

**EXTRACT FROM THE MINUTES OF THE MEETING OF THE NEWCASTLE MUNICIPAL COUNCIL,
HELD IN THE COUNCIL CHAMBERS, NEWCASTLE ON WEDNESDAY, 31 MAY 2023 AT 10:00**

PRESENT

Councillor	T	M	Zulu	:	Speaker
Councillor	M	E	Buthelezi		
Councillor	S	B	Buthelezi		
Councillor	F		Cassim		
Councillor	M	J	Dladla		
Councillor	T	N	Dlamini		
Councillor	D	X	Dube	:	Mayor
Councillor	N	C	Dube		
Councillor	F	L	Duma		
Councillor	V	F	Hadebe		
Councillor	M	E	Hlatshwayo		
Councillor	M	M	E		Hlatshwayo
Councillor	H	N			Khumalo
Councillor	L	M			Khumalo
Councillor	C	B			Kubeka
Councillor	N	Z	B		Kunene
Councillor	M	T			Lethea
Councillor	C	Y			Liu
Councillor	B	G			Madi
Councillor	Z	E			Madi
Councillor	X	S			Makhubo
Councillor	F	A			Malinga
Councillor	B	D			Mathunjwa
Councillor	N	P			Maseko
Councillor	S	B			Mashazi
Councillor	N	S	F		Masondo
Councillor	S	P			Masuku
Councillor	L	I			Mathe
Councillor	L	P			Mazibuko
Councillor	M	V			Mbatha
Councillor	A	P			Meiring
Councillor	A	E			Mkhwanazi
Councillor	M	P			Mkhwanazi
Councillor	P	F			Mnisi
Councillor	S	W			Mngomezulu
Councillor	R	M			Molelekoa
Councillor	N	P			Mthabela
Councillor	M	V			Molefe
Councillor	T	E			Mthembu
Councillor	M	O			Ndlovu
Councillor	C	S			Ngcobo
Councillor	R	N			Ngcobo
Councillor	A	T			Nkosi
Councillor	S	E			Nkosi
Councillor	S				Ntsele
Councillor	M	J			Ntshangase
Councillor	R	B	S		Russell
Councillor	N	P			Shabalala
Councillor	S	E			Shabangu
Councillor	V	N			Sibeko
Councillor	S				Singh
Councillor	L	C			Sithebe
Councillor	F	N			Sithole
Councillor	B	R			Thusi
Councillor	S	M		:	Deputy Mayor
Councillor Dr	J	A			Vorster
Councillor	L	P			Ximba
Councillor	S	A			Yende
Councillor	V	G			Zondo
Councillor	M	N			Zulu
Councillor	N	S			Zulu
Councillor	Z	E			Zwane

(ii)

ABSENT WITH APOLOGY

Councillor	E	J	C	Cronje	: Ill Health
Councillor	P			Hariram	: Other commitments
Councillor	M	T	D	Makhoba	: Other commitments
Councillor	L	P		Ndebele	: Other commitments
Councillor	W	P		Nkosi	: Other commitments

TRADITIONAL LEADERS

iNkosi	C	S	Kubheka	: Not Present
iNkosi	B	S	Radebe	: Not Present

OFFICIALS PRESENT

Municipal Manager	:	Mr	Z	W	Mcineka
Strategic Executive Director : Corporate Services	:	Dr	P	D	Thabethe
Strategic Executive Director : DP&HS	:	Mrs	N	P	Khathide
Strategic Executive Director : Technical Services	:	Mr	B	P	Mnguni
Acting Strategic Executive Director : Budget and Treasury Office	:	Mr	M	S	Ndlovu
Director : Administration	:	Mrs	D	R	Molefe
Director : Communications	:	Mr	B	N	Ngcobo
Director : Internal Audit	:	Mr	B	B	Nkosi
Director : ICT	:	Mr	M	T	Nkosi
Manager : Customer Care	:	Mr	M	N	Myende
Acting Manager : General Admin and Secretariat	:	Mrs	Z		Sibeko
Senior Legal Officer	:	Mrs	N		Mbuli
ICT Technician	:	Mr	S	B	Makhubo
Committee Clerk	:	Mr	K	S	Mbonane
Committee Clerk	:	Mr	S	N	Thwala
Intern : Administration	:	Ms	T	P	Masuku
Intern : Administration	:	Mr	A		Kunene
Intern : Administration	:	Ms	N	P	Kubheka

CM 37 : FINAL MEDIUM-TERM BUDGET 2023/2024 (T 6/1/1)

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 2023/24; and indicative allocations for the two projected outer years 2024/25 and 2025/26; and the multi – year and single year capital appropriations be approved.
- (b) That, the funding sources to fund both operating and capital budgets, be noted and approved.
- (c) That, the Municipality's annual allocation of R 155, 540, 970 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 01 July 2023 for all services, except water and electricity consumption, which be levied on the new tariff with effect from 01 August 2023.
- (e) That, the Tariff of Charges be approved and be applicable from 01 July 2023.

(iii)

- (f) That, water, refuse, sewer and sundry tariffs be increased by 6% with effect from 01 July 2023.
- (g) That, property rates tariffs be increased by 6% and impermissible rates for all properties be capped at R 85 000 with effect from 01 July 2023.
- (h) That, the electricity tariff be increased by 15.1% with effect from 01 July 2023 and it be noted that the municipality is still awaiting approval of the municipal electricity tariff increase from NERSA.
- (i) That, bulk electricity purchases be increased by 18.65% as per NERSA's guideline of the Eskom tariff increase.
- (j) That, in terms of the Indigent Policy, the monthly household earnings of an indigent application be capped at R 5000.00 per month (under 60 years) and R 6000.00 per month (over 60 years).
- (k) That indigent benefit packages 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 on municipal property | : 100% |
- (l) 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 R 50 million : | |
| from 0 – 4 years | : 40% |
| from 5 – 6 years | : 25% |
| from 7 – 8 years | : 10% |
| from 9 years onwards | : 0% |
- (m) That, the Final Service Standards be approved.
- (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.

(iv)

- (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 Protective clothing Policy be noted and approved.
- (ff) That, the Property Rates By - laws be approved.
- (gg) That, the Tariff By – laws be approved.
- (hh) That, the Credit Control by – laws be approved.
- (ii) That, it be noted that the EFF and the ANC does not support the approval of the final medium-term budget.
- (jj) That, it be noted that 25 councillors voted against the budget approval and 35 councillors voted for the approval of the final medium-term budget.
- (kk) That, it be noted that two (2) councillors, H.N. Khumalo and M.T. Lethea were not present during the voting for the approval of the final medium-term budget, as they arrived after the said voting process.

I, the undersigned, **ZAMOKWAKHE WESLEY MCINEKA**, in my capacity as **MUNICIPAL MANAGER** to the Newcastle Municipal Council, hereby certify the above as a true extract from the minutes of the Council meeting held on 31 May 2023.


Z.W. MCINEKA
MUNICIPAL MANAGER

Newcastle

FINAL MEDIUM TERM BUDGET 2023/24 (T 6/1/1-2022/23): BUDGET AND TREASURY OFFICE : MAY 2023

Ref. No : T 6/1/1 (2022/23)
Author : B.N Khumalo
1st Level : Executive Committee
2nd Level : Council
3rd Level : KZN Provincial Treasury

1. PURPOSE

The purpose of this report is to request council approval of the Final Medium Term Expenditure and Revenue Framework (MTREF) in terms of section 16(2) of the Municipal Finance Management Act 56 of 2003 (MFMA). The report further seeks to obtain council approval Budget Funding Plan which is aligned to the annual budget. The report allows council to exercise its oversight on the implementation of the budget and also serves as a tool for future planning. The report is also be submitted to the Provincial Treasuries as required by the same section of the Act. In the main, the report seeks council to ensure that the state of finance of the municipality improve continuously.

2. BACKGROUND

Section 16(2) of the Municipal Finance Management Act No.56 of 2003 (MFMA) stipulates that the Mayor of a municipality must table the budget to Council for approval at least 90 days before the start of the financial year. The approval of the final budget is then followed by a wide range of public consultations and the assessment of the final budget by National and Provincial Treasuries. 30 days before the start of the financial year, the Council must is required to approve the annual budget, having considered the comments of local communities, relevant stakeholders as well as Provincial and National Treasuries, failing which, the Council is required by section 25 of MFMA to convene meetings within every seven days until the budget is approved. Should Council fail to approve its annual budget before the commencement of the financial year, the mayor is required to submit reasons in terms of section 55 of MFMA. In terms of section 139(4) of the Constitution, the Provincial Executive of the relevant province may intervene where Council has failed to approve its annual budget prior to commencement of the financial year.

3. DISCUSSION

The high-level summary of the Final Operating Budget is attached as Annexure B. Capital budget per project, per department, per funding source and per asset class are all attached in Annexure C hereto.

3. LEGAL IMPLICATIONS

The submission seeks to comply with section 16 of the Municipal Finance Management Act, No. 56 of 2003, read together with regulations 9-14 of the Municipal Budget and Reporting Regulations require, inter alia, that the Accounting Officer submit the Final Budget to the Mayor, Provincial and National Treasury by the 31st of March of each year. Failure to have the budget approved within stipulated timeframe will result in non-compliance with the legislation and unfavourable actions from National and Provincial Treasuries.

4. POLICY IMPLICATIONS

The submission of the Final MTREF Budget is a requirement and compliance along with the approved Budget Related Policies of Council, which are reviewed annually as part of the section 17 of the MFMA.

5. FINANCIAL IMPLICATIONS

5.1 OPERATIONAL BUDGET

The total estimated operational revenue for the 2023/24 financial year is R2.596 billion while total estimated operational expenditure is R2.724 billion yielding to an operating deficit of R128.3 million. A detailed narrative of the operational budget is contained in the Budget Document attached as Annexure B hereto.

5.2 CAPITAL BUDGET

The total capital expenditure for the 2023/24 is projected at R255.3 million, which will be funded as follows:

- Grants : R 240.8 million
- Internal Reserves : R 14.5 million

The list of capital projects to be implemented are contained in the final budget document and Annexure C and Annexure D attached hereto. A detailed narrative of the capital budget in contained in the Budget Document attached as Annexure A hereto.

6. RISKS

Failure to submit this report with result to non-compliance with the MFMA..

7. MANAGEMENT OF RISKS

This report has been submitted timeously to the Executive Committee and Council to ensure that the final budget is approved on or before 31 May 2023.

8. BUDGET DOCUMENTS

The budget related documents are attached as follows:

Budget Document	: Annexure A
High Level Operating Budget	: Annexure B
Capital Budget	: Annexure C
A Schedule Budget Tables	: Annexure D
Tariff of Charges	: Annexure E
Budget Funding Plan	: Annexure F
Budget Related Policies	: Annexure G

uThukela Water Budget submission	: Annexure H
Final Service Standards	: Annexure I
KZN Provincial Treasury Assessment: Draft Budget	: Annexure J
NERSA consultation paper 2023/24 MTREF	: Annexure K

9. RECOMMENDATIONS

- (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 2023/24; and indicative allocations for the two projected outer years 2024/25 and 2025/26; and the multi-year and single year capital appropriations be approved;
- (b) That the funding sources to fund both operating and capital budgets be approved;
- (c) That the Municipality's annual allocation of R155 540 970 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 2023 for all services, except for water and electricity consumption, which be levied on the new tariff with effect from 01 August 2023;
- (e) That the Tariff of Charges be approved and be applicable with effect from 01 July 2023;
- (f) That water, refuse, sewer and sundry tariffs be increased by 6% with effect from 01 July 2023.
- (g) That property rates tariffs be increased by 6% and impermissible for all properties be capped at 85 000 with effect from 01 July 2023;
- (h) That the electricity tariff be increased by 15.1% with effect from 01 July 2023 and it be noted that the municipality is still awaiting for the approval of the municipal electricity tariff increase from NERSA;
- (i) That bulk electricity purchases be increased by 18.65% as per NERSA's guideline of the Eskom tariff increase.
- (j) That in terms of the Indigent Policy, the monthly household earnings of an indigent application be

ASED:
BTO

capped at R5000.00 per month (under 60 years) and R6000.00 per month (over 60 years)

(k) 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 on municipal property	: 75%

(l) 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%

(m) That the Final Service standards be approved;

(n) That the Budget Funding Plan be approved;

(o) That the Budget Policy be approved;

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(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;

ASED:
BTO

- (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 Protective clothing be noted and approved;
- (ff) That the Property Rates By-Laws be approved;
- (gg) That the Tariff By-Laws be approved.

