.9% is expected to generate additional revenue of R3.1 million (3%), from R116.2 million in the current year to R119.4 million in the 2021/22 financial year. The revenue figure of R119.4 million is net of the cost of free basic services of R15.1 million in respect of sanitation as required in terms of the Budget and Reporting Regulations.

- **Property rates: R362.4 million, increase of R13.6 million (4%)**

Property rates tariffs are expected to increase by 3.9% in the 2021/22 financial year, while the impermissible amount will remain at R85 000. The increase in the property rates tariffs is expected to generate additional revenue of R13.6 million (3%), from R348.8 million in the current year to R362.4 million in the 2021/22 financial year. The revenue figure of R362.4 million is net of the rates rebates and indigent benefit of R79.1 million as required in terms of the Budget and Reporting Regulations.

- **Transfers recognised: R695.0 million, decrease of R29.3 million (-4%)**

Revenue from grants is expected to generate operating revenue of R695.0 million in the 2021/22 financial year. This represents a decrease of R29.3 million (4%) from the budget of R724.3 million in the current year to the budget of R695.0 million in the 2021/22 financial year. These operating grants include the equitable share, the Finance Management Grant (FMG), Expanded Public Works Programme and various other provincial grants from department of Arts and Culture and the Department of Human Settlements. A portion of the Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant (WSIG) have also been included in the operating grants in order to deal with capacity operational issues in the department of Technical

Services. Reference is made to table SA18 in respect of the split of transfers which will fund operational and capital expenditure. The appropriation of grant transfers in the budget has been made in accordance with the Division of Revenue Act and the provincial gazette.

- **Fines: R2.1 million, decrease of 6.5 million (-76%)**

Revenue from fines and penalties is expected to generate revenue of R2.1 million in the 2021/22 financial year. This represents a decrease of 6.5 million (-76%) from the budget of R8.6 million in the current year, to R2.1 million in the 2021/22 financial year. The decrease has been attributed to the current year's fines being levied. Fines will be imposed in accordance with the traffic laws and regulations and will be influenced by law enforcement and the behaviour of road users in the jurisdiction of Newcastle.

- **Interest on investments: R2.2 million, a decrease of R77 thousand (-3%)**

Interest on investments is expected to generate revenue of R2.2 million in the 2021/22 financial year. This represents a decrease of R77 thousand (-3%) from the budget of R2.3 million in the current year to R2.4 million in the 2021/22 financial year. Interest will be earned based on the value of the investments that the municipality will make with various financial institutions for any additional funds during the financial year. A decrease is attributable to lesser grants projected for 2021/22 financial year.

- **Interest on outstanding debtors: R4.6 million, decrease of R464 thousand (-9%)**

Interest on outstanding debtors is expected to generate revenue of R4.6 million in the 2021/22 financial year. This represents a decrease of R464 thousand (-9%) from the budget of R5.1 million in the current year to R4.6 million in the 2021/22 financial year. Interest will be earned based on overdue business accounts without any arrangements in place.

- **Rental of facilities: R7.5 million, increase of R90 thousand (1%)**

Tariffs from rental of municipal facilities will be increased by 3.9% and is expected to generate revenue of R7.5 million in the 2021/22 financial year. This represents an increase of R90 thousand (1%) from the budget of R7.4 million in the current year to R7.5 million in the 2020/21 financial year.

- **Licences: R104 939, increase of 89 thousand (592%)**

Tariffs from licences will be increased by 3.9% and is expected to generate revenue of R104 thousand in the 2021/22 financial year. This represents an increase of R89 thousand (592%) from the budget of R15 174 in the current year to R104 939 in the 2021/22 financial year.

- **Other revenue: R20.9 million, an increase of R2.1 thousand (11%)**

Sundry tariffs will be increased by 3.9% and are expected to generate revenue of R20.9 million in the 2021/22 financial year. This represents an increase of R2.1 million (11%) from the budget of R18.6 million in the current year to the budget of R20.9 million in the 2021/22 financial year.

- **Disposal of properties: R11 million**

The municipality is in the process of disposing a properties through for the medical precinct project for the estimated purchase price of R11 million. Based on the value of the land, the municipality is projecting to generate a gain of R1 million in the transaction. A number of properties have already been identified and advertised for disposal, the process of which is expected to drag up to 2021/22 financial year.

- **Inflation target**

In terms of the National Treasury's budget circular No.108, the projected inflation rate for 2021/22 is 3.9%. It is noted that the tariff increase of 3.9% for rates and services and 14.59% for the electricity exactly in line with the projected inflation rate as well as the NERSA guideline on municipal tariff increase.

OPERATIONAL EXPENDITURE

Total operating expenditure is projected at R2.488 billion in the 2021/22 financial year, representing an increase of R93.5 million (4%) from the current financial year's budget of R2.395 billion. The municipality's expenditure for the 2021/22 budget is informed by:

- National Treasury budget and cost containment measures circulars
- Relevant legislative imperatives,
- Expenditure limits set by realistic and realisable revenue levels,
- National, provincial and local economic and fiscal conditions,
- Electricity load shedding and COVID-19 challenges.

The major items of the operating expenditure for the 2021/22 financial year are as follows:

Details	2021/2022 R'000	% of Total Budget
Bulk purchases	577 138	22.9%
Other materials	136 114	5.5%
Employee related costs	570 234	22.2%
Depreciation	378 675	15.2%
Debt impairment	283 536	11.4%
Other expenditure	106 690	4.3%
Interest of loans	39 754	1.6%
Remuneration of councillors.	28 882	1,2%
Contracted services	387 906	15.5%

The following are expenditure items included in the budget:

- **Employee Related Costs: R570.2 million, increase of R12.5 million (5%)**

Employee related costs has increased from R544.4 million to R570.2 million, representing an increase of R25.7 million (5%). Included in the employee related costs is an amount of R29 million for overtime. This constitute 5% of the total employee related costs, which is also within the National Treasury norm of 5%. The bulk of this provision relates to overtime for essential services which the municipality cannot avoid. These services include waste management, electricity maintenance, water maintenance, waste management, public safety and other essential services which the municipality is required to provide to communities. It must be noted that the municipality is currently implementing a number of measures to ensure that overtime is not abused and is kept to the bear minimum.

- **Remuneration of Councillors: R28.8 million, an increase of R1.4 million (5%)**

Remuneration of councillors is projected to be R28.8 million, representing an increase of R1.4 (5%) from the current financial year budget of R27.4.8 million. The projection is based on the 2020/21 notice of the upper limits issued by the MEC for Local government in December 2020, and an increase of 4% has been estimated in respect for 2021/22, which will be determined by the MEC for CoGTA at the beginning of 2022. This provision also is based on the expectation that

EXCO councillors, MPAC Chair and the Chief Whip will be approved as full time councillors during the 2021/22 financial year.

- **Bulk Electricity Purchases: R577.1 an increase of R57.4 million (12%)**

Expenditure on bulk electricity purchases is projected at R577.1 million, representing an increase of R57.4 million (12%) from the current financial year budget of R499.6 million. The provision of R588.6 million is informed by the NERSA guidelines and the expected demand for electricity to the municipal consumers in the 2021/22 financial year.

- **UThukela Water Entity: R131 275 million, an increase of R5.0 million (4%)**

The municipality's contribution to uThukela Water increased from R126.2 million to R131.2 million which represents an increase of R5.0 million (4%) from the current financial year. While the entity has submitted a budget of R134.8 million, the current financial state of the municipality makes it impractical to afford the full budget requested by the entity. Hence, the municipality has only afforded the increase in line with the inflation rate and the expected tariff increase of the municipality on water. It will be critical that the entity adjust its expenditure in order to fit within the budget of R131.2 million.

- **Debt impairment: R283.5 million, an increase of R30.5 million (12%)**

The municipality has projected to incur R283.5 million on debt impairment, representing an increase of R30.5 million (12%) from the current financial year budget of R252.9 million. The provision and the increase is based on the council's debtors' book, and the rate at which doubtful debt is expected to escalate. The provision for doubtful debt is calculated in line with the provision of the Council's approved Credit Control and Debt Collection Policy. It must however be mentioned that the recent campaign to collect outstanding debtors and to build the culture of payment of services in the townships has started to yield positive results.

- **Depreciation: R401.7 million, an increase of R11.7 million (3%)**

Provision for depreciation has been projected to be R401.7 million, representing an increase of R11.7 million (3%) from the current financial year's budget of R390.0 million. The provision is based on the municipality's asset register the expected lives of the assets. The increase is

attributable to the projected capital expenditure and the infrastructure projects which were completed during the current financial year, the impact of the depreciation in expected fully during the budget year.

- **Finance Charges: R39.7 million, a decrease of R3.1 million (-7%)**

Expenditure on interest on loans is projected to be R39.7 million, representing a decrease of R3.1 million (-7%) from the current financial year budget of R42.8 million. The estimation of finance charges of R39.7 million is based on the amortisation schedules of the loan portfolios of the municipality and the loan agreements with the financial institutions, which is expected to last for at least next nine years. It must however be noted that no new loans will be taken by the municipality in the 2021/22 financial year.

- **Contracted services: R387.9 million, an increase of R2.6 million (1%)**

Expenditure on contracted services is projected to be R387.9 million, representing an increase of R2.6 million (1%) from the current financial year budget of R385.2 million. The increase is due to the increase in housing and other grants from national and provincial departments. It must be noted that, included under this provision is an amount of R150 million in respect of the housing grant for the various housing projects.

- **Other materials: R136.0 million, an increase of R3.6 million (3%)**

Expenditure on materials is projected at R136.0 million, representing an increase of R3.6 million (3%) from the current financial year budget of R132.4 million. Included under this item is the allocation for Uthukela Water for R131 million as well as the materials for the cleaning of municipal buildings, halls, chemicals, cleansing material, pest control.

- **Other expenditure: R106.6 million, a decrease of R13.5 million (-11%)**

Other expenditure is projected to be R106.6 million, representing a decrease of R13.5 million (-11%) from the current financial year budget of R120.2 million. The decrease is due to the implementation of cost containment measures in line with affordability of the municipality.

Included under other expenditure is an amount of R19 million in respect of departmental services for the municipality’s usage of water, electricity, sanitation and refuse.

OPERATING SURPLUS/DEFICIT

The operational budget therefore yields an operating deficit of R274.6 million. It is noted that the operating deficit has increase of R10.6 (4%) million when compared with the budgeted deficit of R264.1 million in the current financial year. It remains the commitment of the municipality to comply with MFMA Circular No.72, which encourages municipalities to adopt a surplus position over the MTREF with a view to achieve and maintain financial stability of the municipality. It must also be recorded that the municipality’s budget in yet funded as it unable to provide all provision as indicated in table A8. The municipality has however adopted a Budget Funding Plan, which is aimed to achieve a funded budget by 2023/24 financial year. At this stage, it is important that the municipality remains committed to the strategies and targets of the funding plan.

CAPITAL BUDGET

The municipality’s capital budget is projected to be R134.3 million, consisting of R110.4 million to be funded from government grants, and R23.9 million to be funded from internally generated funds.

The summary of the capital budget over the medium terms is depicted as follows:

Details	2021/2022 R'000	% of total expenditure
Total Capital Budget	145 393	100%
<u>Funded as follows:</u>		
Grant funding	121 377	83%
Internal funding	24 016	17%
	145 393	100%

Government grants continue to fund the bulk of capital programme over the next three financial years, covering about 83% of the capital expenditure in the 2021/22 financial year. Due to the current cash flow position, the municipality has no plans to take new loans.

The capital budget summarised by asset type can summarised as follows:

ASSET CLASS	2021/2022 R'000	% of total Expenditure
Water distribution	33 867	23.3%
Roads and storm water	40 932	28.2%
Vehicles and Machinery	3 200	2.2%
Furniture and Equipment	1 385	0.9%
Sanitation	51 512	35.4%
Electricity distribution	3 532	2.0%
Sports and recreation	11 000	7.6%
TOTAL CAPITAL BUDGET	145 393	100%

The municipality will be spending the bulk of its capital programme towards basic infrastructure, with R40.9 million towards roads, R33.8 million towards water, R51.5 million towards sanitation, R11 million towards the sports facility and R3.1 million on the electricity infrastructure. A further R3.s million will be spent on new plant, R1.3 million of furniture and other tools of trade.

The following the list of capital projects which will be implemented over the medium term:

CAPITAL BUDGET 2021/2022

DEPARTMENT	FUNDING SOURCE	PROJECT DESCRIPTION	BUDGET 2021 2022	BUDGET 2022 2023	BUDGET 2023 2024
MUNICIPAL MANAGER	INTERNAL	PURCHASE OF VEHICLE	300 000		
DP&HS	INTERNAL	MEDICAL PRECINCT:PROFESSIONAL FEES	99 478		
DP&HS	INTERNAL	MEDICAL PRECINCT:CONSTRUCTING OF ROADS	4 420 668		
DP&HS	INTERNAL	MEDICAL PRECINCT:STORM WATER	1 108 705		
DP&HS	INTERNAL	MEDICAL PRECINCT:STREET LIGHTS	2 183 529		
DP&HS	INTERNAL	MEDICAL PRECINCT:WATER	757 983		
DP&HS	INTERNAL	MEDICAL PRECINCT:SEWER	697 289		
DP&HS	INTERNAL	MEDICAL PRECINCT:SUBSTATIONS	1 348 347		
TECHNICAL SERVICES	INTERNAL FUNDING	RESEALING OF ROADS MADADENI	2 000 000	1 500 000	1 500 000
TECHNICAL SERVICES	INTERNAL FUNDING	RESEALING OF ROADS OSIZWENI	2 000 000	1 500 000	1 500 000
TECHNICAL SERVICES	INTERNAL FUNDING	RESEALING OF ROADS NEWCASTLE RESIDENTIAL	2 000 000	1 000 000	1 000 000
TECHNICAL SERVICES	INTERNAL FUNDING	RESEALING OF ROADS NEWCASTLE INDUSTRIAL & CBD	3 000 000	4 000 000	4 000 000
TECHNICAL SERVICES	INTERNAL FUNDING	PURCHASE OF REFUSE COMPACT TRUCK	2 900 000	1 500 000	1 500 000
BTO	INTERNAL FUNDING	FURNITURE AND EQUIPMENT	200 000	300 000	300 000
BTO	INTERNAL FUNDING	MACHINERY & EQUIPMENT	100 000	200 000	200 000
BTO	INTERNAL FUNDING	IT EQUIPMENT	900 000	1 000 000	1 000 000
TOTAL INTERNAL FUNDING			24 016 000	11 000 000	11 000 000
DP&HS	ACCREDITATION	FURNITURE AND EQUIPMENT	35 000		
DP&HS	NDPG	JBC LIBRARY	-	10 000 000	10 000 000
TOTAL DPHS			35 000	10 000 000	10 000 000
TECHNICAL SERVICES	MIG	FURNITURE AND EQUIPMENT	115 000	100 000	300 000
TECHNICAL SERVICES	MIG	Madadeni Wastewater Treatment Works Extensions: Contract IV: Mechanical and Electrical Related Work including supporting Civil and Structural related work	26 000 000	22 200 000	-
TECHNICAL SERVICES	MIG	Blaauwbosch Bulk Water Project	18 000 000	18 000 000	-
TECHNICAL SERVICES	MIG	Construction of H39 Bus Road and Street Lighting	5 153 658	-	-
TECHNICAL SERVICES	MIG	Osizweni Urban Access Road Phase 4	-	14 000 000	15 000 000
TECHNICAL SERVICES	MIG	Construction of OB1 Link Road	5 145 670	-	-
TECHNICAL SERVICES	MIG	Upgrade of OC44, OC22	3 600 000	-	-
TECHNICAL SERVICES	MIG	Madadeni Urban Access Roads and Stormwater Phase 3	-	14 000 000	15 000 000
TECHNICAL SERVICES	MIG	Upgrading of MF18 and MF19 to Blacktop in Madadeni	3 895 470	-	-
TECHNICAL SERVICES	MIG	Upgrade of MF7, MF10 and MF69 Roads	6 008 417	-	-
TECHNICAL SERVICES	MIG	Upgrade of MA23,26 & 25	3 608 645	-	-
TECHNICAL SERVICES	MIG	Pipe Replacement and Upgrade Project	10 000 000	10 000 000	10 000 000
TECHNICAL SERVICES	MIG	Vijoenpark Bulk Water and Sanitation (Phase 2):Refurbishment of the Newcastle Waste Water Treatment Works	14 706 540	10 293 460	35 935 450
TECHNICAL SERVICES	MIG	Replacement of the DN150 Bulk Outfall Sewer Clay Pipeline in StaffordHill	8 608 600	-	-
TECHNICAL SERVICES	MIG	Upgrade and Refurbishment of Bulk Sewer Pipeline from Syahlala-la to Voortrekker Pump station	1 500 000	22 056 040	19 300 000
TECHNICAL SERVICES	SPORTS FACILITIES	Construction of Sport Facility - Old Casino	11 000 000	11 000 000	10 907 000
TECHNICAL SERVICES	WATER SERVICE INFRASTRUCTURE GRANT	NEWCASTLE EAST WATER MAINS EXTENSION	4 000 000	2 800 000	6 000 000
TOTAL TECHNICAL SERVICES			121 342 000	124 449 500	112 442 450
EXPENDITURE			145 393 000	145 449 500	133 442 450
INTERNAL FUNDING			24 016 000	11 000 000	11 000 000
GRANT FUNDING			121 377 000	134 449 500	122 442 450
TOTAL CAPITAL BUDGET			145 393 000	145 449 500	133 442 450

COST CONTAINMENT MEASURES

The municipality adopted the its cost containment policy in the 2019/20 financial year in line with the Circular No.82 with regards to the implementation of the cost containment measures. The policy is further reviewed as part of the budget related policies in order to align with the Cost Containment Regulations. The municipality has also put measures through the curbing of unnecessary expenditure and reduction of other expenditure from the budget. This is however done without compromising service delivery and with the available cash resources.

DRINKING WATER QUALITY

The municipality complies within the required Blue Drop status in terms of the quality of water being provided to the citizens of Newcastle. Water test samples are being provided in all water storages to ensure that necessary standards is being met before water is distributed to communities.

WASTE WATER MENEAGEMENT QUALITY

The municipality complies within the required Green Drop status in terms of the quality of waste water management being provided to the citizens of Newcastle. While it is acknowledged that the is a challenge of sewer infrastructure in areas currently not zoned under Newcastle Municipality, the municipality doe reach out to such areas using the VIP dislughing system. The municipality further distributes VIP toilets in areas where water-bone sewer is not yet available. The larger part of Newcastle Municipality does have the necessary sewer system.

BUDGET FUNDING PLAN

The municipality is currently facing financial challenges and is operating with an unfunded budget. This is reflected in table A8 of the A Schedule table. While this is fact, the municipality is however confident that it will be able to generate adequate cash to deal with all its operational needs during the budget year, including the payment of the Eskom debt. This is reflected in table A7 of the A Schedule.

In order to respond to the above situation, the municipality has put together the Budget Funding Plan, which seeks to acknowledge the municipality's budget is currently unfunded, but also putting measures and strategies which will ensure that the budget of the municipality is eventually funded. A detailed Budget Funding plan is which is aligned to the draft budget is attached. It is

therefore critical that the draft budget is approved together with a revised funding plan as the figures have changed since the initial planned adopted with the Special Adjustments Budget in October 2020.

1.4 BUDGET TABLES AND RELATED CHARTS

As attached in Annexure D - Schedule A tables

2.1 OVERVIEW OF BUDGET PROCESS

2.1.1 OVERVIEW

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The budget process is an effective process that every local government must undertake to ensure good governance and accountability. The process outlines the current and future direction that the municipality would follow in order to meet legislative stipulations. The budget process enables the municipality to optimally involve residents and other stakeholders in the budgeting process.

The budget preparation process is guided by the following legislative requirements:

- Municipal Finance Management Act;
- Municipal Budget and Reporting Regulations;
- Municipal Systems Act; and
- Municipal Structures Act.

Section 21 of the MFMA requires that a time schedule setting out the process to draft the IDP and the budget be tabled ten months before the financial year. In compliance with this requirement the IDP and budget time schedule was tabled before council in August 2020 as per the provisions of the act. The main objective of the timetable is to ensure integration between the Integrated Development Plan, the budget and aligned process towards tabling a balanced budget. The tabling of the 2021/22 Medium Term Budget for the Newcastle Municipality lays the foundation by which strategic functions within the municipality could apply sound financial planning and management over the medium to long term. It facilitates the critical alignment of planning, budgeting and sustainable service delivery in line with Newcastle's vision as enshrined in the IDP.

The purpose of the 2021/22 budget is to comply with the Municipal Finance Management Act (No. 56 of 2003) and is a financial plan to enable the municipality to achieve its vision and mission through the IDP which is informed by our five year programme and community/stakeholder inputs. The tabled budget is a start of a journey towards the final budget for approval. It will be followed by many processes both politically and administratively, amongst others, consultations with communities in the municipal area. February 2021, budget instructions were issued to

departments by the Budget and Treasury Office. Staff budget requirements were also reviewed for budgetary purposes with an intense scrutiny of human resource needs and assessment of the critical vacancies.

A budget workshop was held during March 2021 which focused on the state of financial affairs, limited resources and how the budget will be allocated to departments. The workshop further dealt with past performance trends of operating budget and capital budget, identified budget approach going forward and set the criteria and basis to be used in the appropriating financial resources amongst municipality's functions during budget processes. Budget meetings were also held with various departments and the Management Committees to provide detailed clarity on the budget preparation. At these meetings, budget strategy, budget policies and the alignment of the budget with the IDP were discussed. The IDP's strategic focus areas informed the development of the budget, in addition to assessing the relative capacity to implement the budget, taking affordability considerations into account.

2.1.2 POLITICAL OVERSIGHT OF THE BUDGET PROCESS

The key to strengthening the link between priorities and spending plans lies in enhancing political oversight of the budget process. Strengthening the link between Government's priorities and spending plans is not an end in itself, but the goal should be enhanced service delivery aimed at improving the quality of life for all people within the municipality. Section 53(1) (a) of the MFMA, states that, the mayor of a municipality must provide political guidance over the budget process and the priorities that must guide the preparation of the budget. The Management Committee and the Executive Committee will use the budget process to advise Council accordingly in this regard. Political oversight of the budget process allows government, and in particular, the municipality to manage the tensions between competing policy priorities and fiscal realities.

2.1.3 PROCESS FOR CONSULTATIONS WITH EACH GROUP OF STAKEHOLDERS AND OUTCOMES

Local government policy and legislation put great emphasis on municipalities developing a culture of community participation and the creation of appropriate and relevant community participation mechanisms, processes and procedures. The municipality prides itself of enjoying the reputation of actively engaging many of its citizens as possible in its planning, budgeting, implementation

and monitoring processes. In order to strengthen public participation, the municipality did roll out its budget programme to all wards in the municipal area, during the year using radio stations, social media platforms, newspapers as well its website due to the impact of the coronavirus pandemic.

The municipality has conducted the public consultation meetings with the key stakeholders and forums in order to engage on the draft budget. Other consultation processed included included the radio, newspaper, social media and zoom platforms with various stakeholders and communities of Newcastle. Accordingly, the tabling of the draft Budget in council was followed by the extensive publication of the budget documentation in the local newspapers, libraries, and all municipal public areas. Copies of the tabled budget in both electronic and printed formats were be submitted to National Treasury as well as the Kwazulu-Natal Provincial Treasury and the Provincial Department of Co-operative Governance and Traditional Affairs. The tabled budget was also published on the council's website. In terms of the Municipal Systems Act and in conjunction with the Municipal Finance Management Act, hearings on the budgets took place on the 19th May 2021, where the Honourable Mayors was responding to the formal submissions to the budget. The key target groups for the budget hearings included:

- Ratepayers Association
- Newcastle Business Chambers;
- Farmers Association; and
- Political Parties

2.1.4 SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The budget time schedule for the compilation of the 2021/22 budget cycle was tabled in August 2020, well before the start of the budget year and in compliance with the MFMA. The plan was accordingly implemented and reviewed where considered necessary to do so.