ASED:
BTO

Report prepared by:

Report seen by:

DX DUBE
PORTFOLIO COUNCILLOR
BUDGET AND TREASURY OFFICE

FP 
ZW MCINEKA
MUNICIPAL MANAGER



BUDGET DOCUMENT

Annexure A

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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	DUBE D X	Budget & Treasury Office	IFP	18
Deputy Mayor	THWALA SM	Technical Services	TSSA	28
Exco Member	HLATSHWAYO ME	Community Services	IFP	6
Exco Member	KUBHEKA CB	Governance	IFP	PR
Exco Member	MEIRING AP	Planning, Development and Human Settlements	DA	4
Exco Member	MOLELEKOA R M	Technical Services	ANC	12
Exco Member	SITHEBE LC	Corporate Services	EFF	PR
Exco Member	YENDE SA	Budget & Treasury Office	ANC	PR
Exco Member	ZONDO VG	Community Services	ANC	27
Exco Member	ZULU NS	Community Services	IFP	PR

COUNCIL

DESIGNATION	SURNAME & INITIALS	POLITICAL PARTY	WARD
Speaker	ZULU TM	IFP	PR
Councillor	DUBE DX	IFP	18
Councillor	THWALA SM	TSSA	28
Councillor	ALLY YA	PA	PR
Councillor	BAM VV	IFP	PR
Councillor	BUTHELEZI ME	IFP	33
Councillor	BUTHELEZI SB	EFF	PR
Councillor	CASSIM F	ASA	PR
Councillor	CRONJE EJC	DA	2
Councillor	DLADLA MJ	ANC	11
Councillor	DLAMINI TN	EFF	PR
Councillor	DUBE NC	DA	PR
Councillor	DUMA FL	NFP	PR
Councillor	HADEBE VF	TSSA	PR
Councillor	HARIRAM P	DA	3
Councillor	HLATSHWAYO MME	ANC	17
Councillor	HLATSHWAYO ME	IFP	6
Councillor	KHUMALO HN	ANC	5
Councillor	KHUMALO LM	IFP	PR

Councillor	MASHAZI S.B.	TSSA	31
Councillor	KUBHEKA CB	IFP	PR
Councillor	KUNENE NZB	ANC	19
Councillor	LETHEA MT	ANC	10
Councillor	LUI C	IFP	PR
Councillor	MADI BG	ANC	8
Councillor	MADI ZE	IFP	PR
Councillor	MAKHOBHA MTD	ANC	21
Councillor	MAKHUBO XM	ANC	29
Councillor	MALINGA FA	IFP	PR
Councillor	MASEKO NP	TSSA	PR
Councillor	MASONDO NSF	TSSA	PR
Councillor	MASUKU SP	IFP	PR
Councillor	MATHE LI	EFF	PR
Councillor	MATHUNJWA BD	ANC	20
Councillor	MAZIBUKO LP	IFP	9
Councillor	MBATHA MV	ASA	PR
Councillor	MEIRING AP	DA	4
Councillor	MKHWANAZI AE	EFF	PR
Councillor	MKHWANAZI MP	ANC	23
Councillor	MNGOMEZULU SW	ANC	22
Councillor	MNISI PF	ANC	15
Councillor	MOLELEKOA RM	ANC	12
Councillor	MTHABELA NP	EFF	PR
Councillor	MTHEMBU TE	IFP	PR
Councillor	NDEBELE LP	ANC	7
Councillor	NDLOVU MO	ANC	13
Councillor	NGCOBO CS	TSSA	PR
Councillor	NGCOBO RN	DA	34
Councillor	NKOSI AT	TSSA	PR
Councillor	NKOSI SE	EFF	PR
Councillor	NKOSI WP	ANC	26
Councillor	NTSELE S	IFP	16
Councillor	NTSHANGASE MJ	EFF	PR
Councillor	RUSSEL RBS	VFP	PR
Councillor	SHABALALA NP	ANC	1
Councillor	SHABANGU	ANC	24
Councillor	SIBEKO VN	IFP	32
Councillor	SINGH S	ASA	25
Councillor	SITHEBE LC	EFF	PR
Councillor	SITHOLE	IFP	PR
Councillor	THUSI BR	ATM	PR
Councillor	VORSTER JA DR	IFP	PR
Councillor	XIMBA LP	ANC	14
Councillor	YENDE SA	ANC	PR
Councillor	ZONDO VG	ANC	27
Councillor	ZULU NS	IFP	PR

Councillor	ZWANE ZE	ANC	30
Traditional Leader	KHUMALO DO		
Traditional Leader	RADEBE B S		

SENIOR MANAGERS

DESIGNATION	SURNAME & INITIALS
Municipal Manager	Mcineka ZW
Acting Strategic Executive Director: Budget and Treasury Office	Ndlovu MS
Strategic Executive Director: Corporate Services	Thabede PD
Strategic Executive Director: Technical Services	Mnguni BP
Strategic Executive Director: Community Services	Vacant
Strategic Executive Director: Development, Planning and Human Settlements	Khathide NP
Strategic Executive Director: Governance and Strategic Support Services	Vacant

PART 1 – ANNUAL BUDGET

NEWCASTLE MUNICIPALITY PROFILE

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 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 Dannahauser 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

MAYORAL FOREWARD FINAL BUDGET: 2023/24

Newcastle Municipality has been constitutionally tasked with providing sustainable and effective services, such a realisation is not as easy as it may seem. There are many different aspects that must integrate with one another before a municipality will be able to succeed in this mammoth task. As obligated by the Municipal Finance Management Act in terms of section 24 to table a final budget for adoption it is my duty to provide an accurate account of the state of this Municipality although it is with a heavy heart because of the financial Constraints faced by this institution. Having inherited an unfunded budget as the New Councillor, it has placed us at a very disadvantageous position in our efforts to fulfilling our service delivery objectives.

I must however ,acknowledge the setbacks that have decelerated our speed of improving our road infrastructure in terms of connectivity and accessibility of roads in mainly our township and rural settlements this has been accorded primarily by the poor allocation of around R 8 million for resealing and re-graveling of Roads, regardless of inadequate resources we have managed to allocate just over R 21 million towards improving our road infrastructure, a further R 127 million to upgrade our bulk sewer ,water pipelines and waste water treatment plant.

The abovementioned allocate does not even by a stretch of margin begin to address the issue of aging infrastructure and our inability to do maintenance, however we must acknowledge the improves in the Human Settlements department having completed over 158 housing units in the Khathide Phase 2 and the handover of over 100 completed units in the Charlestown Housing Project. Nevertheless, the Provincial Department of Human Settlements unjustifiably still decided to withdraw its Housing Grant allocation for Newcastle Municipality which is unprecedented and clearly proves that our political intolerance will always take preference over service delivery.

Although our major funding sources for our capital budget which is around R 242 million remains National and provincial organs of the state it is without a doubt that the allocated financial resources,are inadequate to complement the growing service delivery demands in our communities, however we must acknowledge that our failure to ameliorate spending patents on conditional grants is an undesirable position for the Municipality to find itself.

The current circumstances compel the Municipality to development internal funding strategies that will enhance the revenue and financial sustainable of the institution in the long-term. Hence, we have reprioritized our financial commitments to ensure that we drastically reduce the financial burden on the Municipality, therefor by August 2023 we intend to settle our R 108 million Eskom debt which we have reduced significantly by R 71 million within 15 months of

the new council subsequently we are structuring a new payment arrangement with uThukela water which will ensure that our debt is settled, furthermore the budget reflects a clear reduction in the cost associated with contracted services of R 69 million this because are planning to ring-fence capital to acquire new plant and equipment in to order maximize capacity internal.

Although there are inaccuracies with our electricity tariffs given that we are permitted by National treasure to only increase our electricity tariff by 7.47%, yet NERSA the national energy regulator has increased the electricity tariff by 18%, this directly affects our revenue because the 18% increase is imposed, however we cannot effect the same increases in-line with the National Energy. The inability to collect R1.3 billion owed to the Municipality by Households mainly by households in the East parts of Newcastle remains a concern as it dispossess the Municipality's ability to effectively fund its Operational budget and most importantly dispense resources for the maintenance of its infrastructure, however council has development an intensive revenue collection strategy with the anticipation that it will help us to collect around R 2,5 billion.

The increase in the Employee related costs due to the returning of 223 employees who were dismissed unfairly does arguably has material repercussions on the budget as it places a heavy burden on the institution and its salary threshold, hence, we do not intend to further seek any loans till we have settled our current loans by 2030, which currently sets R321 million. Regards of the challenges we continue to face we remain optimistic of the future ahead; we will remain focussed on maximising the limited resources to maximise our output towards service delivery. With that said I wish to thank and encourage all staff members to continue working with us to turn things around.

I hereby formally table the final budget for 2023/24 financial year for approval.

1.2 BUDGET RESOLUTIONS

It is hereby recommended:

- (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 2023/24; and indicative allocations for the two projected outer years 2024/25 and 2025/26; and the multi-year and single year capital appropriations be approved;
- (b) That the funding sources to fund both operating and capital budgets be approved;
- (c) That the Municipality's annual allocation of R155 540 970 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 2023 for all services, except for water and electricity consumption, which be levied on the new tariff with effect from 01 August 2023;
- (e) That the Tariff of Charges be approved and be applicable with effect from 01 July 2023;
- (f) That water, refuse, sewer and sundry tariffs be increased by 6% with effect from 01 July 2023.
- (g) That property rates tariffs be increased by 6% and impermissible rates on the first R85 000 with effect from 01 July 2023;
- (h) That the electricity tariff be increased by 15.1% with effect from 01 July 2023 and it be noted that the municipality is still awaiting for the approval of the municipal electricity tariff increase from NERSA;

- (i) That bulk electricity purchases be increased by 18.49% as per NERSA's guideline of the Eskom tariff increase.
- (j) That in terms of the Indigent Policy, the monthly household earnings of an indigent application be capped at R5000.00 per month (under 60) and R6000.00 per month (over 60)
- (k) That indigent benefit package be approved as follows:
- | | |
|------------------------------|-----------|
| Electricity consumption | : 50 kW/h |
| Water consumption | : 6 Kl |
| Electricity availability | : 100% |
| Water availability | : 100% |
| Sewer | : 100% |
| Refuse | : 100% |
| Property rates | : 100% |
| Rental on municipal property | : 75% |
- (l) 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% |
- (m) That the Final Service standards be noted and approved;
- (n) 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 Protective Clothing Policy be approved
- (ff) That the Property Rates By-Laws be approved;
- (gg) That the Tariff By-Laws be approved.

1.3 EXECUTIVE SUMMARY

1.3.1 INTRODUCTION

The 2023/2024 final budget is a consolidated operational and capital budget of R2.8 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 continue to put pressure on municipal revenue generation and its ability to collect revenue in the 2023/24 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 factor will start to show 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 2023/24 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 final 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 and electricity be limited to the national guidelines;
- 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 ongoing military conflict between Russia and Ukraine, which project a bleak economic future globally;
- 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 limited provision for 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.
- Inability to provide for adequate vacant and critical positions due to limited funding.
- Bulk electricity tariff increase above the increase in revenue tariff increase, which implies additional burden to the municipality to provide electricity function.

1.3.2 OVERVIEW OF THE 2023/2024 BUDGET

OPERATING BUDGET

The operating budget, which funds the continued provision of services provided by the municipality, is projected to increase from R2.447 billion in 2022/23 to R2.727 billion in 2023/24, representing an increase of R280.6 million (11.47%). The increase is mainly due to the increase in employee cost, bulk water and bulk electricity purchases.

There has been a reduction in the provision for finance charges due to the cost containment measures being implemented by the municipality. This is the indication that the municipality is serious about its path 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 of Irrecoverable debts written off.

OPERATING REVENUE

Total operating revenue is projected at R2.355 billion in the 2023/24 financial year, representing an increase of R107 million (4.6%) from the current year's adjusted budget of R2.248 billion.

The major items of the operating revenue for the 2023/24 financial year are as follows:

Details	2023/2024 R'000	% of Total Revenue
Electricity	882 022	37.4%
Water	219 986	9.3%
Sanitation / sewer	133 580	5.7%
Refuse	110 148	4.7%
Property rates	396 741	16.8%
Grants and subsidies	577 623	24.5%
Other revenue	10 524	0.4%
Interest on outstanding debtors	5 877	0.2%
Rental of facilities	8 804	0.4%

Fines	4 831	0.2%
Interest on investments	5 330	0.2%

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

- **Electricity services: R882 million, increase of R114.8 million (14.95%)**

Electricity tariffs are expected to increase by 15.10%. It must be noted that this tariff increase as per the NERSA guidelines on municipal tariff increase. With the tariff increase of 15.10%, electricity revenue is expected to increase by R114.8 million (14.95%) in the 2023/24 financial year. Cognisance should also be taken that this percentage increase of 14.95% above the inflation rate of 5.4%, however this increase is based on the NERSAs tariff approval for municipal tariffs. The revenue figure of R882 million is also net of the cost of free basic service of R10.3 million in respect of electricity as required in terms of the Budget and Reporting Regulations.

- **Water services: R220 million, increase of R7.2 million (5.1%)**

Water tariffs are expected to increase by 6% in the 2023/24 financial year. The increase of 6% in tariffs is expected to generate additional revenue of R7.1 million (3.36%), from R212.8 million in the current year to R220 million in the 2023/24 financial year. The revenue figure of R220 million is net of the cost of free basic services of R7.2 million in respect of water as required in terms of the Budget and Reporting Regulations.

- **Refuse removal: R110.1 million, increase of R6.4 million (5.4%)**

Refuse removal tariffs are expected to increase by 6% in the 2023/24 financial year. The increase of 6% in tariffs is expected to result in an increase in revenue of R6.4 million (5.8%), from R103.8 million in the current year to R110.1 million in the 2023/24 financial year. The revenue figure of R110.1 million is net of the cost of free basic services of R6.4 million in respect of refuse removal as required in terms of the Budget and Reporting Regulations.

- **Sanitation: R133.6 million, increase of R5.6 million (5.4%)**

Sanitation tariffs are expected to increase by 6% in the 2023/24 financial year. The increase of 6% expected to generate additional revenue of R5.6 million (5.4%), from R127.9 million in the current year to R133.6 million in the 2023/24 financial year. The revenue figure of R133.6 million is net of the cost of free basic services of R19.4 million in respect of sanitation as required in terms of the Budget and Reporting Regulations.

- **Property rates: R396.7 million, increase of R20.6 million (5.2%)**

Property rates tariffs are expected to increase by 6% in the 2023/24 financial year, while the impermissible amount will remain at R85 000. The increase in the property rates tariffs is expected to result in an increase in revenue of R20.6 million (5.2%), from R376.1 million in the current year to R396.7 million in the 2023/24 financial year. The revenue figure of R396.7 million is net of the rates rebates and indigent benefit of R84.7 million as required in terms of the Budget and Reporting Regulations.

- **Transfers recognised: R577.6 million, decrease of R48.8 million (7.79%)**

Revenue from grants and subsidies is expected to generate operating revenue of R546.8 billion in the 2023/24 financial year. This represents a decrease of 48.8 million (7.7%) from the budget of R626.4 million in the current year to the budget of R577.6 billion in the 2023/24 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. The appropriation of grant transfers in the budget has been made in accordance with the Division of Revenue Act and the provincial gazette.

- **Fines: R4.8 million, increase of R273 thousand (6%)**

Revenue for fines is expected to generate revenue of R4.8 million in the 2023/24 financial year. This represents an increase of R273 thousand (6%) from the budget of R4.6 million in the current year, to R4.8 million in the 2023/24 financial year. 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: R5.3 million, with no increase**

Interest on investments is expected to generate revenue of R5.3 million in the 2023/24 financial year. This represents R0 increase of R0 (0%) from the budget of R5.3 million in the current year to R5.3 million in the 2023/24 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.

- **Interest on outstanding debtors: R 5.9million, with no increase**

Interest on outstanding debtors is expected to generate revenue of R5.9 million in the 2023/24 financial year. This represents a R0 increase of R0 (0%) from the budget of R5.9 million in the current year to R5.9 million in the 2023/24 financial year. Interest will be earned based overdue business accounts without any arrangements in place.

- **Rental of facilities: R8.8 million, increase of R498 thousand (6%)**

Tariffs from rental of municipal facilities will be increased by 6% and is expected to generate revenue of R8.8 million in the 2023/24 financial year. This represents an increase of R498 thousand (6%) from the budget of R8.3 million in the current year to R8.8 million in the 2023/24 financial year.

- **Licences: R34 thousand, increase of R1 937 (6%)**

Tariffs from licences will be increased by 6% and is expected to generate revenue of R34 thousand in the 2023/24 financial year. This represents an increase of R1 937 (6%) from the budget of R34 thousand in the current year to R32 thousand in the 2023/24 financial year.

- **Other revenue: R8.5 million, increase of R480 thousand (6%)**

Sundry tariffs will be increased by 6% and are expected to generate revenue of R8.5 million in the 2023/24 financial year. This represents an increase of R480 thousand (6%) from the budget of R8 million in the current year to the budget of R8.5 million in the 2023/24 financial year.

- **Inflation target**

In terms of the National Treasury's budget circular No.123, the projected inflation rate for 2023/24 is 5.3%. It is noted that the tariff increase of 6% for rates and services and 16.67% for the electricity are slightly above the projected CPI projection but within the South African Reserve Bank inflation ceiling of 6% for rates, water, sewer, refuse and sundry services.

OPERATIONAL EXPENDITURE

Total operating expenditure is projected at R2.724 billion in the 2023/24 financial year, representing an increase of R278 million (11.36%) from the current financial year's budget of R2.446 billion. The municipality's expenditure for the 2023/24 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 challenges.

The major items of the operating expenditure for the 2023/24 financial year are as follows:

Details	2023/2024 R'000	% of Total Budget
Bulk purchases	660 933	24.2%
Other materials	159 854	5.9%
Employee related costs	724 604	26.6%
Depreciation	379 139	13.9%
Debt impairment	308 145	11.3%
Other expenditure	134 594	4.9%
Finance Charges	32 205	1.2%

		1,0%
	28 443	
Remuneration of councillors.		7.6%
Contracted services	207 361	
Irrecoverable debts written off	89 312	3.3%

The following are expenditure items included in the budget:

- **Employee Related Costs: R724.6 million, increase of R88.2 million (13.84%)**

Employee related costs has increased from R636.4 million to R724.5 million, representing an increase of R88.2 million (12.16%). Included in the employee related costs is an amount of R20 million for overtime. This constitute 2.8% 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 bare minimum.

- **Remuneration of Councillors: R28.4 million, an increase of R1.3 million (4.7%)**

Remuneration of councillors is projected to be R28.4 million, representing an increase of R1.3million (4.7%) from the current financial year budget of R28.4 million. The projection is based on the 2023/24 expenditure trends and the fact the MEC has not made any increases on the councillors' upper limited for the past 3 years.

- **Bulk Electricity Purchases: R660.9, an increase of R97.4 million (17.28%)**

Expenditure on bulk electricity purchases is projected at R660.9 million, representing an increase of R97.4 million (17.28%) from the current financial year budget of R563.5 million. The provision of R660.9 million is informed by the NERSA guidelines and the expected demand considering elevated stages of loadshedding for electricity to the municipal consumers in the 2023/24 financial year.

- **UThukela Water Entity: R155.5 million, an increase of R8.8 million (6%)**

The municipality's contribution to uThukela Water increased from R146.7 million to R155.5 million which represents an increase of R8.8 million (6%) from the current financial year. This provision is in line with the entity initial submission. It must be mentioned that the entity submitted another version of its budget of R164.4 million, which cannot be afforded by the municipality given the financial constraints that it currently going through.

- **Debt impairment: R308.1 million, an increase of R8.1 million (2.8%)**

The municipal has projected to incur R308.1 million on debt impairment, representing an increase of R8.1 million (2.8%) from the current financial year budget of R299 million. The provision and the increase is based on the collection rate versus the amount expected to be billed in the budget year. 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: R379.1 million, an increase of R15.9 million (4.4%)**

Provision for depreciation has been projected to be R379.11 million, representing an increase of R15.9 million (4.4%) from the current financial year's budget of R363.2 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 is expected fully during the budget year.

- **Finance Charges: R32.2 million, a decrease of R3.6 million (-10.16%)**

Expenditure on interest on loans is projected to be R32.2 million, representing a decrease of R3.6 million (-10.16%) from the current financial year budget of R35.8 million. The estimation of finance charges of R35.8 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 for the next seven years. It must however be noted that no new loans will be taken by the municipality in the 2023/24 financial year.

- **Contracted services: R207.3 million, a decrease of R41.6 million (16.72%)**

Expenditure on contracted services is projected to be R207.3 million, representing a decrease of R41.6 million (28%) from the current financial year budget of R249 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 R30 million in respect of the housing grants for the various housing projects.

- **Other materials: R159.9 million, an increase of R6.2 million (4%)**

Expenditure on materials is projected at R159.9 million, representing an increase of R6.2 million (4%) from the current financial year budget of R153.6 million. Included under this item is the allocation for Uthukela Water for R146.7 million as well as the materials for the cleaning of municipal buildings, halls, chemicals, cleansing material, pest control.

- **Other expenditure: R134.6 million, an increase of R16.2 million (12%)**

Other expenditure is projected to be R134.6 million, representing an increase of R16.2 million (12%) from the current financial year budget of R118.3 million. The increase is mainly due to the additional provision for departmental rates and services due to revenue tariff increases.

OPERATING SURPLUS/DEFICIT

The operational budget therefore yields an operating deficit of R372.2 million. It is noted that the operating deficit has increase of R198.3 (53%) million when compared with the budgeted deficit of R198.7 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 is not yet funded as it unable to provide all provision as indicated in table A8. The municipality has however submitted a Budget Funding Plan, which is aimed to achieve a funded budget by 2024/25 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 R25.6 million, consisting of R229.6 million to be funded from government grants, and R13 million to be funded from internally generated funds. The summary of the capital budget over the medium terms is depicted as follows:

Details	2023/2024 R'000	% of total expenditure
Total Capital Budget	255 338	100%
<u>Funded as follows:</u>		
Grant funding	240 770	94%
Internal funding	14 568	6%
	255 338	100%

Government grants continue to fund the bulk of capital programme over the next three financial years, covering about 94% of the capital expenditure in the 2023/24 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	2023/2024 R'000	% of total Expenditure
Energy sources	21 550	8.4%
Water distribution	108 185	42.4%
Waste water management	28 484	11.7%
Waste Management	450	0.22%
Roads & Transport	54 635	21.4%
Furniture & Equipment	4 700	1.8%
Sport	35 977	14.1%
Community & Social Services	858	0.3%
Housing	500	0.2%
TOTAL CAPITAL BUDGET	255 338	100%

The municipality will be spending the bulk of its capital programme towards basic infrastructure, with R54.6 million towards roads and storm water, R108.2 million towards water infrastructure, R28.5 million towards sanitation infrastructure, R21.6 towards electricity infrastructure as well as R36 million towards sports infrastructure. A further R2.4 million will be spend on tools of trade, R1.5 million for the uninterrupted power supply.