The following table reflect the activities and key deadlines that were included in the schedule that was approved by council.

DATE	ACTIVITY	RESPONSIBILITY
August 2020	<ul style="list-style-type: none"> 10 months before start of the budget year: Tabling of time schedule outlining key deadlines to the municipal Council as per MFMA S21 (b). mSCOA and Budget Steering Committee meets to discuss new mSCOA requirements Roll over process begins 	Mayor/MM
September 2020	<ul style="list-style-type: none"> Advertising of budget and IDP time schedule. Conclude initial consultation and review policies, confirm priorities, identify other financial and non-financial parameters including government allocations, and the financial outlook in order to needs and to review fiscal strategies. 	MM/CFO
October 2020	<ul style="list-style-type: none"> Meeting with Mayor, Exco and Manco to discuss the strategic direction and objectives for the 2019/20 fiscal strategies and to discuss the budget preparation process of the budget framework to provide parameters and request budget inputs for 2019/2020. Compilation of Salary Budget. Assess impact on tariffs and charges. Finalize inputs from bulk resource providers (NERSA, uThukela) and agree on proposed price increase. Submit all Budget related policies for review. 	MM/BTO BTO
November 2020	<ul style="list-style-type: none"> Revenue assumptions Fixed cost projections Preparation of budget guidelines Submission of guidelines to portfolio for comments Submission of budget guidelines to EXCO for approval 	BTO/HR
December 2020	<ul style="list-style-type: none"> Submission of budget guidelines to Departments(First week) Departmental visit to departments (second week December) Budget will be captured on the financial system 	BTO
January 2021	<ul style="list-style-type: none"> Preparation of Mid-year Review Mid-year submitted to portfolio, EXCO & Council (before 25 January) Review the proposed National and Provincial allocations for incorporation into the draft budget. Report back on progress with Budget inputs. 	BTO/MANCO
February 2021	<ul style="list-style-type: none"> Finalize detailed operational and capital budget, finalize all budget related policies. Budget/IDP Strategic Workshop to discuss budget inputs, link capital and operational plans to the IDP, and determine proposed tariffs. Link all IDP projects to budget & PMS 	Extended MANCO and EXCO

DATE	ACTIVITY	RESPONSIBILITY
March 2021	Budget Workshop: <ul style="list-style-type: none"> • Discussion of budget inputs, link capital and operational plans to IDP and determine proposed tariffs. • Validation of budget on the financial system 	EXCO MANCO
March 2021	Draft Budget: <ul style="list-style-type: none"> • 90 days before the start of the budget year, Council must consider approval of the draft budget. • Submit the draft multi-term operational and capital budget and all budget related policies for approval. • Submission of approved budget both printed and electronically to COGTA, National and Provincial Treasury. • Make public notice in terms of S22, 75 of the MFMA and 21A of the Municipal Systems Act. 	MAYOR, MM, CFO
April 2021	Public Consultation Process: <ul style="list-style-type: none"> ▪ Public Consultation on draft budget throughout the municipality in terms of Chapter 4 of the Municipal Systems Act. ▪ Engagement with Provincial Treasury to discuss draft budget 	MAYOR EXCO MM CFO
May 2021	Respond to Public Comments in terms of S23 of the MFMA. <ul style="list-style-type: none"> • Response to public comments and sector comments. Incorporate recommendations into draft budget. • Bilateral engagement with Provincial Treasury. 	MAYOR BTO MM
May 2021	Approval of Final Budget – MFMA S24. <ul style="list-style-type: none"> • Approve the final multi-term operational and capital budget together with the adoption of resolutions that may be necessary. 	COUNCIL
June 2021	Publication of Annual Budget. <ul style="list-style-type: none"> • Submission of the approved budget printed and electronically to COGTA, National and Provincial Treasury, S22(b). • Make public notice in terms of S22(a), 75 of the MFMA and 21A of the Municipal Systems Act. • Validation of budget on the financial system. • Submission of locking certificate in terms of S74(1) of the MFMA. 	MM BTO

2.2. OVERVIEW ALIGNEMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The municipality's Integrated Development Plan (IDP) is its principal strategic planning instrument, which guides and informs its on-going planning, management and development actions. The IDP represents the municipality's administration's commitment to exercise its executive authority (except in cases where it is in conflict with national or provincial legislation, in which case such legislation prevails), and is effectively the local government's blueprint by which it strives to realise its vision for Newcastle in the short, medium and long term. However, while the IDP represents the strategic intent of the municipality, it is also compiled with the understanding that a number of challenges will need to be overcome in order to achieve the strategic objectives it sets out. Some of these challenges are known, while others are as yet unknown and may arise at any time due to any number of local, national and international economic, political or social events.

2.2.1 KEY NATIONAL AND PROVINCIAL GUIDING DOCUMENTS

To ensure that the municipality is a more responsive, efficient, effective and accountable local government, we will outline, precisely how we intend to translate our long term 2035 Municipality Vision into an effective plan that aligns the municipal budgets, monitoring and evaluating mechanisms as well as timeframes for delivery. The municipality has taken the strategic direction to achieve closer alignment between the Long Term Development objectives and its IDP. The development of the strategic approach for the municipality is guided by – but not limited to – the following;

National Development Plan (Vision 2030)

The intention of this plan is to improve service delivery for citizens of South Africa, whilst integrating national, provincial and local policies and programmes into a single, target orientated and long term based plan. In this plan a collective approach of improving the lives of the citizens is applied, and communities themselves have a role to play in this regard. The Spatial component of the NDP which is the Integrated Urban Development Framework provides a macro spatial context for urban development at a national level.

Delivery Agreement Outcome 9

The aim of Delivery Agreement: Outcome 9 is to ensure a responsive, accountable, effective and efficient local government system so as to restore the confidence of citizens in the local government sphere. As such municipalities need to ensure that the basic needs of communities are met; build clean, effective, efficient, responsive and accountable local government; improve performance and professionalism and strengthen partnerships between local government, communities and civil society. Whilst primarily there is a reporting line to Outcome 9, the municipality also reports on Outcome 8 which concentrates on human settlements.

National Priorities: SONA (State of the Nations Address 2021)

The State of the Nation address for the 2021 confirmed the President Cyril Ramaphosa's commitment to fight the spread of Covid-19 pandemic and improve the economy of the country which has been hit by the impact of the pandemic. The President admitted that the country is facing serious challenges but said action was being taken to address them. The following are some key points from the State of Nation Address:

- Rebuilding the economy and the livelihoods from the devastating impact of Covid-19
- Investment in infrastructure is at the heart of our economic reconstruction and recovery plan.
- Accelerating measures to improve South African energy generation capacity;
- Prioritizing job creation by creating more opportunities;
- Getting the economy back on full swing by prioritising SMME's;
- Fighting fraud and corruption in all sectors of the economy;
- Taking strong action to protect women and girl children from violence;
- Participate in the African Union strategies to fight Covid-19 pandemic;

Towards an Integrated Urban Development Framework

A key objective of government is to facilitate economic growth, job creation and reduce poverty and income inequality. The framework for integrated urban development is a key governmental initiative to realise this objective because it leverages the potential of our cities and towns, which are South Africa's engines of growth and job creation. Urban areas offer the advantages of economic concentration, connectivity to global markets, the availability of new technologies and the reality of knowledge economies. Given the challenges that urban areas face, there is a need to forge a sustainable growth vision for our urban and rural spaces that will guide our development priorities and choices. As such the framework begins to identify key levers.

Provincial Priorities (State of the Province Address)

The Premier, Honourable Sihle Zikalala, highlighted key intervention areas for the province that would influence the IDP for municipalities. In the SOPA the alignment of the IDP, PGDS and the NDP were stressed. In the speech the KZN Premier listed the priority Interventions which remain the foundation of the Provincial Growth and Development Plan. The Interventions are:

- Building a thriving economy and job creation;
- Industrialisation through Special Economic Zones;
- Promoting clothing and textile industry
- Harnessing export capacity;
- Promoting tourism growth and development;
- Promoting regional airports;
- Digital Hubs, ICT and innovation;
- Establishment of coastal smart cities to realise Vision 2030;
- Radical Economic Transformation through Operation Vula Programme;
- Radical Agrarian Socio-economic Transformation;
- Environmental sustainability;
- Re-igniting economic growth through infrastructure development;

The Premier also stressed on the alignment of all the above interventions with a view to create a progressive and a viable province aimed at achieving national strategies. The alignment of the provincial action plan with the President's State of the Nation Address remain the priority of the provincial government of KwaZulu Natal.

Provincial Growth and Development Strategy

In line with the National vision 2030, the Provincial Growth and developmental Strategy will ensure economic growth and improved quality of life in KwaZulu-Natal. An integrated service delivery mechanism will be applied by various stakeholders in an effort to create employment opportunities, skills enhancement, effective and efficient governance, human and community development, improved infrastructure and adequate utilization of spatial form. The PGDS is currently under review to ensure that the plan meets the objectives of the National Planning Commission as well as the SDG's.

Long Term Development Framework

Many town and cities around the world are competing with one another on the local global open market to become economically competitive and in doing so, are inadvertently creating unsustainable environments. Against this background then, it is clear that the municipality has indeed a direct role to play in the facilitation and management of long-term planning and development processes that consider the issue of sustainability.

2.2.2 DEVELOPMENT CHALLENGES

Significant strides have been made to address the key development challenges in the municipality. While significant progress has been made in all areas, there is still some distance to go towards addressing the following challenges:

- High rates of unemployment and low economic growth;
- High levels of poverty;
- Low levels of skills development and literacy;
- Limited access to basic household and community services;
- Increased incidents of HIV/AIDS and communicable diseases;
- Unsustainable developmental practises;
- Ensuring adequate energy and water supply;
- Infrastructure degradation;
- Ensuring financial sustainability;
- Ineffectiveness and inefficiency of inward-looking local government still prevalent in the municipality.

The essence of the Newcastle Municipality's IDP is to achieve a balance between meeting basic needs, strengthening the economy and developing people skills and a technology base for the future.

2.2.3 MUNICIPAL STRATEGIC PRIORITY AREAS

In order to achieve our vision and to address the development challenges, there are a number of key strategic priority areas which need to be taken into consideration. These priorities lead to the creation of structures which support, house and associate other actions and activities – the building blocks around which actions and prioritisation take place. It also acts as a point of leverage for creating a sustainable municipality that is caring and liveable.

2.2.4 POLITICAL PRIORITIES AND LINKAGES TO THE IDP

The IDP is an all-encompassing plan which provides the framework for development within a municipality. It aims to co-ordinate the work of local and other spheres of government in coherent plans to improve the quality of life for all the people living in the area. All operating and capital programs in the 2021/22 medium-term budget have been assessed through a prioritisation mechanism that was developed to ensure that there is alignment to the development strategy of the municipality. The IDP formed the basis of the priorities identified in the strategic plan and all resources are focused on the achievement of the priorities. The Mayor, Ward councillors, ward committees, and the full council full an active part in the community based planning and ensuring that budget takes to the priorities of the IDP.

2.2.5 IDP OVERVIEW

The Municipal Systems Act requires that each Municipality prepare an Integrated Development Plan to serve as a tool for transforming local governments towards facilitation and management of development within their areas of jurisdiction. The IDP is a five year plan whose principal purpose is to ensure the development of the local community in an integrated manner which involves strategic business units within the municipality, relevant strategic stakeholders and the community. This draft IDP marks the new 4th generation of the five years period of the new Council which occupied office in August 2016.