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

CAPITAL FINAL BUDGET 2324 TO 2526

PROJECT DESCRIPTION	Finance Source Description	FINAL BUDGET 23/24
COMMUNITY SERVICES		
Amphitheatre phase 2	Museum Art Gallery Grant	190 000
Car Ports	Museum Art Gallery Grant	-
Jungle Gym	Museum Art Gallery Grant	-
Art Purchases	Museum Art Gallery Grant	60 000
Printing Press	Museum Art Gallery Grant	50 000
Purchase of Machinery and Equipment	Museum Art Gallery Grant	20 000
Refuse Bulk Containers	Internal Funding	450 000
CONSTRUCTION OF CANTEEN BUILDING	Insurance Claim	617 705
TOTAL COMMUNITY SERVICES		1 387 705
MUNICIPAL MANAGER		
FIREWALL	Internal Funding	800 000
TOTAL MUNICIPAL MANAGER		800 000
BUDGET AND TREASURY OFFICE		
IT EQUIPMENT	Internal Funding	2 000 000
UNINTERRUPTED POWER SUPPLY	Internal Funding	1 500 000
FURNITURE AND EQUIPMENT	Internal Funding	300 000
MACHINERY & EQUIPMENT	Internal Funding	100 000
TOTAL BTO		3 900 000
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		
Construction of Road	Neighbourhood Development Partners	24 514 000
Purchase of office equipment	Housing Level 2 Accreditation Grant	500 000
Refurbishment of the airport	Internal Funding	800 000
TOTAL DPHS		25 814 000
TECHNICAL SERVICES		
Siyahlala Ia Phase 3 Electrification	INEP	7 950 000
Construction of 11KV switching station - Capricorn/Lennoxton	INEP	1 100 000
Construction of 132/11kv substation - Equarand	INEP	12 500 000
RESEALING OF ROADS MADADENI	Internal Funding	2 000 000
RESEALING OF ROADS OSIZWENI	Internal Funding	2 000 000
RESEALING OF ROADS NEWCASTLE	Internal Funding	2 000 000
RESEALING OF ROADS - RESIDENTIAL WEST	Internal Funding	2 000 000
Furniture Equipment	Municipal Infrastructure Grant	191 000
Upgrade & Refurbishment of bulk sewer pipeline from Siyahlala to Vo	Municipal Infrastructure Grant	7 000 000
Construction of ME26 & ME27 roads	Municipal Infrastructure Grant	4 000 000
Construction of sports facility - MIG	Municipal Infrastructure Grant	14 000 000
Upgrade of Madadeni Waste Water Treatment	Municipal Infrastructure Grant	8 796 787
Blaauwbosch bulk water	Municipal Infrastructure Grant	23 636 969
Pipe replacement and upgrade project	Municipal Infrastructure Grant	32 770 399
Viljoenpark : Ncandu Sewer Rising main	Municipal Infrastructure Grant	10 000 000
Construction of MC21 & MC22 roads	Municipal Infrastructure Grant	-
Construction of OA65, OA64 & OA66 roads	Municipal Infrastructure Grant	-
Construction of Madadeni Urban Access Roads Phase 4	Municipal Infrastructure Grant	-
Construction of Osizweni Urban Access Roads Phase 5	Municipal Infrastructure Grant	-
Purchase of Vehicle	Municipal Infrastructure Grant	-
Upgrade of Masihambisane Sports Facility	Municipal Infrastructure Grant	8 000 000
Construction & Rehabilitation of JR2 Road	Municipal Infrastructure Grant	10 326 000
MF18 & MF 19 Roads Completion	Municipal Infrastructure Grant	1 726 836
Upgrade of ME Gravel Roads to black top tar in Madadeni	Municipal Infrastructure Grant	11 500 000
Construction of sports facility - DSR	Sports and Recreation Grant	11 938 000
Newcastle extension and upgrade of water pipelines in Manzana, Dick	Water Services Infrastructure Grant	50 000 000
TOTAL TECHNICAL SERVICES		223 435 990
TOTAL CAPITAL BUDGET		255 337 695
SOURCES OF FUNDING:		
	National Grants	228 011 990
	Provincial Grants	12 758 000
	Internally Funded	14 567 705
		255 337 695

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. This policy has been updated annual as the municipality seeks to finds ways of containing non-core expenditure in its quest to achieve a funded budget. The municipality has also put measures through the curbing of unnecessary expenditure and reduction of other expenditure through the implementation of its Budget Funding Plan strategies. This is however done without compromising service delivery and within 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 desludging 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 seek to acknowledge the municipality's budget is currently not funded, 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 final budget is attached. It is therefore critical that the final budget is approved together with a revised funding plan as the figures have changed since the initial plan adopted has changed somewhat.

1.4 BUDGET TABLES AND RELATED CHARTS

As attached in Annexure D - Schedule A tables

PART 2 – SUPPORTING DOCUMENTATION

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 final 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 2022 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 2023/24 Medium Term Budget for the Newcastle Municipality laid 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 2023/24 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. In December 2022, 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 2023 with extended management committee and in March 2023 with the members of the Executive Committee of Council, 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 will be rolling out its budget programme to all wards in the municipal area, during the year.

The municipality will be conducting the public consultation meetings with the local communities, in order to engage on the final budget. The consultation process will also include the radio, newspaper platforms with various stakeholders. Accordingly, the tabling of the final Budget in council will be 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 will 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 will also be 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 are planned to take place physically prior to the final budget being adopted by council May 2023, where the Mayor will officially respond to budget submissions expected to be made by various stakeholders. The key target groups for the budget hearings will include:

- 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 2023/24 budget cycle was tabled in August 2021, 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.

DATE	ACTIVITY	RESPONSIBILITY
August 2022	<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 2022	<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 2022	<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 2022	<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 2022	<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 2023	<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 2023	<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 2023	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 2023	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 2023	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 2023	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 2023	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 2023	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 ALIGNMENT 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 2023)

The State of the Nation address for the 2023 confirmed the President Cyril Ramaphosa's commitment to the electricity crisis 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:

- Economic reconstruction and recovery planning – Infrastructure development;
- Economic reconstruction and recovery planning – Industrialisation and local production;
- Economic reconstruction and recovery planning – Energy security;
- Economic reconstruction and recovery planning – Employment stimulus;
- Strengthening economic reforms: State –owned enterprises
- Strengthening economic reforms: Building a capable state;
- Strengthening economic reforms: State –owned enterprises
- Fighting crime and corruption by giving focus to Gender Based Violence;

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 2023)

The Premier, Honourable Nomsa Dube, 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 2023/24 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 5th generation of the five years period of the new Council which occupied office in November 2021.

2.2.6 IDP PROCESS AND STAKEHOLDER PARTICPATION

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 2022/2023 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 fifth generation of Newcastle's Integrated Development Plan (IDP) was initiated in 2021 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 2023/24 Annual Budget has therefore been directly informed by the revised 5th 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 2021/22 financial year:

Financial Benchmark	Basis of calculation	2023/2024
Debt to Asset Ratio	Total debt / Total Assets	0,050
Debt to Revenue	Total debt / Total Income	19.3%
Average Interest Paid on Debt	Interest Paid / Total Interest Bearing Debt	16.5%
Capital Charges to Operating Expenditure	Interest and Principal Paid / Operating Expenditure	21.0%
Interest as a % of Operating Expenditure	Interest Paid / Operating Expenditure	2.9%
Current Ratio	Current Assets / Current Liabilities	0.94
Creditors System Efficiency	% of Creditors paid within terms	75%
Electricity Distribution Losses	Total units purchased less units sold / Total units purchased	8%
Water Distribution Losses	Total units purchased less units sold / Total units purchased	34%

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 unfavourably 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 0.84 : 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 R74.7 million for the 2023/24 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.	17.4
Water	The first 6kl of water is free to all residents qualified as indigents in terms of the policy	10.6
Electricity	The first 50kwh of electricity is free to all residents qualified as indigents in terms of the policy	10.3
Refuse	Refuse is free to all residents qualified as indigents in terms of the policy	16.9
Sewer	Sewer is free to all residents qualified as indigents in terms of the policy	19.4
Indigent Support		74.7

The cost of indigent benefit to the tune of R74.7 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 R67.3 in respect of rates rebates will be funded internally by the municipality and will be recognised as revenue foregone in the 2023/24 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 FINAL POLICIES

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

- Budget Policy
- Tariff Policy
- Rates Policy
- Indigent Policy
- Credit Control & Debt Collection Policy
- Bad write off Policy
- Supply Chain Management Policy
- Cash and Investment Management Policy
- Asset Management Policy
- Petty Cash Policy
- Virement Policy
- Funding and Reserves Policy
- Borrowing Policy
- Loss Control Policy
- Short-term Insurance Policy
- Cost Containment Policy
- Protective Clothing and Equipment Policy
- Property Rates ByLaw
- Tariff ByLaw

2.4.2 RATES POLICY

As required in terms of section 5 of the MPRA, the Rates Policy has been reviewed for the 2023/24 financial year. The policy is to be amended with the current budget prior to implementation.

2.4.3 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 2023/24 financial year has been reviewed and is to be adopted with the current budget.

2.4.4 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 4.8% for the 2023/24 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	2023/2024	2024/2025	2026/2027
Property rates	6%	6%	6%
Electricity	15.10%	12.7%	12.7%
Water	6%	6%	6%
Sanitation	6%	6%	6%
Waste/Refuse	6%	6%	6%
General Sources of Revenue	6%	6%	6%

Over the years, the municipality has been increasing tariffs for rates, service charges and sundry services for not more than 7%. Guided by the National Treasury and South African Reserve Bank inflation range, the tariffs for 2023/24 will be 6% for rates, water, sewer, refuse and sundry services. A tariff increase of 15.10% will be applied for electricity based on the NERSA's bulk tariff increase guideline.

The projected increases in the expenditure items are as follows:

Expenditure source	2023/2024	2024/2025	2026/2027
Employee related cost	7.2%	7.2%	7.2%
Electricity budget purchases	18.49%	12.7%	12.7%

The increase in employee related costs is based on the South African Local Government Bargaining Council multi-year wage agreement. 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 2% estimated increase during the 2023/24 financial year. The tariff increase of 18.49% is based on the NERSA's guideline on municipal tariffs increase for ESKOM bulk electricity purchases.

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 R158.0 million is expected to be received from government grants and the balance of R12.9 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 R229.6 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. R12.9 million worth of projects will be funded from internal funds to be generated through Vat refunded 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 R299.5 million from property rates, R1.1 billion from services charges, R8.8 million from rental of facilities, R5.3 million from interest income, R5.8 million from interest on outstanding debtors, R546.8 million from operating grants, R8.5 million from other revenue. These receipts will assist with the payment of expenditure which is expected to be incurred during 2023/24. This amount is also expected to assist with the payment of the outstanding Eskom debt and capital loan repayment of R10 million and R34 million respectively

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 2023/24 have been projected as follows:

Revenue Source	Average 2023/2024
Property rates	75.50%
Electricity	96.80%
Water	62.0%
Sewer	57.0%
Refuse	71.0%

The total average collection rate is projected at an average of at least 82% 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 2023/24 Division of Revenue Act have been included in the medium term budget.

National allocations

Grant Description	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Equitable Share	506 803	546 257	570 897
Finance Management Grant	1 850	1 850	1 950
Neighbourhood Development Partnership	24 514	20 000	20 000
Water Services Infrastructure Grant	50 000	50 700	52 987
Municipal Infrastructure Grant	143 068	141 375	147 949
Integrated National Electrification Energy Efficiency and Demand side Management	21 550	20 000	20 896
Expanded Public Works Programme Incentive	0	0	3 106
	3 106	3 106	
Total National Allocations	750 891	783 288	817 785

Provincial allocations

Grant Description	2023/24 R'000	2024/25 R'000	2025/26 R'000
Accredited Municipalities	15 501	15 501	15 501
Museum	476	497	519
Provincialisation of libraries	6 992	7 300	7 627
Community Library Services Grant	2 595	2 709	3 108
Sport, Recreation Grant	11 938	20 000	10 000
Total Provincial Allocations	37 502	46 007	36 755

Grant Description	2023/24 R'000	2024/25 R'000	2025/26 R'000
Total Grant Allocations	778 393	829 295	854 540

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 SA 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 final 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 2023/24 to 2025/26 Budget Process has been prepared to align with the Budget in accordance with the MFMA and the Municipal Systems Act requirements.

ANNUAL REPORT

The 2021/2 Annual Report has been developed taking into account the MFMA and National Treasury requirements. The report was be tabled to Council at the meeting held on 31 January 2023 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 2021, the municipality was 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 R155.5 million has however been made in the annual budget.