2.2.6 IDP PROCESS AND STAKEHOLDER PARTICIPATION

The IDP is prepared every five years and reviewed yearly to inculcate a democratic approach to local governance by ensuring all stakeholders get an opportunity to voice their opinions in influencing the shape, form, direction and pace of development in their localities. The municipality is committed to addressing the needs of the people and values the inputs from communities and stakeholders. The IDP draft process plan for 2021/2022 was presented to the Executive Committee and is included in the draft IDP for consideration. The plan specified timeframes, actions and procedures and appropriate mechanisms for public participation and alignment.

The fourth generation of Newcastle's Integrated Development Plan (IDP) was initiated in 2016 and seeks to address community needs and how the municipality will achieve same over the next

five years. As set out in the Municipal Systems Act (2000), a stakeholder consultation process is necessary. Of critical importance is for the municipality to ensure that there is thorough consultation with the community and strategic stakeholders. The review of the five year plan in 2021/22 has provided further opportunity for the citizens to actively participate in the development of the IDP.

2.2.7 LINK BETWEEN THE IDP AND THE BUDGET

In compliance with the Municipal Structures Act (1998) and Municipal Financial Management Act (2003), our municipal budget is informed and aligned to the IDP objectives. The IDP determines and prioritises the needs of the community. The budgetary allocations for both the capital and operating expenditure are undertaken in a manner that will not only ensure that our IDP outcomes are achieved but also to ensure that our municipality's 2035 vision is realised. The 2021/22 Annual Budget has therefore been directly informed by the revised 4th generation IDP process.

We have come a long way in capital budgeting – away from departmental budgeting. Based on such nationally developed models, the municipality is able to link its budget with its programmes, and is able to adequately spread its capital budget geographically as well in accordance with the IDP. In terms of the operating budget we have made excellent progress but are now more committed than ever to ensure that critical operating budget resources are prioritised in terms of stated IDP outcomes. More importantly, the Performance Management System (PMS) allows the municipality an opportunity to monitor and evaluate organisational performance in meeting our IDP outcomes and vision. As with previous year's, our IDP remains the strategic driver of both our budget and performance management system.

2.3. MEASURABLE PERFORMANCE OBJECTIVES

2.3.1 KEY FINANCIAL RATIOS / INDICATORS

The benchmarks reflected in the table below are based on the actual audited results of the municipality for the 2019/20 financial year:

Financial Benchmark	Basis of calculation	2019/2020
Debt to Asset Ratio	Total debt / Total Assets	0,050
Debt to Revenue	Total debt / Total Income	21%
Average Interest Paid on Debt	Interest Paid / Total Interest Bearing Debt	9.3%
Capital Charges to Operating Expenditure	Interest and Principal Paid / Operating Expenditure	18%
Interest as a % of Operating Expenditure	Interest Paid / Operating Expenditure	3.3%
Current Ratio	Current Assets / Current Liabilities	0.76
Creditors System Efficiency	% of Creditors paid within terms	74%
Electricity Distribution Losses	Total units purchased less units sold / Total units purchased	6%
Water Distribution Losses	Total units purchased less units sold / Total units purchased	39%

The financial benchmarks reflected in the table indicate a favourable financial state, however, one needs to indicate that the bulk of assets of the municipality include Property Plant and Equipment, as well as consumer debtors, which the municipality is struggling to convert into liquid cash.

Debt to Asset Ratio:

The ratio indicate the leverage ratio that defines the total amount of debt to assets. The ratio of 0.050 indicates the ability of council total debtors to cover for total liabilities.

Debt to Revenue:

The ratio indicate the extent of total borrowings in relation to total operating revenue. The purpose of to provide assurance that sufficient revenue will be generated to repay liabilities.

Capital charges to Operating Expenditure:

Capital charges to operating expenditure (the measure of cost of borrowing in relation to the operating expenditure) compares favourably to the acceptable norm of around 9%.

Current ratio:

This ratio measures the short-term liquidity, that is, the extent to which the current liabilities can be paid from the current assets. The higher the ratio, the healthier is the situation. The ratio of 0.76 : 1 is below the norm of 1.5 and indicates that the municipality's current assets are not adequate to cover for short term liabilities. This is a clear indication that the municipality facing serious cash-flow challenges.

2.3.2 FREE AND SUBSIDISED BASIC SERVICES

Municipalities play central role in supporting economic development and alleviating poverty. The provision of basic services is a critical input to social well-being and economic activity. Newcastle Municipality comprises both rural and urban areas as well as wide spread of income groups. Due to variation in living environment, the municipal area has a number of households who currently do not have access to all services.

The basic social package is an affirmation of the municipality's commitment to push back the frontiers of poverty by providing a social welfare to those residents who cannot afford to pay, because of adverse social and economic realities. The social package will also assist the municipality in meeting its constitutional obligations. The estimated cost of social package amounts to R63.9 million for the 2021/22 budget year.

Details of initiatives carried out by Newcastle Council in this regard are detailed below:

Service	Social Package	Million (R)
Assessment Rates	All residential property owners are exempt from paying rates on the first R85,000 of the property value. Indigent residents will receive 100% rebates on rates.	14.1
Water	The first 6kl of water is free to all residents qualified as indigents in terms of the policy	10.3
Electricity	The first 50kwh of electricity is free to all residents qualified as indigents in terms of the policy	8.5
Refuse	Refuse is free to all residents qualified as indigents in terms of the policy	15.5
Sewer	Sewer is free to all residents qualified as indigents in terms of the policy	15.1
Indigent Support		63.9

The cost of indigent benefit to the tune of R63.9 million is funded from the equitable share provided by the National Government, which amount is based on the estimated ±9 000 number of indigents currently in the Indigent Register. The assistance to the qualifying households is regulated by Council budget related policies which are reviewed annually based on modelling the impacts of the tariffs on all residential properties. An additional R64.9 in respect of rates rebates will e funded internally by the municipality and will be recognised as revenue foregone in the 2021/22 budget.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

The MFMA and the Municipal Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, to be updated on an annual basis. The main purpose of budget related policies is to govern and guide the budget process and inform the projections of the medium term budget.

2.4.1 APPROVED POLICIES

The following budget-related policies have been approved by Council and no amendments have been done:

- Petty Cash Policy
- Borrowing Policy
- Supply Chain Management Policy
- Budget Policy
- Cash and Investment Management Policy
- Short-term Insurance Policy
- Cost containment Policy
- Asset Management Policy
- Funding and Reserves Policy
- Loss Control Policy
- Virement Policy
- Rates policy

2.4.2 DRAFT POLICY AND POLICIES REVIEWED

The following policies have been amended and/or reviewed and attached with the budget for consideration.

- Tariff policy
- Indigents policy
- Debt write-off policy
- Credit Control and Debt Collection policy

2.4.3 RATES POLICY

As required in terms of section 5 of the MPRA, the Rates Policy has been reviewed for the 2021/22 financial year. The policy is to be amended with the current budget prior to implementation.

2.4.4 CREDIT CONTROL AND DEBT COLLECTION POLICY

The primary objective of the policy is to ensure that all monies due and payable to the municipality in respect of services are collected efficiently and promptly. As required in terms of sections 97 of the Municipal Systems Act, the credit control and debt collection policy for the 2020/2 financial year has been reviewed and is to be adopted with the current budget.

2.4.5 TARIFF POLICY

The Municipal Systems Act requires a municipality to have a Tariff Policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery, and which complies with the provisions of that Act, the MFMA and other legislation. Accordingly, a Tariff Policy which is attached with the budget for Council adoption. No amendments have been made to the Tariff Policy.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

Budget assumptions and parameters are determined in advance of the budget process to allow budgets to be constructed to support achievement of the long-term financial and strategic targets. The assumptions and principles applied in the development of this budget are mainly based upon the guidelines from National Treasury and other external bodies such as NERSA, SALGA, Government Departments and the major service providers. A number of assumptions that guide growth parameters have been built around the projected increase in the inflation (CPI), being 3.9% for the 2021/22 financial year.

OPERATIONAL BUDGET

The municipal fiscal environment is influenced by a variety of macroeconomic control measures. National Treasury determine the ceiling of year-on-year increases in the total operating budget, whilst NERSA regulates electricity tariff increases. Various government departments also effect municipal service delivery through the level of grants and subsidies.

The following key assumptions underpinned the preparation of the medium term budget. Revenue are projected to increase by the following percentages:

Revenue source	2021/2022	2022/2023	2023/2024
Property rates	3.9%	5.0%	5.5%
Electricity	14.59%	16.5%	17.0%
Water	3.9%	5.0%	5.5%
Sanitation	3.9%	5.0%	5.5%
Waste/Refuse	3.9%	5.0%	5.5%
General Sources of Revenue	3.9%	5.0%	5.5%

Over the years, the municipality has been increase tariffs for rates, service charges and sundry services for more than 7%. Guided by the National Treasury and the current economic climate, the tariffs for 2021/22 will be 3.9% for rates, water, sewer, refuse and sundry services. The tariff increase of 14.59% for electricity is based on the NERSA approval of the Municipal Tariff increase guideline. It is expected that, with the easing of Covid-19 regulations, the economic activity will continue to improve, resulting in a gradual increase in tariff increases over the MTREF period.

The projected increases in the expenditure items are as follows:

Revenue source	2021/2022	2022/2023	2023/2024
Remuneration of councillors	4.0%	4.0%	4.0%
Employee related costs	4.0%	4.0%	5.0%
Electricity budget purchases	17.8%	8.9%	8.9%

The increase in employee related costs is based on the South African Local Government Bargaining Council multi-year wage agreement, currently estimated at 4%. The projected increases in the upper limits of councillors is based on the upper limits for the remuneration of councillors for the current financial year, and the 4% estimated increase during the 2021/22 financial year. The tariff increase of 17.8% is based on the NERSA's guideline on municipal tariffs increase for ESKOM bulk electricity purchases. Where there are significant changes from what is been projected, the municipality may consider tabling an adjustment budget or accordingly correct in the final budget is still practical.

Expenditure in respect of repairs and maintenance has been increased by 4%. While it is acknowledged that the costs of providing such goods and services may be more or less than what is projected, the municipality will however employ stringent budget monitoring and control measures to ensure that the municipality operates with the approved budget on these items. Also, the municipality has been very effective in ensuring that expenditure is prioritised and reallocated on service delivery functions, such as the repairs and maintenance.

CAPITAL EXPENDITURE

The municipality's capital expenditure has been funded from a mix of government grants and internally generated funds. About R121.3 million is expected to be received from government grants and the balance of R24.0 million from internally funds. Based on DORA and the provincial gazette, it is expected that all grants appropriated in the medium term budget will made available by the National and Provincial governments. Where grants are withheld or additional grants made available during the budget year, such will be addressed by way of an adjustment budget. Internally generated funds is expected to be realised from refunds which will be claimed from the SARS capital VAT input as well as from the disposal of the municipal land or properties.

2.6 OVERVIEW OF FUNDING THE BUDGET

FISCAL OVERVIEW

Although the financial profile of the municipality is not healthy and liquid due to commitments from the previous financial years, the municipality has ensured that realistic revenues and affordable expenditure are projected in the medium term budget. This has been achieved through the following measures:

- Adequate revenue and collection rates to ensure that normal operations are funded (Funded Table A7).
- Measures will be put in place to ensure that the municipality operates within the budget as approved by Council. There is no intention to incur unauthorised expenditure.
- The municipality will ensure that it strives to develop and maintain a positive cash and investment position (cash and cash equivalents).
- Budget Funding Plan will approved with the budget to ensure that the municipality moves towards a funded position over time.

FUNDING OF CAPITAL BUDGET

The capital budget is funded mainly from allocations to be made to the municipality by National and Provincial governments in the form of grants, as well a minor portion to be generated internally. No external loans will be taken by the municipality to fund its capital programme. Furthermore, no reserves are available or earmarked for the purpose of funding the capital budget.

The municipality has appropriated R121.3 million from grant receipts to fund the capital budget, both from National and Provincial Governments. This amount is made up of MIG, WSIG, NDPG as well as provincial allocations from the Departments of Sports and Recreation. R24.0 million worth of projects will be funded from internal funds to be generated through sale of land properties and Vat refunds on conditional grants as per Circular 58 of the MFMA, and the sale of municipal properties.

FUNDING OF OPERATING BUDGET

Funding of operational budget is achieved through various sources of revenue, the major ones being service charges of electricity, water, sanitation, refuse, property rates as well as grants and subsidies from National and Provincial governments. The municipality is expecting to collect R331.8 million from property rates, R942.9 million from services charges, R695.0 million from operating grants, R2.2 million from interest income, R29.0 million from other revenue. These receipts will assist with the payment of expenditure which is expected to be incurred during 2020/21. A further amount is disposal of property (R11 million) as well as through the realisation of VAT refunds. This amount is expect to assist with the payment of the outstanding Eskom debt and capital loan repayment of R89.6 million and R31.8 million respectively. The municipality is also planning to make provision for the unspent condition grant (R22.2 million), Housing Development Fund (R29.3 million) and Leave provision (R9.7 million).

COLLECTION RATES FOR EACH REVENUE SOURCE

In accordance with the relevant legislation and national directives, the municipality's projected revenue collection rates as based on realistic and sustainable trends. The rate of revenue collection is the cash collected from consumers expressed as the percentage of the amount billed.

The average collection rates for 2021/22 have been projected as follows:

Revenue Source	2020/2021	2021/2022	2022/2023
Property rates	75.0%	77.0%	80.0%
Electricity	98.0%	98.0%	97.0%
Water	60.0%	63.0%	70.0%
Sewer	60.5%	63.0%	70.0%
Refuse	61.0%	63.0%	70.0%

The total average collection rate is projected at an average of at least 80% and is based on the combination of actual collection rates achieved to date, and is the estimated outcome for the current financial period. The intervention of council through the intensive scheme and the consumer outreach programmes which are aimed at encouraging and building the culture of payment of services is expected to improve the payment factor by even a larger margin than currently projected.

The credit control measure of service disconnection is being applied on consumers whose electricity is supplied by the municipality. A programme of water meter testing is currently underway in order to identify unmetered water supply and encourage the payment of services. By and large, these are areas from which a substantial and long overdue debtors of the municipality is being owed. The water meter testing programme is expected to improve the collection of outstanding debtors, and to build a culture of payment. It will also assist the municipality to clean-up its indigent register by identifying those consumers who can and those who cannot afford to pay.

2.7 GRANT ALLOCATIONS AND PROGRAMMES

Municipalities play a critical role in furthering government's objective of providing services to all, while facilitating local economic development. Local government conditional grants are being reformed to provide targeted support to different types of municipalities.

The following are the projected grants allocations to the municipality in terms of the 2021 Division of Revenue Act have been included in the medium term budget.

National allocations

Grant Description	2021/22 R'000	2022/23 R'000	2023/24 R'000
Equitable Share	417 790	442 574	439 225
Finance Management Grant	1 650	1 850	1 850
Neighbourhood Development Partnership (Capital)	15 000	10 000	10 000
Water Services Infrastructure Grant	40 000	35 000	40 000
Municipal Infrastructure Grant	119 182	129 140	133 085
Integrated National Electrification (Municipal)	13 500	10 000	11 000
Energy Efficiency and Demand side Management Grant	4 000	4 000	0
Expanded Public Works Programme Incentive	2 948		
Total National Allocations	614 070	632 564	635 160

Provincial allocations

Grant Description	2021/22 R'000	2022/23 R'000	2023/24 R'000
Housing	192 793	109 146	109 146
Accredited Municipalities	3 839	3 839	3 839
Sports and recreation	11 000	11 000	10 097
Museum	429	449	476
Provincialisation of libraries	6 757	6 992	6 992
Community Library Services Grant	2 475	2 595	2 595
Total Provincial Allocations	217 293	134 021	133 145

2.8 ALLOCATIONS AND GRANTS MADE BY NEWCASTLE MUNICIPALITY

No grants will be paid by the municipality to other organs during the medium-term budget.

Please refer to tables A 21 of Schedule A.

2.9 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Please refer to tables SA22 and SA24 of Schedule A

2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOWS (Table 15a)

Please refer to table SA25 to SA30 of Schedule A

2.11 ANNUAL BUDGET AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN – INTERNAL DEPARTMENTS

The SDBIP will be submitted separately.

2.12 ANNUAL BUDGET AND SERVICE DELIVERY AGREEMENTS – MUNICIPAL ENTITIES AND OTHER EXTERNAL MECHANISMS

Municipal Entities

The agreement is currently in force in the following brief details:

- (a) Name of Entity : Uthukela Water (Pty) Ltd
- (b) Period of agreement : 30 years
- (c) Service provided : Water and sanitation
- (d) Expiry date : 24 May 2034

The Entity is currently under Provincial Administration and being investigated in terms of section 78 of the Municipal Systems Management Act, 32 of 2000.

2.13 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework unless section 33 of the MFMA has been complied with.

In ensuring adherence to this time frame limitations, all reports submitted to either Bid Evaluation or Bid Adjudication Committees must obtain financial comments from the Budget and Treasury Office.

2.14 CAPITAL EXPENDITURE DETAILS

Please refer to Annexure A5 of Schedule A

2.15 LEGISLATION COMPLIANCE STATUS

DISCLOSURE ON IMPLEMENTATION OF MFMA AND OTHER LEGISLATION

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

BUDGET AND TREASURY OFFICE

The Budget and Treasury Office has been established in accordance with the MFMA.

BUDGET

This draft annual budget has been crafted taking into account MFMA, Municipal Budget and Reporting Regulations, and National Treasury circulars into account. Budgets are being tabled, adopted and submitted to National and Provincial Treasuries within the required legislative frameworks.

IN-YEAR MONITORING

100% compliance with regards to monthly, quarterly, mid-year and annual reports to Council, Provincial and National Treasuries.

IDP

The 2021/22 to 2023/24 Budget Process has been prepared to align with the Budget in accordance with the MFMA and the Municipal Systems Act requirements.

ANNUAL REPORT

The 2019/20 Annual Report has been developed taking into account the MFMA and National Treasury requirements. The report will be tabled to Council at the meeting to be held on 31 March 2021 and enter the public participation phase for comments immediately thereafter.

AUDIT COMMITTEE

The audit Committee, an independent external committee, provides an oversight function over the financial management and performance of the municipality.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The committee ensures that the administration and municipal entity are held accountable for their management of municipal funds and assets, and to ensure the efficient and effective utilisation of council resources.

MUNICIPAL STANDARD CHART OF ACCOUNTS

As all municipalities are required by National Treasury to be fully mSCOA compliant as of 01 July 2017, the municipality 95% ready to comply with this requirement. The following is the progress on the implementation of mSCOA thus far:

- The mSCOA champion has been appointed
- Steering committee has been established
- Implementation Plan developed
- Proof of concept has been presented to NT
- Data clean-up issues has been identified and resolved
- Changes to chart are attended to on an on-going basis
- System are currently in the process of being integrated
- The municipality went live on 01 July 2017, but still cleaning up as per developments
- Projects has been identified and linked in terms of the IDP and the budget.
- The municipality is addressing issues integration of systems
- The municipality is addressing challenges on alignment between budget schedules and data strings.

2.16. ANNUAL BUDGET OF MUNICIPAL ENTITY ATTACHED TO THE MUNICIPALITY'S ANNUAL BUDGET

The budget of the Entity Uthukela Water has not yet been received for Council consideration. A provision of R131.2 million has however been made in the annual budget.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE



I, **Vishanderan Govender**, the Acting Municipal Manager of **Newcastle Municipality**, hereby certify that the Final budget and supporting documentation of 2021/2022 Operating and Capital Budget have been prepared in accordance with Section 24A of the Municipal Finance Management Act No32 of 2000; Chapter 4 of the Municipal Finance Management Act No56 of 2003.

Print Name : **VISHANDERAN GOVENDER**

Acting Municipal Manager : **NEWCASTLE MUNICIPALITY**

Signature :

Date : 24/5/21

Annexure D

A Schedule Budget Tables

KZN252 Newcastle - Table A1 Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21				Budget Year +1 2021/22		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24
R thousands										
Financial Performance										
Properly rates	252,934	287,110	319,656	396,522	348,822	348,822	348,822	362,426	380,548	401,477
Service charges	962,401	1,003,885	950,968	1,015,136	1,015,634	1,015,634	1,015,634	1,119,128	1,256,756	1,421,025
Investment revenue	4,826	4,961	2,690	2,497	2,373	2,373	2,373	2,296	2,410	2,543
Transfers recognised - operational	365,726	498,547	611,725	662,833	724,384	724,384	724,384	695,021	633,136	648,973
Other own revenue	40,372	48,384	53,667	43,701	40,040	40,040	40,040	35,371	37,140	39,182
Total Revenue (excluding capital transfers and contributions)	1,626,259	1,842,887	1,938,707	2,120,688	2,131,252	2,131,252	2,131,252	2,214,242	2,309,989	2,513,200
Employee costs	538,871	557,861	540,376	594,312	544,453	544,453	544,453	570,234	590,500	622,221
Remuneration of councillors	21,527	24,657	25,106	28,456	27,352	27,352	27,352	28,882	30,038	31,239
Depreciation & asset impairment	452,759	361,880	338,886	420,387	390,035	390,035	390,035	378,675	390,035	401,736
Finance charges	35,355	61,665	51,592	42,882	42,882	42,882	42,882	39,754	41,424	43,247
Materials and bulk purchases	537,642	530,186	526,370	665,230	632,410	632,410	632,410	693,252	789,068	903,466
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	511,520	469,721	567,261	646,208	758,576	758,576	758,576	778,133	733,938	749,150
Total Expenditure	2,097,674	2,005,971	2,049,591	2,397,474	2,395,707	2,395,707	2,395,707	2,488,931	2,575,004	2,751,059
Surplus/(Deficit)	(471,415)	(163,084)	(110,884)	(276,785)	(264,455)	(264,455)	(264,455)	(274,689)	(265,015)	(237,859)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	158,481	127,639	76,576	90,548	108,904	108,904	108,904	121,377	134,450	122,442
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(312,934)	(35,445)	(34,308)	(186,237)	(155,551)	(155,551)	(155,551)	(153,312)	(130,565)	(115,416)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(312,934)	(35,445)	(34,308)	(186,237)	(155,551)	(155,551)	(155,551)	(153,312)	(130,565)	(115,416)
Capital expenditure & funds sources										
Capital expenditure	179,893	158,893	105,605	125,548	150,390	150,390	150,390	145,393	145,450	133,242
Transfers recognised - capital	158,481	127,639	76,576	90,548	108,904	108,904	108,904	121,377	134,450	122,442
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	21,412	31,254	29,029	35,000	41,486	41,486	41,486	24,016	11,000	11,000
Total sources of capital funds	179,893	158,893	105,605	125,548	150,390	150,390	150,390	145,393	145,450	133,442
Financial position										
Total current assets	794,427	804,211	908,359	499,966	600,944	600,944	600,944	649,643	643,162	936,662
Total non current assets	7,396,359	7,186,662	7,175,844	7,212,080	7,241,364	7,241,364	7,241,364	6,982,268	7,275,523	7,595,646
Total current liabilities	533,860	858,485	978,251	429,185	515,385	515,385	515,385	653,059	608,062	736,788
Total non current liabilities	597,335	559,614	566,829	583,382	791,498	791,498	791,498	548,118	571,139	596,269
Community wealth/Equity	7,059,591	6,572,774	6,539,123	6,699,479	6,535,425	6,535,425	6,535,425	6,430,734	6,739,484	7,199,270
Cash flows										
Net cash from (used) operating	209,574	120,217	152,459	150,288	123,839	123,839	123,839	159,442	224,826	308,922
Net cash from (used) investing	(155,174)	(158,893)	(101,042)	(107,548)	(132,390)	(132,390)	(132,390)	(134,393)	(134,450)	(122,442)
Net cash from (used) financing	(47,889)	(9,064)	(25,871)	(26,757)	(26,757)	(26,757)	(26,757)	(31,884)	(29,884)	(29,884)
Cash/cash equivalents at the year end	57,019	9,724	35,546	44,043	936	936	936	9,150	69,642	226,236
Cash backing/surplus reconciliation										
Cash and investments available	57,019	9,724	35,546	72,553	936	936	936	9,150	69,642	226,236
Application of cash and investments	(25,647)	127,909	32,365	36,449	12,302	12,302	12,302	160,053	155,857	147,417
Balance - surplus (shortfall)	82,667	(118,185)	3,180	36,105	(11,366)	(11,366)	(11,366)	(150,903)	(86,215)	78,819
Asset management										
Asset register summary (WDV)	20,306,093	21,460,671	22,228,652	6,638,512	6,638,512	6,638,512	6,638,512	6,982,268	7,275,523	7,595,646
Depreciation	452,759	361,880	338,886	420,387	390,035	390,035	390,035	378,675	390,035	401,736
Renewal and Upgrading of Existing Assets	82,490	72,583	47,035	83,477	51,140	51,140	51,140	74,623	57,293	64,842
Repairs and Maintenance	121,344	85,873	73,296	96,637	30,685	30,685	30,685	86,495	92,145	111,464
Free services										
Cost of Free Basic Services provided	76,969	37,450	37,450	35,967	44,703	44,703	49,614	49,614	53,079	57,146
Revenue cost of free services provided	30,062	22,463	71,861	76,214	76,194	76,194	79,176	79,176	83,135	87,708
Households below minimum service level										
Water:	7	8	290	307	307	307	-	-	-	-
Sanitation/sewerage:	26	27	29	31	33	35	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	71	31	31	31	31	31	31	31