Annexure D
A Schedule Budget Tables

KZN252 Newcastle - Table A1 Budget Summary

Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands										
Financial Performance										
Property rates	320,486	342,534	362,426	363,413	376,103	376,103	376,103	396,741	420,545	445,778
Service charges	951,787	1,013,989	1,132,522	1,176,842	1,211,762	1,211,762	1,211,762	1,345,737	1,492,846	1,649,294
Investment revenue	2,763	2,373	2,294	3,131	5,330	5,330	5,330	5,330	5,650	5,989
Transfer and subsidies - Operational	560,539	639,932	842,932	1,112,707	626,424	626,424	626,424	577,623	633,815	672,889
Other own revenue	64,689	35,335	38,170	37,169	28,782	28,782	28,782	30,037	29,719	31,502
	1,900,265	2,034,174	2,378,344	2,693,263	2,248,402	2,248,402	2,248,402	2,355,488	2,582,576	2,805,452
Total Revenue (excluding capital transfers and contributions)										
Employee costs	547,200	546,878	572,674	601,653	636,414	636,414	636,414	724,604	776,222	831,852
Remuneration of councillors	25,754	26,812	28,882	29,060	27,163	27,163	27,163	28,443	29,580	31,710
Depreciation and amortisation	345,299	351,084	365,084	363,160	363,160	363,160	363,160	379,139	397,716	416,409
Interest	74,117	64,980	39,754	35,846	35,846	35,846	35,846	32,205	30,525	28,549
Inventory consumed and bulk purchases	515,427	564,562	695,716	758,296	717,179	717,179	717,179	820,786	917,095	1,022,283
Transfer and subsidies	-	-	-	-	-	-	-	-	-	-
Other expenditure	745,803	623,105	951,142	1,222,852	667,258	667,258	667,258	739,412	726,158	780,399
	2,253,800	2,177,220	2,654,252	3,010,876	2,447,060	2,447,060	2,447,060	2,724,589	2,877,298	3,111,202
Total Expenditure										
Surplus(Deficit)	(353,335)	(143,047)	(275,908)	(317,613)	(198,658)	(198,658)	(198,658)	(369,121)	(294,721)	(305,750)
Transfers and subsidies - capital (monetary allocations)	76,576	108,904	156,106	191,032	189,605	189,605	189,605	240,770	274,013	212,234
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
	(276,759)	(34,142)	(119,803)	(126,581)	(9,053)	(9,053)	(9,053)	(128,351)	(20,708)	(93,517)
Surplus(Deficit) after capital transfers & contributions										
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus(Deficit) for the year	(276,759)	(34,142)	(119,803)	(126,581)	(9,053)	(9,053)	(9,053)	(128,351)	(20,708)	(93,517)
Capital expenditure & funds sources										
Capital expenditure	105,605	150,390	185,393	209,033	214,299	214,299	214,299	255,338	284,413	222,634
Transfers recognised - capital	76,576	108,904	156,105	191,032	189,605	189,605	189,605	240,770	274,013	212,234
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	29,029	41,486	29,289	18,001	24,694	24,694	24,694	14,568	10,400	10,400
Total sources of capital funds	105,605	150,390	185,393	209,033	214,299	214,299	214,299	255,338	284,413	222,634
Financial position										
Total current assets	724,739	822,388	990,078	590,304	610,222	610,222	610,222	1,067,493	1,080,026	1,307,881
Total non current assets	7,291,287	6,995,357	6,701,054	7,238,673	7,238,673	7,238,673	7,238,673	5,915,689	6,021,039	5,844,729
Total current liabilities	942,598	929,821	1,079,201	692,762	873,249	873,249	873,249	766,659	589,258	495,027
Total non current liabilities	595,756	576,688	544,830	351,099	351,099	351,099	351,099	614,410	469,248	443,006
Community wealth/Equity	6,477,672	6,311,137	6,067,139	6,785,116	6,624,547	6,624,547	6,624,547	5,602,113	6,042,559	6,214,577
Cash flows										
Net cash from (used) operating	152,459	123,839	202,958	164,505	176,433	198,033	198,033	261,626	441,193	384,926
Net cash from (used) investing	(101,042)	(132,390)	(174,393)	(209,033)	(199,459)	(199,459)	(199,459)	(235,338)	(274,413)	(222,634)
Net cash from (used) financing	(25,871)	(26,757)	(31,884)	(32,108)	(47,260)	(47,260)	(47,260)	(34,082)	(35,156)	(38,526)
Cash/cash equivalents at the year end	35,546	936	6,181	(14,037)	5,881	27,482	27,482	19,688	151,313	275,080
Cash backing/surplus reconciliation										
Cash and investments available	35,546	936	6,181	(14,037)	5,881	27,482	27,482	19,688	151,313	275,080
Application of cash and investments	32,365	12,302	148,646	132,753	299,011	236,192	236,192	175,990	147,238	108,348
Balance - surplus (shortfall)	3,181	(11,366)	(142,465)	(146,790)	(293,130)	(208,710)	(208,710)	(156,302)	4,075	166,732
Asset management										
Asset register summary (WDV)	22,228,652	6,638,512	6,982,268	7,261,558	7,261,558	7,261,558	7,261,558	7,646,421	8,021,096	8,398,087
Depreciation	345,299	351,084	365,084	363,160	363,160	363,160	363,160	379,139	397,716	416,409
Renewal and Upgrading of Existing Assets	46,966	51,140	115,314	102,648	126,193	126,193	126,193	92,255	121,700	95,987
Repairs and Maintenance	73,295	30,685	78,829	76,707	47,470	47,470	47,470	44,492	29,609	40,821
Free services										
Cost of Free Basic Services provided	37,450	44,703	45,157	54,689	54,699	54,699	54,699	57,598	57,598	57,598
Revenue cost of free services provided	71,861	76,194	80,527	84,859	89,192	93,524	93,524	97,857	102,189	106,522
Households below minimum service level										
Water:	290	307	307	313	313	314	305	330	346	362
Sanitation/sewerage:	29	35	35	35	35	35	35	38	40	42
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	71	31	31	31	31	31	31	34	35	37

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

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue - Functional	1									
<i>Governance and administration</i>		435,104	535,705	484,385	514,453	534,732	534,732	565,717	600,551	634,254
Executive and council		8,859	7,149	13,647	12,367	14,566	14,566	15,251	16,251	17,150
Finance and administration		426,246	528,556	470,738	502,086	520,166	520,166	550,466	584,300	617,104
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		106,328	204,643	390,530	640,739	146,058	146,058	77,025	85,572	76,894
Community and social services		12,704	12,903	14,475	13,877	12,360	12,360	11,656	12,195	13,044
Sport and recreation		410	697	11,132	11,139	11,139	11,139	12,066	20,157	10,166
Public safety		10,596	9,676	3,903	4,138	4,488	4,488	4,757	5,043	5,345
Housing		82,579	181,306	361,016	611,581	118,066	118,066	48,522	48,173	48,333
Health		39	61	4	4	4	4	4	4	5
<i>Economic and environmental services</i>		180,902	136,126	142,356	168,208	159,079	159,079	171,944	213,763	172,466
Planning and development		18,647	100,860	134,316	39,067	29,938	29,938	28,876	24,438	24,517
Road transport		162,256	35,266	8,040	129,141	129,141	129,141	143,068	189,325	147,949
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,254,353	1,266,437	1,517,005	1,560,710	1,597,954	1,597,954	1,781,356	1,956,496	2,133,852
Energy sources		655,124	663,852	822,980	835,626	851,014	851,014	994,494	1,116,162	1,248,245
Water management		270,595	220,675	311,775	337,581	350,483	350,483	366,795	392,729	413,976
Waste water management		209,861	296,788	241,210	243,101	249,498	249,498	263,058	281,162	296,943
Waste management		118,782	132,122	141,040	144,402	146,958	146,958	157,009	168,543	175,889
Other		154	167	174	184	184	184	195	207	220
Total Revenue - Functional	2	1,976,841	2,143,078	2,534,450	2,884,295	2,438,007	2,438,007	2,596,238	2,856,588	3,017,686
Expenditure - Functional										
<i>Governance and administration</i>		392,249	464,026	463,170	469,276	516,248	516,248	526,515	540,328	569,438
Executive and council		65,659	80,202	95,154	101,198	101,254	101,254	87,849	88,080	94,121
Finance and administration		325,867	377,080	367,278	367,328	414,251	414,251	431,359	444,394	466,920
Internal audit		733	6,744	737	750	744	744	7,308	7,854	8,397
<i>Community and public safety</i>		266,880	314,205	517,110	827,731	333,565	333,565	305,267	281,381	299,334
Community and social services		27,069	33,738	42,032	43,629	42,205	42,205	46,305	49,150	52,306
Sport and recreation		67,072	75,287	71,745	73,339	72,935	72,935	81,375	86,258	91,195
Public safety		68,334	54,430	67,611	70,215	78,507	78,507	94,712	100,991	108,088
Housing		98,365	141,786	326,119	630,591	129,716	129,716	72,572	35,270	37,315
Health		6,040	8,963	9,603	9,956	10,202	10,202	10,303	9,712	10,400
<i>Economic and environmental services</i>		304,847	294,890	271,605	266,056	266,069	266,069	276,739	292,606	319,050
Planning and development		86,389	83,736	80,966	85,041	85,664	85,664	86,004	95,063	101,039
Road transport		218,460	211,144	190,601	181,008	180,398	180,398	190,732	197,540	218,008
Environmental protection		8	10	8	7	7	7	3	4	4
<i>Trading services</i>		1,287,931	1,103,073	1,399,012	1,444,445	1,328,036	1,328,036	1,613,058	1,759,738	1,919,985
Energy sources		654,422	638,592	705,018	742,466	712,622	712,622	811,506	901,982	1,007,973
Water management		510,377	546,519	595,992	597,907	402,925	402,925	612,122	619,995	657,752
Waste water management		56,658	99,798	55,661	60,542	110,304	110,304	62,470	103,479	110,474
Waste management		66,474	36,652	42,342	43,530	102,185	102,185	126,961	134,283	143,787
Other		1,694	1,026	3,356	3,369	3,142	3,142	3,010	3,243	3,395
Total Expenditure - Functional	3	2,253,600	2,177,220	2,654,252	3,010,876	2,447,060	2,447,060	2,724,589	2,877,296	3,111,202
Surplus/(Deficit) for the year		(276,759)	(34,142)	(119,803)	(126,581)	(9,053)	(9,053)	(128,351)	(20,708)	(93,517)

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

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue by Vote	1									
Vote 1 - CORPORATE SERVICES		73,749	145,940	85,078	113,447	117,159	117,159	124,961	135,078	141,316
Vote 2 - COMMUNITY SERVICES		142,531	155,449	170,566	173,606	174,969	174,969	185,534	203,874	204,272
Vote 3 - BUDGET AND TREASURY		361,355	388,294	399,306	401,006	417,572	417,572	440,756	465,472	492,938
Vote 4 - MUNICIPAL MANAGER		-	1,500	-	-	-	-	-	-	-
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		101,380	202,900	381,375	647,031	144,416	144,416	74,467	68,690	69,941
Vote 6 - TECHNICAL SERVICES		842,702	595,144	675,115	713,576	732,876	732,876	776,027	866,313	860,974
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		655,124	653,852	822,990	835,626	851,014	851,014	984,494	1,116,161	1,248,245
Vote 8 - GOVERNANCE UNIT		-	-	-	-	-	-	-	-	-
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	1,976,841	2,143,078	2,534,450	2,884,295	2,438,007	2,438,007	2,586,238	2,856,588	3,017,686
Expenditure by Vote to be appropriated	1									
Vote 1 - CORPORATE SERVICES		121,205	148,052	102,856	106,832	107,805	107,805	110,707	117,342	124,958
Vote 2 - COMMUNITY SERVICES		287,455	254,095	289,538	306,664	370,022	370,022	425,983	450,494	479,851
Vote 3 - BUDGET AND TREASURY		139,986	171,711	192,008	192,074	243,196	243,196	238,236	248,712	260,116
Vote 4 - MUNICIPAL MANAGER		52,281	62,253	60,150	95,570	91,426	91,426	100,353	93,431	99,073
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		152,189	200,646	385,824	656,613	158,627	158,627	98,555	66,863	70,949
Vote 6 - TECHNICAL SERVICES		846,042	802,239	894,952	895,287	746,972	746,972	920,360	978,968	1,048,141
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		654,422	538,224	719,925	757,837	729,012	729,012	830,394	921,485	1,028,115
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	2,253,600	2,177,220	2,654,252	3,010,876	2,447,060	2,447,060	2,724,589	2,877,296	3,111,202
Surplus/(Deficit) for the year	2	(276,759)	(34,142)	(119,803)	(126,581)	(9,053)	(9,053)	(128,351)	(20,708)	(93,517)