KZN252 Newcastle - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			Budget Year +1 2021/22		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24
Revenue - Functional										
<i>Governance and administration</i>		360,307	409,524	435,104	515,968	535,705	535,705	482,062	509,762	528,338
Executive and council		11,473	14,638	8,859	8,310	7,149	7,149	7,046	7,404	7,571
Finance and administration		348,834	394,886	426,246	507,658	528,556	528,556	475,016	502,359	520,767
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		32,639	56,195	106,328	202,896	204,643	204,643	229,414	146,712	147,644
Community and social services		18,274	35,506	12,704	9,917	12,903	12,903	13,250	13,805	14,039
Sport and recreation		541	1,127	410	697	697	697	11,724	11,760	11,709
Public safety		6,942	8,524	10,596	14,176	9,676	9,676	3,214	3,375	3,561
Housing		6,836	11,011	82,579	178,045	181,306	181,306	201,163	117,706	118,265
Health		47	27	39	61	61	61	63	66	70
<i>Economic and environmental services</i>		109,277	145,344	180,902	73,475	136,126	136,126	130,284	147,703	154,120
Planning and development		70,898	26,161	18,647	42,324	100,860	100,860	11,102	18,562	19,032
Road transport		38,379	119,183	162,256	31,151	35,266	35,266	119,182	129,142	135,088
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,282,385	1,359,319	1,292,795	1,418,730	1,363,516	1,363,516	1,493,686	1,640,081	1,805,352
Energy sources		718,633	708,486	655,124	698,157	702,391	702,391	806,767	925,505	1,062,158
Water management		290,791	328,148	309,037	347,971	269,215	269,215	318,574	327,613	343,814
Waste water management		176,687	200,996	209,851	237,307	259,788	259,788	231,907	243,650	250,539
Waste management		96,274	121,688	118,782	135,295	132,122	132,122	136,438	143,313	148,841
<i>Other</i>	4	132	144	154	167	167	167	173	180	188
Total Revenue - Functional	2	1,784,740	1,970,526	2,015,283	2,211,236	2,240,157	2,240,157	2,335,619	2,444,438	2,635,642
Expenditure - Functional										
<i>Governance and administration</i>		541,588	430,746	392,249	472,252	464,026	464,026	437,054	442,210	451,006
Executive and council		190,702	80,413	65,659	70,540	80,202	80,202	81,428	83,213	86,021
Finance and administration		350,886	350,334	325,857	393,755	377,080	377,080	348,791	351,925	357,563
Internal audit		-	-	733	7,956	6,744	6,744	6,835	7,073	7,422
<i>Community and public safety</i>		181,581	226,089	266,880	300,685	314,205	314,205	346,311	311,754	319,916
Community and social services		26,192	29,949	27,069	38,388	33,738	33,738	34,157	35,268	36,310
Sport and recreation		68,213	74,762	67,072	73,485	75,287	75,287	74,498	76,727	79,639
Public safety		58,141	64,540	68,334	63,029	54,430	54,430	55,804	57,564	60,326
Housing		25,358	48,638	98,365	117,341	141,786	141,786	172,577	132,630	133,717
Health		3,678	8,201	6,040	8,442	8,963	8,963	9,274	9,564	9,924
<i>Economic and environmental services</i>		250,510	267,781	304,847	342,130	294,890	294,890	296,515	301,056	309,129
Planning and development		24,167	25,563	86,369	102,357	83,736	83,736	85,506	84,554	88,127
Road transport		226,343	242,218	218,450	239,763	211,144	211,144	211,002	216,495	220,993
Environmental protection		-	-	8	10	10	10	8	8	8
<i>Trading services</i>		1,123,847	1,079,524	1,083,921	1,280,641	1,321,560	1,321,560	1,408,143	1,519,083	1,670,152
Energy sources		608,813	610,157	552,417	680,599	638,592	638,592	699,917	787,616	896,071
Water management		383,390	381,588	408,372	495,718	546,519	546,519	617,434	633,318	653,451
Waste water management		60,109	14,306	56,658	53,129	99,798	99,798	54,028	60,514	81,786
Waste management		71,534	73,473	66,474	51,196	36,652	36,652	36,763	37,635	38,844
<i>Other</i>	4	148	1,831	1,694	1,766	1,026	1,026	907	901	856
Total Expenditure - Functional	3	2,097,674	2,005,971	2,049,591	2,397,474	2,395,707	2,395,707	2,488,931	2,575,004	2,751,059
Surplus/(Deficit) for the year		(312,934)	(35,445)	(34,308)	(186,237)	(155,551)	(155,551)	(153,312)	(130,565)	(115,416)

KZN252 Newcastle - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			Budget Year +1 2021/22		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24
R thousand										
Revenue by Vote	1									
Vote 1 - CORPORATE SERVICES		66,746	76,913	73,749	78,201	145,940	145,940	79,492	86,915	83,751
Vote 2 - COMMUNITY SERVICES		130,826	167,803	142,531	160,511	155,449	155,449	164,689	172,319	178,219
Vote 3 - BUDGET AND TREASURY		293,561	331,560	361,355	436,267	388,294	388,294	402,570	422,849	444,587
Vote 4 - MUNICIPAL MANAGER		-	1,050	-	1,500	1,500	1,500	-	-	-
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		77,865	37,316	101,380	187,341	202,900	202,900	209,490	136,449	137,489
Vote 6 - TECHNICAL SERVICES		497,109	647,397	681,144	649,259	643,683	643,683	672,611	700,402	729,437
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		718,633	708,486	655,124	698,157	702,391	702,391	806,767	925,505	1,062,158
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1,784,740	1,970,526	2,015,283	2,211,236	2,240,157	2,240,157	2,335,619	2,444,438	2,635,642
Expenditure by Vote to be appropriated	1									
Vote 1 - CORPORATE SERVICES		239,523	133,300	121,205	152,785	148,052	148,052	146,849	150,139	155,028
Vote 2 - COMMUNITY SERVICES		284,594	306,831	287,455	271,386	254,095	254,095	252,079	258,996	267,093
Vote 3 - BUDGET AND TREASURY		162,888	163,707	139,996	176,376	171,711	171,711	165,010	166,922	169,900
Vote 4 - MUNICIPAL MANAGER		70,952	77,983	78,740	82,435	90,589	90,589	75,573	75,420	76,639
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		59,379	76,031	125,741	150,587	172,310	172,310	203,132	163,235	164,935
Vote 6 - TECHNICAL SERVICES		671,525	637,961	744,037	859,324	911,483	911,483	938,144	965,001	1,013,826
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		608,813	610,157	552,417	704,582	647,467	647,467	708,144	795,292	903,639
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	2,097,674	2,005,971	2,049,591	2,397,474	2,395,707	2,395,707	2,488,931	2,575,004	2,751,059
Surplus/(Deficit) for the year	2	(312,934)	(35,445)	(34,308)	(186,237)	(155,551)	(155,551)	(153,312)	(130,565)	(115,416)

KZN252 Newcastle - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				Budget Year +1 2021/22		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24
Revenue By Source											
Property rates	2	252,934	287,110	319,656	396,522	348,822	348,822	348,822	362,426	380,548	401,477
Service charges - electricity revenue	2	649,843	630,194	581,207	609,866	619,100	619,100	619,100	710,188	827,370	968,022
Service charges - water revenue	2	156,568	176,507	178,594	190,579	187,535	187,535	187,535	193,910	203,605	214,803
Service charges - sanitation revenue	2	90,849	108,894	108,915	118,793	116,274	116,274	116,274	119,429	125,400	132,297
Service charges - refuse revenue	2	65,141	88,291	82,251	95,898	92,725	92,725	92,725	95,601	100,381	105,902
Rental of facilities and equipment		7,815	8,141	7,817	8,495	7,442	7,442	7,442	7,532	7,909	8,344
Interest earned - external investments		4,826	4,961	2,690	2,497	2,373	2,373	2,373	2,296	2,410	2,543
Interest earned - outstanding debtors		11,595	8,015	5,754	6,325	5,107	5,107	5,107	4,642	4,875	5,143
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		6,103	8,589	9,054	13,114	8,614	8,614	8,614	2,105	2,210	2,332
Licences and permits		10	12	8	38	15	15	15	105	110	116
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		365,726	498,547	611,725	662,833	724,384	724,384	724,384	695,021	633,136	648,973
Other revenue	2	14,848	23,627	31,034	15,729	18,862	18,862	18,862	20,987	22,036	23,248
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1,626,259	1,842,887	1,938,707	2,120,688	2,131,252	2,131,252	2,131,252	2,214,242	2,309,989	2,513,200
Expenditure By Type											
Employee related costs	2	538,871	557,861	540,376	594,312	544,453	544,453	544,453	570,234	590,500	622,221
Remuneration of councillors		21,527	24,657	25,106	28,456	27,352	27,352	27,352	28,882	30,038	31,239
Debt impairment	3	137,597	89,608	137,893	184,700	253,000	253,000	253,000	283,536	294,878	306,673
Depreciation & asset impairment	2	452,759	361,880	338,886	420,387	390,035	390,035	390,035	378,675	390,035	401,736
Finance charges		35,355	61,665	51,592	42,882	42,882	42,882	42,882	39,754	41,424	43,247
Bulk purchases	2	530,968	524,211	524,253	660,671	499,675	499,675	499,675	557,138	649,066	759,407
Other materials	8	6,673	5,975	2,117	4,559	132,735	132,735	132,735	136,114	140,003	144,059
Contracted services		53,171	74,012	215,154	337,719	385,428	385,428	385,428	387,906	344,957	352,922
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	320,752	306,101	214,115	123,788	120,147	120,147	120,147	106,690	94,102	89,554
Losses		-	-	100	1	1	1	1	1	1	1
Total Expenditure		2,097,674	2,005,971	2,048,591	2,397,474	2,395,707	2,395,707	2,395,707	2,488,931	2,575,004	2,751,059
Surplus/(Deficit)		(471,415)	(163,084)	(110,884)	(276,785)	(264,455)	(264,455)	(264,455)	(274,689)	(265,015)	(237,859)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		158,461	127,639	76,576	90,548	108,904	108,904	108,904	121,377	134,450	122,442
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(312,934)	(35,445)	(34,308)	(186,237)	(155,551)	(155,551)	(155,551)	(153,312)	(130,565)	(115,416)
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(312,934)	(35,445)	(34,308)	(186,237)	(155,551)	(155,551)	(155,551)	(153,312)	(130,565)	(115,416)
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(312,934)	(35,445)	(34,308)	(186,237)	(155,551)	(155,551)	(155,551)	(153,312)	(130,565)	(115,416)
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(312,934)	(35,445)	(34,308)	(186,237)	(155,551)	(155,551)	(155,551)	(153,312)	(130,565)	(115,416)