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

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue											
Exchange Revenue											
Service charges - Electricity	2	578,986	621,375	726,407	751,862	767,251	767,251	767,251	882,022	998,162	1,124,928
Service charges - Water	2	180,514	188,454	187,084	199,933	212,835	212,835	212,835	219,966	237,144	251,373
Service charges - Waste Water Management	2	109,101	112,146	120,014	123,818	127,901	127,901	127,901	133,580	141,595	150,091
Service charges - Waste Management	2	83,186	92,024	99,017	101,229	103,774	103,774	103,774	110,148	115,945	122,902
Sale of Goods and Rendering of Services		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		5,754	5,107	4,247	4,901	5,877	5,877	5,877	5,877	6,200	6,603
Interest earned from Current and Non Current Assets		2,763	2,373	2,254	3,121	5,330	5,330	5,330	5,330	5,055	5,989
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		7,795	7,442	8,917	9,452	8,306	8,306	8,306	6,904	3,333	9,893
Licence and permits		-	-	-	-	-	-	-	-	-	-
Operational Revenue		31,034	18,580	18,384	19,487	8,010	8,010	8,010	8,480	9,000	9,540
Non-Exchange Revenue											
Property rates	2	320,486	342,534	362,426	363,413	376,103	376,103	376,103	396,741	420,545	445,778
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		10,507	5,212	3,844	4,180	4,567	4,567	4,567	4,831	5,121	5,428
Licences or permits		8	15	41	48	32	32	32	34	36	33
Transfer and subsidies - Operational		960,539	839,832	842,932	1,112,707	825,424	825,424	825,424	577,623	633,815	672,869
Interest		-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		9,592	-	2,808	-	2,000	2,000	2,000	2,000	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contrib		1,900,265	2,034,174	2,378,344	2,693,263	2,248,402	2,248,402	2,248,402	2,355,468	2,582,576	2,805,452
Expenditure											
Employee related costs	2	547,200	546,878	572,674	601,853	636,414	636,414	636,414	724,604	776,222	831,852
Remuneration of councillors		25,754	26,612	28,882	29,260	27,163	27,163	27,163	19,443	25,580	31,110
Bulk purchases - electricity	2	401,753	436,881	567,138	605,107	563,502	563,502	563,502	660,933	749,379	844,550
Inventory consumed	8	113,674	127,681	139,578	153,188	153,677	153,677	153,677	159,854	167,716	177,733
Debt impairment	3	312,233	292,433	274,982	286,041	299,857	299,857	299,857	308,145	334,337	357,171
Depreciation and amortisation		345,299	351,084	365,084	363,160	363,160	363,160	363,160	379,139	397,716	416,409
Interest		74,117	64,980	39,794	35,846	35,846	35,846	35,846	35,235	30,526	28,549
Contracted services		163,514	264,109	564,999	816,629	248,981	248,981	248,981	207,361	162,106	180,483
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		-	-	-	-	-	-	-	88,312	94,271	100,351
Operational costs		249,956	156,564	110,501	116,192	118,360	118,360	118,360	134,594	135,044	142,394
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Losses		100	1	659	-	-	-	-	-	-	-
Total Expenditure		2,253,600	2,177,220	2,654,252	3,010,876	2,447,060	2,447,060	2,447,060	2,724,589	2,877,296	3,111,202
Surplus/(Deficit)		(353,335)	(143,047)	(275,908)	(317,613)	(198,658)	(198,658)	(198,658)	(369,121)	(294,721)	(305,750)
Transfers and subsidies - capital (monetary)	6	70,573	108,908	156,106	151,032	189,605	189,605	189,605	240,770	274,013	212,204
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(276,759)	(34,142)	(119,803)	(126,581)	(9,053)	(9,053)	(9,053)	(128,351)	(20,708)	(93,517)
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(276,759)	(34,142)	(119,803)	(126,581)	(9,053)	(9,053)	(9,053)	(128,351)	(20,708)	(93,517)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(276,759)	(34,142)	(119,803)	(126,581)	(9,053)	(9,053)	(9,053)	(128,351)	(20,708)	(93,517)
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(276,759)	(34,142)	(119,803)	(126,581)	(9,053)	(9,053)	(9,053)	(128,351)	(20,708)	(93,517)

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
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 - GOVERNANCE UNIT		-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	582	582	582	-	-	-
Vote 2 - COMMUNITY SERVICES		1,984	5,970	13,812	11,345	12,197	12,197	12,197	13,326	20,283	10,271
Vote 3 - BUDGET AND TREASURY		360	2,904	2,066	2,900	3,330	3,330	3,330	3,900	2,400	2,400
Vote 4 - MUNICIPAL MANAGER		-	-	239	-	-	-	-	800	-	-
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		19,038	30,107	26,405	25,001	29,366	29,366	29,366	500	-	-
Vote 6 - TECHNICAL SERVICES		83,819	111,409	139,971	169,788	168,824	168,824	168,824	215,262	241,730	189,066
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		424	-	2,900	-	-	-	-	21,550	20,000	20,896
Vote 8 - GOVERNANCE UNIT		-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		105,605	150,390	185,393	209,033	214,299	214,299	214,299	255,338	284,413	222,633
Capital Expenditure - Functional											
Governance and administration		360	2,904	5,205	2,900	3,912	3,912	3,912	4,700	2,400	2,400
Executive and council		-	-	239	-	-	-	-	-	-	-
Finance and administration		360	2,904	4,966	2,900	3,912	3,912	3,912	4,700	2,400	2,400
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		1,719	7,554	13,637	11,345	13,186	13,186	13,186	37,334	50,283	45,271
Community and social services		861	3,927	1,490	345	642	642	642	858	183	171
Sport and recreation		230	196	11,098	11,000	11,544	11,544	11,544	35,977	50,100	45,100
Public safety		448	1,709	-	-	-	-	-	-	-	-
Housing		180	1,722	1,049	-	1,000	1,000	1,000	500	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		97,564	90,502	58,384	118,141	73,808	73,808	73,808	54,635	76,030	78,080
Planning and development		18,858	28,366	25,471	25,101	28,466	28,466	28,466	-	-	-
Road transport		78,706	62,116	32,913	93,040	45,342	45,342	45,342	54,635	76,030	78,080
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		5,962	49,431	108,167	76,648	123,393	123,393	123,393	158,669	155,700	96,883
Energy services		424	-	-	-	-	-	-	21,550	20,000	20,896
Water management		5,113	21,988	64,577	49,648	97,361	97,361	97,361	108,185	82,700	57,987
Waste water management		425	27,305	42,386	27,000	26,021	26,021	26,021	28,484	53,000	18,000
Waste management		-	138	1,224	-	11	11	11	450	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	105,605	150,390	185,393	209,033	214,299	214,299	214,299	255,338	284,413	222,634
Funded by:											
National Government		76,576	108,538	132,942	174,888	171,638	171,638	171,638	229,012	253,730	201,863
Provincial Government		-	367	23,163	16,345	17,967	17,967	17,967	12,758	20,283	10,271
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	76,576	108,904	156,105	191,032	189,605	189,605	189,605	240,770	274,013	212,234
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		29,029	41,486	29,289	18,001	24,694	24,694	24,694	14,568	10,400	10,400
Total Capital Funding	7	105,605	150,390	185,393	209,033	214,299	214,299	214,299	255,338	284,413	222,634

KZN252 Newcastle - Table A6 Budgeted Financial Position

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
ASSETS											
Current assets											
Cash and cash equivalents		36,268	9,500	76,167	(14,037)	5,881	5,881	5,881	19,688	151,313	275,080
Trade and other receivables from exchange transactions	1	582,505	645,126	767,448	507,995	507,995	507,995	507,995	951,655	848,032	953,920
Receivables from non-exchange transactions	1	92,451	112,860	101,920	81,351	81,351	81,351	81,351	83,155	69,686	69,866
Current portion of non-current receivables					-	-	-	-	-	-	-
Inventory	2	13,514	18,806	24,543	14,995	14,995	14,995	14,995	12,995	10,995	8,995
VAT		-	36,085	-	-	-	-	-	-	-	-
Other current assets		0	-	-	-	-	-	-	-	-	-
Total current assets		724,739	822,388	990,078	590,304	610,222	610,222	610,222	1,067,493	1,080,026	1,307,881
Non current assets											
Investments		217,333	173,928	142,171	217,333	217,333	217,333	217,333	110,954	99,659	89,873
Investment property		342,105	327,735	372,224	341,874	341,874	341,874	341,874	352,224	332,224	365,446
Property, plant and equipment	3	6,717,964	6,480,679	6,174,454	6,666,531	6,666,531	6,666,531	6,666,531	5,440,429	5,576,473	5,376,527
Biological assets											
Living and non-living resources											
Heritage assets		11,670	11,758	11,823	11,711	11,711	11,711	11,711	11,883	11,983	12,083
Intangible assets		2,225	1,258	362	1,224	1,224	1,224	1,224	200	500	800
Trade and other receivables from exchange transactions											
Non-current receivables from non-exchange transactions											
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		7,291,287	6,995,357	6,701,054	7,238,673	7,238,673	7,238,673	7,238,673	5,915,689	6,021,039	5,844,729
TOTAL ASSETS		8,016,026	7,817,745	7,691,132	7,828,976	7,848,895	7,848,895	7,848,895	6,983,183	7,101,065	7,152,610
LIABILITIES											
Current liabilities											
Bank overdraft											
Financial liabilities		29,149	31,182	47,260	32,106	32,106	32,106	32,106	34,082	35,156	38,626
Consumer deposits		24,939	27,502	33,418	27,095	27,095	27,095	27,095	35,649	37,149	38,643
Trade and other payables from exchange transactions	4	821,232	821,701	778,082	823,810	804,297	804,297	804,297	571,301	430,506	370,522
Trade and other payables from non-exchange transactions	5										
Provision		9,752	11,405	11,105	9,752	9,752	9,752	9,752	10,513	11,333	12,217
VAT		11,776	-	3,038	-	-	-	-	-	-	-
Unspent Grants		45,749	38,130	209,298	-	-	-	-	116,115	75,115	35,115
Total current liabilities		942,598	929,921	1,079,201	692,762	873,249	873,249	873,249	766,659	589,258	495,027
Non current liabilities											
Financial liabilities	6	393,292	362,080	315,490	260,654	260,654	260,654	260,654	321,905	223,584	185,059
Provision	7	202,464	214,608	229,340	90,445	90,445	90,445	90,445	229,340	245,664	257,947
Long term portion of trade payables		-	-	-	351,099	351,099	351,099	351,099	63,165	-	-
Other non-current liabilities											
Total non current liabilities		595,756	576,688	544,830	351,099	351,099	351,099	351,099	614,410	469,248	443,006
TOTAL LIABILITIES		1,538,354	1,506,609	1,624,031	1,043,861	1,224,348	1,224,348	1,224,348	1,381,069	1,058,506	938,033
NET ASSETS		6,477,672	6,311,136	6,067,101	6,785,116	6,624,547	6,624,547	6,624,547	5,602,113	6,042,559	6,214,577
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	6,448,331	6,280,895	6,036,252	6,754,674	6,593,660	6,593,660	6,593,660	5,567,259	6,005,230	6,174,598
Reserves and funds	9	29,341	30,242	30,887	30,242	30,887	30,887	30,887	34,854	37,329	39,979
Other											
TOTAL COMMUNITY WEALTH/EQUITY	10	6,477,672	6,311,137	6,067,139	6,785,116	6,624,547	6,624,547	6,624,547	5,602,113	6,042,559	6,214,577