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				Budget Year +1 2021/22		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 4 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		-	-	-	-	-	-	-	-	-	-
Vote 6 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - CORPORATE SERVICES		1,955	-	-	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES		8,912	6,858	1,964	1,865	5,970	5,970	5,970	-	-	-
Vote 3 - BUDGET AND TREASURY		-	1,329	360	1,000	2,904	2,904	2,904	1,200	1,500	1,500
Vote 4 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	300	-	-
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		36,701	19,923	19,038	18,000	30,107	30,107	30,107	10,651	10,000	10,000
Vote 6 - TECHNICAL SERVICES		130,826	127,158	83,819	104,683	111,409	111,409	111,409	130,342	132,450	120,442
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		1,499	3,625	424	-	-	-	-	2,900	1,500	1,500
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		179,893	158,893	105,605	125,548	150,390	150,390	150,390	145,393	145,450	133,442
Total Capital Expenditure - Vote		179,893	158,893	105,605	125,548	150,390	150,390	150,390	145,393	145,450	133,442
Capital Expenditure - Functional											
Governance and administration		1,955	1,329	360	1,000	2,904	2,904	2,904	1,535	1,500	1,500
Executive and council		-	-	-	-	-	-	-	300	-	-
Finance and administration		1,955	1,329	360	1,000	2,904	2,904	2,904	1,235	1,500	1,500
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		9,455	6,902	1,719	1,865	7,554	7,554	7,554	11,000	11,000	10,907
Community and social services		8,048	4,147	861	365	3,927	3,927	3,927	11,000	11,000	10,907
Sport and recreation		768	2,711	230	1,500	196	196	196	-	-	-
Public safety		99	-	448	-	1,709	1,709	1,709	-	-	-
Housing		543	44	180	-	1,722	1,722	1,722	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		46,849	113,238	97,564	63,683	90,502	90,502	90,502	47,143	46,100	48,100
Planning and development		20,512	19,879	18,858	18,000	28,386	28,386	28,386	10,618	10,000	10,000
Road transport		26,337	93,360	78,706	45,683	62,116	62,116	62,116	36,527	36,100	38,100
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		105,987	37,424	5,962	59,000	49,431	49,431	49,431	85,715	86,850	72,735
Energy sources		1,499	3,625	424	-	-	-	-	2,900	1,500	1,500
Water management		104,488	33,799	5,113	43,000	21,988	21,988	21,988	48,707	41,093	51,935
Waste water management		-	-	425	16,000	27,305	27,305	27,305	36,109	44,256	19,300
Waste management		-	-	-	-	138	138	138	-	-	-
Other		15,646	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	179,893	158,893	105,605	125,548	150,390	150,390	150,390	145,393	145,450	133,242
Funded by:											
National Government		133,909	108,854	76,576	90,183	108,538	108,538	108,538	110,342	123,450	111,535
Provincial Government		8,926	18,785	-	365	367	367	367	11,035	11,000	10,907
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		15,646	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	158,481	127,639	76,576	90,548	108,904	108,904	108,904	121,377	134,450	122,442
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		21,412	31,254	29,029	35,000	41,486	41,486	41,486	24,016	11,000	11,000
Total Capital Funding	7	179,893	158,893	105,605	125,548	150,390	150,390	150,390	145,393	145,450	133,442

KZN252 Newcastle - Table A6 Budgeted Financial Position

Description	Ref	2017/18	2018/19	2019/20	Budget Year 2020/21				Budget Year +1 2021/22		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year +1 2021/22	Budget Year +2 2022/23	Budget Year +2 2023/24
R thousand											
ASSETS											
Current assets											
Cash		9,612	4,688	-	44,043	936	936	936	390	1,353	20,693
Call Investment deposits	1	47,407	5,036	35,545	28,510	-	-	-	8,760	68,289	205,542
Consumer debtors	1	673,840	680,874	617,310	377,278	549,655	549,655	549,655	544,148	473,128	605,616
Other debtors		51,145	99,348	241,621	36,838	36,838	36,838	36,838	81,351	84,768	88,498
Current portion of long-term receivables	4	-	2	0	1	1	1	1	-	-	-
Inventory	2	12,420	14,264	13,883	13,296	13,514	13,514	13,514	14,995	15,624	16,312
Total current assets		794,427	804,211	908,359	499,966	600,944	600,944	600,944	649,643	643,162	936,662
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		365,272	281,223	355,564	355,564	355,564	355,564	355,564	341,874	356,232	371,907
Investment in Associate		301,163	275,279	234,928	204,693	234,928	234,928	234,928	217,333	226,461	236,426
Property, plant and equipment	3	6,716,697	6,615,669	6,573,347	6,638,512	6,638,512	6,638,512	6,638,512	6,410,126	6,679,351	6,973,243
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		5,758	3,003	517	1,823	690	690	690	1,224	1,275	1,331
Other non-current assets		7,469	11,488	11,488	11,488	11,670	11,670	11,670	11,711	12,203	12,740
Total non current assets		7,396,359	7,186,662	7,175,844	7,212,080	7,241,364	7,241,364	7,241,364	6,982,268	7,275,523	7,595,646
TOTAL ASSETS		8,190,786	7,990,873	8,084,203	7,712,046	7,842,308	7,842,308	7,842,308	7,631,911	7,918,685	8,532,308
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	25,598	12,149	28,757	28,757	28,757	28,757	15,118	15,753	16,446
Consumer deposits		18,965	23,587	24,493	24,738	24,914	24,914	24,914	27,095	28,233	29,475
Trade and other payables	4	514,895	780,456	932,941	367,022	451,962	451,962	451,962	601,094	553,915	680,239
Provisions		-	28,844	8,668	8,668	9,752	9,752	9,752	9,752	10,162	10,609
Total current liabilities		533,860	858,485	978,251	429,185	515,385	515,385	515,385	653,059	608,062	736,768
Non current liabilities											
Borrowing		431,733	401,232	389,630	375,896	584,012	584,012	584,012	345,654	360,172	376,019
Provisions		165,602	158,382	177,199	207,485	207,485	207,485	207,485	202,464	210,967	220,250
Total non current liabilities		597,335	559,614	566,829	583,382	791,498	791,498	791,498	548,118	571,139	596,269
TOTAL LIABILITIES		1,131,195	1,418,099	1,545,080	1,012,567	1,306,883	1,306,883	1,306,883	1,201,177	1,179,201	1,333,038
NET ASSETS	5	7,059,591	6,572,774	6,539,123	6,699,479	6,535,425	6,535,425	6,535,425	6,430,734	6,739,484	7,199,270
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		7,032,915	6,544,255	6,510,091	6,670,969	6,505,984	6,505,984	6,505,984	6,400,660	6,708,147	7,166,554
Reserves	4	26,676	28,519	29,032	28,510	29,441	29,441	29,441	30,074	31,337	32,716
TOTAL COMMUNITY WEALTH/EQUITY	5	7,059,591	6,572,774	6,539,123	6,699,479	6,535,425	6,535,425	6,535,425	6,430,734	6,739,484	7,199,270

KZN252 Newcastle - Table A7 Budgeted Cash Flows

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				Budget Year +1 2021/22		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		180,280	216,435	247,108	318,058	262,868	262,868	262,868	271,820	293,022	321,182
Service charges		794,533	789,214	1,096,265	832,349	842,958	842,958	842,958	942,901	1,081,336	1,256,084
Other revenue		43,610	114,557	84,390	27,620	27,611	27,611	27,611	29,045	31,934	33,457
Transfers and Subsidies - Operational	1	345,816	395,172	535,551	662,833	701,384	701,384	701,384	695,021	633,136	648,973
Transfers and Subsidies - Capital	1	217,288	93,964	119,740	90,548	108,904	108,904	108,904	121,377	134,450	122,442
Interest		16,036	12,938	8,444	2,497	2,373	2,373	2,373	2,296	2,410	2,543
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1,355,861)	(1,458,480)	(1,887,448)	(1,740,736)	(1,779,378)	(1,779,378)	(1,779,378)	(1,863,263)	(1,910,036)	(2,032,512)
Finance charges		(32,127)	(43,582)	(51,592)	(42,882)	(42,882)	(42,882)	(42,882)	(39,754)	(41,424)	(43,247)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		209,574	120,217	152,459	150,288	123,839	123,839	123,839	159,442	224,826	308,922
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	18,000	18,000	18,000	18,000	11,000	11,000	11,000
Decrease (increase) in non-current receivables		-	-	4,563	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(155,174)	(158,893)	(105,605)	(125,548)	(150,390)	(150,390)	(150,390)	(145,393)	(145,450)	(133,442)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(155,174)	(158,893)	(101,042)	(107,548)	(132,390)	(132,390)	(132,390)	(134,393)	(134,450)	(122,442)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	2,000	2,000	2,000	2,000	-	2,000	2,000
Payments											
Repayment of borrowing		(47,889)	(9,064)	(25,871)	(28,757)	(28,757)	(28,757)	(28,757)	(31,884)	(31,884)	(31,884)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(47,889)	(9,064)	(25,871)	(26,757)	(26,757)	(26,757)	(26,757)	(31,884)	(29,884)	(29,884)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	50,508	57,465	9,999	28,060	36,244	36,244	36,244	15,985	9,150	69,642
Cash/cash equivalents at the year end:	2	57,019	9,724	35,546	44,043	936	936	936	9,150	69,642	226,236

KZN252 Newcastle - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				Budget Year +1 2021/22		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24
Cash and investments available											
Cash/cash equivalents at the year end	1	57,019	9,724	35,546	44,043	936	936	936	9,150	69,642	226,236
Other current investments > 90 days		0	0	(1)	28,510	0	0	0	0	-	(1)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		57,019	9,724	35,545	72,553	936	936	936	9,150	69,642	226,236
Application of cash and investments											
Unspent conditional transfers		-	-	27,155	33,439	15,402	15,402	15,402	22,279	21,218	19,289
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	(34,175)	(3,947)	(3,947)	(3,947)	47,605	45,338	41,216
Other working capital requirements	3	(73,093)	127,909	(20,256)	(1,620)	(36,744)	(36,744)	(36,744)	51,075	48,643	44,221
Other provisions		-	-	9,711	10,294	8,150	8,150	8,150	9,752	10,142	10,649
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	47,446	-	15,754	28,510	29,441	29,441	29,441	29,341	30,515	32,041
Total Application of cash and investments:		(25,647)	127,909	32,365	36,449	12,302	12,302	12,302	160,053	155,857	147,417
Surplus(shortfall)		82,667	(118,185)	3,180	36,105	(11,366)	(11,366)	(11,366)	(150,903)	(86,215)	78,819

Total Upgrading of Existing Assets	6	25,744	25,671	32,943	50,731	41,018	41,018	65,623	49,293	56,842
<i>Roads Infrastructure</i>		5,212	15,442	26,367	-	3,546	3,546	8,762	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	1,348	-	-
<i>Water Supply Infrastructure</i>		13,750	6,307	6,576	30,000	9,506	9,506	29,109	28,000	10,000
<i>Sanitation Infrastructure</i>		-	-	-	20,731	22,805	22,805	15,404	10,293	35,935
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		18,961	21,748	32,943	50,731	35,857	35,857	54,623	38,293	45,935
Community Facilities		5,460	3,335	-	-	-	-	-	-	-
Sport and Recreation Facilities		766	561	-	-	44	44	11,000	11,000	10,907
Community Assets		6,225	3,896	-	-	44	44	11,000	11,000	10,907
Heritage Assets		257	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	4,979	4,979	-	-	-
Housing		300	27	-	-	-	-	-	-	-
Other Assets		300	27	-	-	4,979	4,979	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	138	138	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	179,893	158,893	105,605	125,548	150,390	150,390	145,393	145,450	133,442
<i>Roads Infrastructure</i>		59,778	76,155	93,085	51,498	73,485	73,485	40,932	36,000	38,000
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		2,997	3,625	-	-	-	-	3,532	-	-
<i>Water Supply Infrastructure</i>		66,306	43,910	8,045	36,000	26,506	26,506	33,867	30,800	16,000
<i>Sanitation Infrastructure</i>		14,599	5,943	-	30,731	23,854	23,854	51,512	54,550	55,235
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		143,681	129,635	101,130	118,229	123,845	123,845	129,843	121,350	109,235
Community Facilities		14,656	27,283	861	-	11,704	11,704	-	10,000	10,000
Sport and Recreation Facilities		766	561	-	-	44	44	11,000	11,000	10,907
Community Assets		15,422	27,843	861	-	11,749	11,749	11,000	21,000	20,907
Heritage Assets		257	-	-	350	-	-	-	-	-
Revenue Generating		-	-	-	3,254	-	-	-	-	-
Non-revenue Generating		-	-	55	-	-	-	-	-	-
Investment properties		-	-	55	3,254	-	-	-	-	-
Operational Buildings		15,677	-	-	-	4,979	4,979	-	-	-
Housing		300	27	69	-	-	-	-	-	-
Other Assets		15,977	27	69	-	4,979	4,979	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	994	994	-	-	-
Intangible Assets		-	-	-	-	994	994	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		4,556	1,256	471	1,200	2,682	2,682	1,350	1,600	1,800
Machinery and Equipment		-	132	1,716	2,515	2,401	2,401	-	-	-
Transport Assets		-	-	-	-	3,241	3,241	3,200	1,500	1,500
Land		-	-	1,302	-	500	500	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		179,893	158,893	105,605	125,548	150,390	150,390	145,393	145,450	133,442

ASSET REGISTER SUMMARY - PPE (WDV)	5	20,306,093	21,460,671	22,228,652	6,638,512	6,638,512	6,638,512	6,982,268	7,275,523	7,595,646
<i>Roads Infrastructure</i>		4,154,276	4,032,099	3,444,338	2,988,083	2,988,083	2,988,083	4,212,893	3,734,524	4,054,647
<i>Storm water Infrastructure</i>		82,840	80,404	365,832	387,781	387,781	387,781	387,781	387,781	387,781
<i>Electrical Infrastructure</i>		316,783	307,467	983,122	1,042,110	1,042,110	1,042,110	270,485	1,042,110	1,042,110
<i>Water Supply Infrastructure</i>		288,422	279,939	610,826	647,476	647,476	647,476	647,476	647,476	647,476
<i>Sanitation Infrastructure</i>		624,340	605,978	652,837	692,008	692,008	692,008	692,008	692,008	692,008
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	103,235	109,429	109,429	109,429	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		5,466,661	5,305,887	6,160,190	5,866,887	5,866,887	5,866,887	6,210,643	6,503,898	6,824,021
Community Assets		167,388	165,731	100,805	106,853	106,853	106,853	106,853	106,853	106,853
Heritage Assets		4,471		11,488	12,177	12,177	12,177	12,177	12,177	12,177
Investment properties		1,267,598	1,255,048	350,780	371,827	371,827	371,827	371,827	371,827	371,827
Other Assets				214,928	227,823	227,823	227,823	227,823	227,823	227,823
Biological or Cultivated Assets				-	-	-	-	-	-	-
Intangible Assets				1,736	1,840	1,840	1,840	1,840	1,840	1,840
Computer Equipment		7,582	7,507	-	-	-	-	-	-	-
Furniture and Office Equipment				-	-	-	-	-	-	-
Machinery and Equipment		6,982,268	7,275,523	7,595,646	-	-	-	-	-	-
Transport Assets				-	-	-	-	-	-	-
Land				48,212	51,104	51,104	51,104	51,104	51,104	51,104
Zoo's, Marine and Non-biological Animals		6,410,126	7,450,976	7,744,868	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	20,306,093	21,460,671	22,228,652	6,638,512	6,638,512	6,638,512	6,982,268	7,275,523	7,595,646
EXPENDITURE OTHER ITEMS		574,103	447,753	412,181	517,024	420,720	420,720	465,170	482,181	513,201
Depreciation	7	452,759	361,880	338,886	420,387	390,035	390,035	378,675	390,035	401,736
Repairs and Maintenance by Asset Class	3	121,344	85,873	73,296	96,637	30,685	30,685	86,495	92,145	111,464
<i>Roads Infrastructure</i>		38,142	752	822	28,873	948	948	4,466	4,466	4,243
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	18,422	18,422	17,501
<i>Electrical Infrastructure</i>		28,615	12,436	8,807	6,254	5,788	5,788	7,231	7,231	6,870
<i>Water Supply Infrastructure</i>		45,768	16,429	10,966	19,010	10,877	10,877	11,466	11,466	12,943
<i>Sanitation Infrastructure</i>		-	32,014	41,901	27,274	2,868	2,868	27,383	30,033	53,253
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	2,065	5,065	1,962
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		112,526	61,632	62,496	81,411	20,481	20,481	71,033	76,684	96,771
Community Facilities		2,520	2,605	830	954	1,002	1,002	1,767	1,767	1,679
Sport and Recreation Facilities		-	208	166	298	298	298	298	298	283
Community Assets		2,520	2,814	996	1,252	1,300	1,300	2,065	2,065	1,962
Heritage Assets		130	43	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		41	9,519	-	-	-	-	3,367	3,367	3,198
<i>Housing</i>		300	-	177	233	233	233	1,052	1,052	1,000
Other Assets		341	9,519	177	233	233	233	4,419	4,419	4,198
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		2,940	3,033	3,899	3,739	3,739	3,739	3,109	3,109	2,959
Intangible Assets		2,940	3,033	3,899	3,739	3,739	3,739	3,109	3,109	2,959
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	38	38	36
Machinery and Equipment		2,887	8,832	5,728	10,001	4,931	4,931	5,830	5,830	5,539
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		574,103	447,753	412,181	517,024	420,720	420,720	465,170	482,181	513,201
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		45.9%	45.7%	44.5%	66.5%	34.0%	34.0%	51.3%	39.4%	48.6%
<i>Renewal and upgrading of Existing Assets as % of depreca</i>		18.2%	20.1%	13.9%	19.9%	13.1%	13.1%	19.7%	14.7%	16.1%
<i>R&M as a % of PPE</i>		1.8%	1.3%	1.1%	1.5%	0.5%	0.5%	1.3%	1.4%	1.6%
<i>Renewal and upgrading and R&M as a % of PPE</i>		1.0%	1.0%	1.0%	3.0%	1.0%	1.0%	2.0%	2.0%	2.0%

KZN252 Newcastle - Table A10 Basic service delivery measurement

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			Budget Year +1 2021/22		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24
Household service targets	1									
Water:										
Piped water inside dwelling		128,381	134,217	142,538	151,090	151,090	151,090	151,637	151,637	151,637
Piped water inside yard (but not in dwelling)		95,724	101,659	107,962	114,439	114,439	114,439	-	-	-
Using public tap (at least min.service level)	2	25,628	27,215	28,902	30,636	30,636	30,636	-	-	-
Other water supply (at least min.service level)	4	1,725	1,832	1,946	2,062	2,062	2,062	-	-	-
<i>Minimum Service Level and Above sub-total</i>		249,456	264,922	281,347	298,228	298,228	298,228	151,637	151,637	151,637
Using public tap (< min.service level)	3	-	-	-	288,228	288,228	288,228	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		7,314	7,787	8,249	8,744	8,744	8,744	-	-	-
<i>Below Minimum Service Level sub-total</i>		7,314	7,787	8,249	8,744	8,744	8,744	-	-	-
Total number of households	5	256,770	272,690	289,597	306,972	306,972	306,972	151,637	151,637	151,637
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		160,164	170,094	180,840	191,478	202,967	215,145	217,003	217,003	217,003
Flush toilet (with septic tank)		5,112	5,429	5,766	6,111	6,478	6,867	1,300	1,300	1,300
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		36,783	39,094	41,485	43,975	46,613	49,410	-	-	-
Other toilet provisions (> min.service level)		11,943	12,683	13,470	14,276	15,135	16,043	-	-	-
<i>Minimum Service Level and Above sub-total</i>		214,002	227,270	241,361	255,843	271,193	287,465	218,303	218,303	218,303
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		25,870	27,474	29,177	30,928	32,784	34,751	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		25,870	27,474	29,177	30,928	32,784	34,751	-	-	-
Total number of households	5	239,872	254,744	270,538	286,770	303,977	322,215	218,303	218,303	218,303
Energy:										
Electricity (at least min.service level)		39,642	39,642	39,642	42,021	44,542	47,214	50,451	50,451	50,451
Electricity - prepaid (min.service level)		2,233	2,233	2,233	2,367	2,509	2,660	-	-	-
<i>Minimum Service Level and Above sub-total</i>		41,875	41,875	41,875	44,388	47,051	49,874	50,451	50,451	50,451
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min.service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	41,875	41,875	41,875	44,388	47,051	49,874	50,451	50,451	50,451
Refuse:										
Removed at least once a week		62,872	59,199	70,910	59,199	59,199	59,199	59,199	59,199	59,199
<i>Minimum Service Level and Above sub-total</i>		62,872	59,199	70,910	59,199	59,199	59,199	59,199	59,199	59,199
Removed less frequently than once a week		-	-	70,910	2,066	2,066	2,066	2,066	2,066	2,066
Using communal refuse dump		-	-	-	1,451	1,451	1,451	1,451	1,451	1,451
Using own refuse dump		-	-	-	23,805	23,805	23,805	23,805	23,805	23,805
Other rubbish disposal		-	-	-	2,334	2,334	2,334	2,334	2,334	2,334
No rubbish disposal		-	-	-	1,024	1,024	1,024	1,024	1,024	1,024
<i>Below Minimum Service Level sub-total</i>		-	-	70,910	30,680	30,680	30,680	30,680	30,680	30,680
Total number of households	5	62,872	59,199	141,820	89,879	89,879	89,879	89,879	89,879	89,879
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		41,000	8,000	9,000	9,139	9,139	9,139	9,139	9,139	9,139
Sanitation (free minimum level service)		-	-	8,000	9,139	9,139	9,139	9,139	9,139	9,139
Electricity/other energy (50kwh per household per month)		2,500	8,000	9,000	9,139	9,278	9,417	9,417	9,417	9,417
Refuse (removed at least once a week)		28,871,589	20,500	9,000	9,139	9,139	9,139	9,139	9,139	9,139
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		21,161	7,000	7,000	5,990	9,035	9,035	10,326	10,842	11,438
Sanitation (free sanitation service to indigent households)		22,269	10,000	10,000	10,759	13,278	13,278	15,176	15,935	16,811
Electricity/other energy (50kwh per indigent household per month)		3,098	7,000	7,000	8,136	8,136	8,136	8,592	9,975	11,870
Refuse (removed once a week for indigent households)		30,441	13,450	13,450	11,082	14,254	14,254	15,551	16,328	17,226
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		76,969	37,450	37,450	35,967	44,703	44,703	49,614	53,079	57,146
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		30,062	22,463	71,861	76,214	76,194	76,194	79,176	83,135	87,708
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6	30,062	22,463	71,861	76,214	76,194	76,194	79,176	83,135	87,708