KZN252 Newcastle - Table A7 Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		247,108	262,868	271,820	272,580	282,077	282,077	282,077	299,539	328,685	348,406
Service charges		1,096,265	842,958	955,548	989,000	1,015,802	1,015,802	1,015,802	1,144,535	1,260,896	1,400,441
Other revenue		84,330	27,611	257,709	315,172	294,327	294,327	294,327	231,189	264,208	277,118
Transfers and Subsidies - Operational	1	535,551	701,384	828,432	1,112,707	510,460	510,460	510,460	547,623	803,815	642,889
Transfers and Subsidies - Capital	1	119,740	108,904	152,677	191,032	186,286	186,286	186,286	240,770	274,013	212,234
Interest		8,444	2,373	2,294	3,131	5,330	5,330	5,330	5,330	5,650	5,989
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1,887,448)	(1,779,378)	(2,225,766)	(2,583,251)	(2,082,004)	(2,080,403)	(2,060,403)	(2,175,156)	(2,265,349)	(2,473,661)
Finance charges		(51,592)	(42,892)	(39,754)	(35,846)	(35,846)	(35,846)	(35,846)	(32,205)	(30,525)	(28,549)
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		152,459	123,839	202,958	164,505	176,433	198,033	198,033	261,626	441,193	384,926
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	18,000	11,000	-	14,841	14,841	14,841	20,000	10,000	-
Decrease (increase) in non-current receivables		4,563	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(105,605)	(150,390)	(165,393)	(209,033)	(214,299)	(214,299)	(214,299)	(255,338)	(284,413)	(222,634)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(101,042)	(132,390)	(174,393)	(209,033)	(199,459)	(199,459)	(199,459)	(235,338)	(274,413)	(222,634)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	2,000	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(25,871)	(26,757)	(31,884)	(32,106)	(47,260)	(47,260)	(47,260)	(34,082)	(35,156)	(38,526)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(25,871)	(26,757)	(31,884)	(32,106)	(47,260)	(47,260)	(47,260)	(34,082)	(35,156)	(38,526)
NET INCREASE/ (DECREASE) IN CASH HELD		25,547	(35,308)	(3,319)	(76,633)	(70,286)	(48,685)	(48,685)	(7,794)	131,625	123,767
Cash/cash equivalents at the year begin:	2	9,999	36,244	9,500	62,596	76,167	76,167	76,167	27,482	19,688	151,313
Cash/cash equivalents at the year end:	2	35,546	936	6,181	(14,037)	5,881	27,482	27,482	19,688	151,313	275,080

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

R thousand	Description	Ref	2019/20		2020/21		2021/22		Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework				
			Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
	Cash and investments available															
	Cash/cash equivalents at the year end	1	35,546	6,181	936	6,181	(14,037)	5,881	27,482	27,482	19,688	151,313	275,080			
	Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-	-			
	Investments - Property, plant and equipment	1	-	-	-	-	-	-	-	-	-	-	-			
	Cash and investments available:		35,546	6,181	936	6,181	(14,037)	5,881	27,482	27,482	19,688	151,313	275,080			
	Application of cash and investments															
	Trade payables from Non-exchange transactions: Other															
	Unspent borrowing		27,155	26,776	15,402	26,776	26,732	206,298	143,479	143,479	113,479	83,479	53,479			
	Statutory requirements	2	(3,947)	45,229	(3,947)	45,229	17,547	22,674	22,674	22,674	26,978	32,078	35,480			
	Other working capital requirements	3	(20,256)	41,075	(36,744)	41,075	48,119	16,843	16,843	16,843	(6,459)	(12,410)	(26,907)			
	Other provisions		9,711	9,723	8,150	9,723	10,112	22,308	22,308	22,308	11,105	11,660	12,243			
	Long term investments committed	4	-	-	-	-	-	-	-	-	-	-	-			
	Reserves to be backed by cash/investments	5	15,754	25,842	29,441	25,842	30,242	30,887	30,887	30,887	30,887	32,431	34,053			
	Total Application of cash and investments:		32,365	148,846	12,302	148,846	132,753	299,011	236,192	236,192	175,990	147,238	106,348			
	Surplus(shortfall)		3,181	(142,665)	(11,366)	(142,665)	(146,790)	(293,130)	(208,710)	(208,710)	(156,302)	4,075	166,732			

KZN252 Newcastle - Table A10 Basic service delivery measurement

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Household service targets	1									
Water:										
Piped water inside dwelling		142,538	151,090	151,639	154,672	154,672	154,672	162,859	170,850	178,890
Piped water inside yard (but not in dwelling)		107,962	114,439	114,439	116,728	116,728	116,728	122,915	128,938	134,898
Using public tap (at least min. service level)	2	28,902	30,836	30,836	31,249	31,249	31,249	32,905	34,518	35,140
Other water supply (at least min. service level)	4	1,945	2,082	2,082	2,104	2,104	2,104	2,215	2,324	2,433
<i>Minimum Service Level and Above sub-total</i>	3	281,347	298,228	298,777	304,753	304,753	304,753	320,904	336,629	352,450
Using public tap (< min. service level)	3	281,347	298,228	298,228	304,753	304,753	304,753	320,315	336,011	351,803
Other water supply (< min. service level)	4	-	-	-	-	-	-	-	-	-
No water supply	4	8,249	8,744	8,744	9,744	8,744	8,919	9,392	9,852	10,315
<i>Below Minimum Service Level sub-total</i>	4	289,597	306,972	306,972	313,496	313,496	313,671	329,707	345,862	362,118
Total number of households	5	570,944	605,201	605,749	618,249	618,249	618,424	650,511	682,491	714,558
Sanitation/sewage:										
Flush toilet (connected to sewerage)		180,640	215,145	217,063	221,343	221,343	221,343	237,644	249,289	261,005
Flush toilet (with septic tank)		5,768	6,867	1,300	1,326	1,326	1,424	1,493	1,693	1,564
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		41,485	49,410	49,410	50,388	50,388	50,388	54,131	56,783	59,452
Other toilet provisions (> min. service level)		13,470	16,043	16,043	16,384	16,384	16,384	17,576	-	-
<i>Minimum Service Level and Above sub-total</i>	3	241,361	287,465	283,756	289,431	289,431	289,431	310,774	307,555	322,021
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min. service level)		29,177	34,751	34,751	35,446	35,446	35,446	36,071	39,936	41,813
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	4	29,177	34,751	34,751	35,446	35,446	35,446	36,071	39,936	41,813
Total number of households	5	270,538	322,215	318,506	324,876	324,876	324,876	348,845	347,502	363,834
Energy:										
Electricity (at least min. service level)		38,642	47,214	56,233	57,358	57,358	57,358	60,386	63,357	66,336
Electricity - prepaid (min. service level)		2,233	2,660	3,168	3,231	3,231	3,231	3,402	3,569	3,737
<i>Minimum Service Level and Above sub-total</i>	3	41,875	49,874	59,400	60,589	60,588	60,588	63,800	66,926	70,071
Electricity (< min. service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	4	-	-	-	-	-	-	-	-	-
Total number of households	5	41,875	49,874	59,400	60,589	60,588	60,588	63,800	66,926	70,071
Refuse:										
Removed at least once a week		70,910	58,199	59,199	60,383	60,383	60,383	63,563	66,445	69,567
<i>Minimum Service Level and Above sub-total</i>	3	70,910	58,199	59,199	60,383	60,383	60,383	-	-	-
Removed less frequently than once a week		70,910	2,066	2,066	2,107	2,107	2,107	2,263	2,373	2,485
Using communal refuse dump		-	1,451	1,451	1,480	1,480	1,480	1,589	1,667	1,745
Using own refuse dump		-	23,805	23,805	24,281	24,281	24,281	26,069	27,347	28,622
Other rubbish disposal		-	2,334	2,334	2,381	2,381	2,381	2,556	2,681	2,807
No rubbish disposal		-	1,024	1,024	1,044	1,044	1,044	1,121	1,176	1,232
<i>Below Minimum Service Level sub-total</i>	4	70,910	30,680	30,680	31,294	31,294	31,294	33,588	35,245	36,901
Total number of households	5	141,820	88,879	89,879	91,677	91,677	91,677	93,598	95,245	96,901
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		9,000	9,139	9,139	9,322	9,322	9,322	9,322	9,322	9,322
Sanitation (free minimum level services)		8,000	9,139	9,139	9,322	9,322	9,322	9,322	9,322	9,322
Electricity/other energy (50kwh per household per month)		9,000	9,417	9,417	9,605	9,605	9,605	9,605	9,605	9,605
Refuse (removed at least once a week)		9,000	9,139	9,139	9,322	9,322	9,322	9,322	9,322	9,322
<i>Informal Settlements:</i>		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		7,000	9,035	7,988	10,123	10,123	10,123	10,660	10,860	10,860
Sanitation (free sanitation service to indigent households)		10,000	13,278	15,095	16,498	16,498	16,498	19,479	19,479	19,479
Electricity/other energy (50kwh per indigent household per month)		7,000	8,138	8,555	9,881	9,881	9,881	10,405	10,405	10,405
Refuse (removed once a week for indigent households)		13,450	14,254	13,218	16,196	16,196	16,196	17,655	17,255	17,055
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided	8	37,450	44,703	45,157	54,699	54,699	54,699	57,598	57,598	57,598
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 (R/and per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	8									
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		71,861	76,194	79,176	95,398	95,398	95,398	95,398	95,398	95,398
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	71,861	76,194	80,527	84,859	89,192	93,524	97,857	102,189	106,522

KZN252 Newcastle - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
REVENUE ITEMS:											
<u>Non-exchange revenue by source</u>											
Exchange Revenue											
Total Property Rates	6	382,348	425,018	441,602	458,811	471,502	471,502	471,502	481,451	510,338	540,958
Less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRAJ)		71,881	76,194	79,176	95,398	95,398	95,398	95,398	84,710	89,792	95,180
Net Property Rates		320,466	342,534	362,426	363,413	376,103	376,103	376,103	396,741	420,545	445,778
<u>Exchange revenue service charges</u>											
Service charges - Electricity											
Total Service charges - Electricity	6	585,988	627,237	735,283	781,743	777,192	777,192	777,192	682,356	1,009,808	1,138,054
Less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
Less Cost of Free Basis Services (50 kwh per indigent household per month)		7,000	8,136	8,855	9,881	9,881	9,881	9,881	10,334	11,847	13,126
Net Service charges - Electricity		578,988	621,375	726,407	751,862	767,251	767,251	767,251	682,022	998,162	1,124,928
Service charges - Water											
Total Service charges - Water	6	187,514	196,569	195,072	210,056	222,959	222,959	222,959	230,586	248,380	263,283
Less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
Less Cost of Free Basis Services (6 kilolitres per indigent household per month)		7,000	9,035	7,988	10,123	10,123	10,123	10,123	10,600	11,236	11,910
Net Service charges - Water		180,514	188,454	187,084	199,933	212,835	212,835	212,835	219,986	237,144	251,373
Service charges - Waste Water Management											
Total Service charges - Waste Water Management		119,101	129,552	135,109	142,318	138,025	138,025	138,025	152,950	162,127	171,855
Less Revenue Foregone (in excess of free sanitation service to indigent households)											
Less Cost of Free Basis Services (free sanitation service to indigent households)		10,000	13,278	15,005	18,498	10,123	10,123	10,123	19,370	20,532	21,764
Net Service charges - Waste Water Management		109,101	112,146	120,014	123,818	127,901	127,901	127,901	133,580	141,595	150,091
Service charges - Waste Management											
Total refuse removal revenue	6	96,636	106,879	112,235	117,428	119,971	119,971	119,971	127,080	133,903	141,837
Total landfill revenue											
Less Revenue Foregone (in excess of one removal a week to indigent households)											
Less Cost of Free Basis Services (removed once a week to indigent households)		13,450	14,254	13,218	18,198	16,196	16,196	16,196	16,941	17,958	19,035
Net Service charges - Waste Management		83,186	92,024	99,017	101,229	103,774	103,774	103,774	110,148	115,945	122,902
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	300,282	334,081	366,389	384,302	420,568	420,568	420,568	495,088	530,351	589,395
Pension and UIF Contributions		66,398	65,069	65,010	68,040	75,277	75,277	75,277	87,801	83,828	100,525
Medical Aid Contributions		27,840	24,190	22,869	24,104	27,008	27,008	27,008	26,815	31,934	34,212
Overtime		31,800	31,035	31,717	33,239	23,880	23,880	23,880	20,000	21,440	22,984
Performance Bonus		-	-	27,955	-	-	-	-	-	-	-
Motor Vehicle Allowance		25,036	22,814	22,614	23,699	25,937	25,937	25,937	26,733	28,658	30,721
Cellphone Allowance		2,870	-	-	-	-	-	-	-	-	-
Housing Allowances		9,422	8,136	7,127	7,407	8,345	8,345	8,345	9,375	10,039	10,754
Other benefits and allowances		49,501	29,244	24,175	28,823	18,618	18,618	18,618	10,210	10,945	11,733
Payments in lieu of leave		29,498	27,485	-	28,291	31,965	31,965	31,965	40,958	43,988	46,995
Long service awards		4,552	4,826	4,808	5,038	4,814	4,814	4,814	4,814	5,161	5,533
Post-retirement benefit obligations	4	-	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-	-
Security		-	-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-	-
Less Employees costs capitalised to PPE	sub-total 5	547,200	546,878	572,674	601,653	636,414	636,414	636,414	724,604	776,222	831,852
Total Employee related costs	1	547,200	546,878	572,674	601,653	636,414	636,414	636,414	724,604	776,222	831,852
Depreciation and amortisation											
Depreciation of Property, Plant & Equipment		345,299	351,084	365,084	363,160	363,160	363,160	363,160	378,139	397,716	418,409
Lease amortisation		-	-	-	-	-	-	-	-	-	-
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Total Depreciation and amortisation	1	345,299	351,084	365,084	363,160	363,160	363,160	363,160	378,139	397,716	418,409
Bulk purchases - electricity											
Electricity bulk purchases		401,753	436,881	557,138	605,107	563,502	563,502	563,502	660,933	749,379	844,550
Total bulk purchases	1	401,753	436,881	557,138	605,107	563,502	563,502	563,502	660,933	749,379	844,550
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	-	-	-	-	-	-	-	-	-	-
Recoverable debts written off											
Outsourced Services		15,000	74,781	314,703	118,588	118,595	118,595	118,585	125,252	90,614	107,058
Consultants and Professional Services		67,404	62,044	187,181	187,541	130,282	130,282	130,282	35,665	38,678	37,958
Contractors		101,110	127,304	63,114	532,500	104	104	48,444	34,815	35,486	35,486
Total contracted services		183,514	264,109	564,998	818,629	248,981	248,981	248,981	207,361	162,106	180,483
Operational Costs											
Collection costs		1,000	507	5,201	-	-	-	-	5,400	5,665	5,831
Contributions to 'other' provisions		-	-	-	-	-	-	-	-	-	-
Audit fees		5,232	-	5,400	5,305	-	-	-	6,000	6,294	6,590
Other operational costs		243,724	158,002	99,901	112,887	118,360	118,360	118,360	123,194	123,085	128,873
Total Operational Costs	1	249,956	158,509	110,501	118,192	118,360	118,360	118,360	134,594	135,044	142,394
Repairs and Maintenance by expenditure item											
Employee related costs	8	-	-	-	-	-	-	-	-	-	-
Inventory Consumed (Project Maintenance)		73,298	30,685	78,829	76,707	47,470	47,470	47,470	44,482	29,749	40,988
Contracted Services		-	-	-	-	-	-	-	-	-	-
Other Expenditure		-	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	9	73,298	30,685	78,829	76,707	47,470	47,470	47,470	44,482	29,749	40,988
Inventory Consumed											
Inventory Consumed - Water		111,056	122,455	139,578	153,188	153,677	153,677	153,677	155,541	164,873	174,766
Inventory Consumed - Other		2,618	5,227	-	-	-	-	-	4,313	2,843	2,967
Total Inventory Consumed & Other Material		113,674	127,681	139,578	153,188	153,677	153,677	153,677	159,854	167,716	177,733

KZN252 Newcastle - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
ASSETS											
<u>Trade and other receivables from exchange transactions</u>											
Electricity											
Water											
Waste											
Waste Water											
Other trade receivables from exchange transactions		1,890,521	1,294,540	1,552,635	1,360,949	1,360,949	1,360,949	1,360,949	1,692,827	1,730,050	1,804,106
Gross: Trade and other receivables from exchange transactions		1,690,521	1,294,540	1,552,635	1,360,949	1,360,949	1,360,949	1,360,949	1,692,827	1,730,050	1,804,106
Less: Impairment for debt		(1,108,016)	(649,415)	(765,187)	(852,954)	(852,954)	(852,954)	(852,954)	(741,172)	(882,018)	(850,186)
Impairment for Electricity											
Impairment for Water											
Impairment for Waste											
Impairment for Waste Water											
Impairment for other trade receivables from exchange transactions		(1,108,016)	(649,415)	(765,187)	(852,954)	(852,954)	(852,954)	(852,954)	(741,172)	(882,018)	(850,186)
Total net Trade and other receivables from Exchange Transactions		582,505	645,126	787,448	507,995	507,995	507,995	507,995	951,655	848,032	953,920
<u>Receivables from non-exchange transactions</u>											
Property rates											
Less: Impairment of Property rates											
Net Property rates											
Other receivables from non-exchange transactions		92,451	112,860	101,920	81,351	81,351	81,351	81,351	83,155	69,686	69,686
Impairment for other receivables from non-exchange transactions											
Net other receivables from non-exchange transactions		92,451	112,860	101,920	81,351	81,351	81,351	81,351	83,155	69,686	69,686
Total net Receivables from non-exchange transactions		92,451	112,860	101,920	81,351	81,351	81,351	81,351	83,155	69,686	69,686
Inventory											
Water											
Opening Balance											
System Input Volume											
Water Treatment Works											
Bulk Purchases											
Natural Sources											
Authorised Consumption	6										
Billed Authorised Consumption											
Billed Metered Consumption											
Free Basic Water											
Subsidised Water											
Revenue Water											
Billed Unmetered Consumption											
Free Basic Water											
Subsidised Water											
Revenue Water											
UnBilled Authorised Consumption											
Unbilled Metered Consumption											
Unbilled Unmetered Consumption											
Water Losses											
Apparent losses											
Unauthorised Consumption											
Customer Meter Inaccuracies											
Real losses											
Leakage on Transmission and Distribution Mains											
Leakage and Overflows at Storage Tanks/Reservoirs											
Leakage on Service Connections up to the point of Customer Meter											
Data Transfer and Management Errors											
Unavoidable Annual Real Losses											
Non-revenue Water											
Closing Balance Water											
Agricultural											
Opening Balance											
Acquisitions	7										
Issues	8										
Adjustments	9										
Write-offs											
Closing balance - Agricultural											
Consumables											
Standard Rated											
Opening Balance											
Acquisitions	7										
Issues	8										
Adjustments	9										
Write-offs											
Closing balance - Consumables Standard Rated											
Zero Rated											
Opening Balance											
Acquisitions	7										
Issues	8										
Adjustments	9										
Write-offs											
Closing balance - Consumables Zero Rated											
Finished Goods											
Opening Balance			13,514	18,806	24,543	24,543	24,543	24,543	14,995	12,995	10,995
Acquisitions	7	13,514									
Issues									(2,000)	(2,000)	(2,000)

Adjustments	8		5,282	5,737	(9,548)	(9,548)	(9,548)	(9,548)			
Write-offs	9										
Closing balance - Finished Goods		13,514	18,806	24,543	14,995	14,995	14,995	14,995	12,995	10,995	8,995
Materials and Supplies											
Opening Balance			-	-	-	-	-	-	-	-	-
Acquisitions	7										
Issues	8										
Adjustments	9										
Write-offs											
Closing balance - Materials and Supplies		-	-	-	-	-	-	-	-	-	-
Work-in-progress											
Opening Balance			-	-	-	-	-	-	-	-	-
Materials											
Transfers											
Closing balance - Work-in-progress		-	-	-	-	-	-	-	-	-	-
Housing Stock											
Opening Balance			-	-	-	-	-	-	-	-	-
Acquisitions											
Transfers											
Sales											
Closing Balance - Housing Stock		-	-	-	-	-	-	-	-	-	-
Land											
Opening Balance			-	-	-	-	-	-	-	-	-
Acquisitions											
Sales											
Adjustments											
Correction of Prior period errors											
Closing Balance - Land		-	-	-	-	-	-	-	-	-	-
Closing Balance - Inventory & Consumables		13,514	18,806	24,543	14,995	14,995	14,995	14,995	12,995	10,995	8,995
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)	3	6,717,954	6,480,679	6,174,454	6,666,531	6,666,531	6,666,531	6,666,531	5,440,429	5,576,473	5,376,527
Leases recognised as PPE											
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	6,717,954	6,480,679	6,174,454	6,666,531	6,666,531	6,666,531	6,666,531	5,440,429	5,576,473	5,376,527
LIABILITIES											
Current liabilities - Financial liabilities											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		29,149	31,182	47,260	32,106	32,106	32,108	32,108	34,082	35,156	38,528
Total Current liabilities - Financial liabilities		29,149	31,182	47,260	32,106	32,106	32,106	32,106	34,082	35,156	38,528
Trade and other payables from exchange transactions											
Trade and other payables from exchange transactions	5	821,233	821,701	778,082	823,810	804,297	804,297	804,297	571,301	430,506	370,522
Other trade payables from exchange transactions											
Trade payables from Non-exchange transactions - Unspent conditional Grants		45,749	38,130	208,298	-	-	-	-	115,115	75,115	35,115
Trade payables from Non-exchange transactions - Other											
VAT		11,776	-	3,038	-	-	-	-	-	-	-
Total Trade and other payables from exchange transactions	2	878,758	859,831	987,418	823,810	804,297	804,297	804,297	686,416	505,621	405,637
Other non-current liabilities - Financial liabilities											
Borrowing	4	393,156	367,080	315,490	260,654	260,654	260,654	260,654	258,741	223,584	185,059
Other non-current liabilities		136	-	-	-	-	-	-	83,185	-	-
Total Non-current liabilities - Financial liabilities		393,292	367,080	315,490	260,654	260,654	260,654	260,654	321,905	223,584	185,059
Other non-current liabilities - non-current											
Retirement benefits		150,357	155,397	164,128	35,733	35,733	35,733	35,733	65,212	68,734	72,170
Refuse landfill site rehabilitation		52,107	59,211	85,212	54,712	54,712	54,712	54,712	164,128	176,930	185,776
Other		-	-	-	-	-	-	-	-	-	-
Total Other non-current liabilities - non-current		202,464	214,608	229,340	90,445	90,445	90,445	90,445	229,340	245,664	257,947
CHANGES IN NET ASSETS											
Accumulated surplus/(deficit)											
Accumulated surplus/(deficit) - opening balance											
GRAP adjustments											
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	-	-	-	-	-	-	-	-	-	-
Reserves											
Housing Development Fund		29,807	29,807	30,564	29,807	30,451	30,451	30,451	34,513	36,964	38,588
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		633	435	435	435	435	435	435	341	385	391
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	29,341	30,242	30,887	30,242	30,887	30,887	30,887	34,854	37,329	39,979
TOTAL COMMUNITY WEALTH/EQUITY	2	29,341	30,242	30,887	30,242	30,887	30,887	30,887	34,854	37,329	39,979

KZN252 Newcastle - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2019/20			2020/21			2021/22			Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26							
BASIC SERVICES: ELECTRICITY				631,469	687,500	763,252	757,837	783,134	783,134	228,940	992,389	788,360							
BASIC SERVICES: REFUSE				76,271	49,385	89,437	101,229	45,446	45,446	106,576	114,507	288,351							
BASIC SERVICES: ROAD				134,419	140,962	239,693	249,717	189,017	189,017	255,345	244,584	202,637							
BASIC SERVICES: SANITATION				217,223	230,256	277,362	123,818	54,266	54,266	129,694	171,684	285,637							
BASIC SERVICES: OTHER COMMUNITY				163,366	170,285	232,034	241,315	45,487	45,487	250,967	251,282	220,807							
BASIC SERVICES: WATER				351,833	341,688	333,678	198,019	402,925	402,925	429,063	243,713	305,100							
BASIC SERVICE - SPORTS AND RECREATION				35,916	39,416	40,954	42,592	1,382	1,382	44,295	46,057	13,000							
FINANCIAL VIABILITY				171,432	165,876	185,010	401,506	414,251	414,251	343,378	349,690	388,387							
GOOD GOVERNANCE & PUBLIC CONSULTATION				287,640	335,309	349,425	353,402	180,909	180,909	71,938	78,305	85,338							
INSTITUTIONAL DEVELOPMENT & TRANSFORMATION				-	127,585	132,961	137,853	137,853	137,853	53,348	60,625	91,116							
LOCAL ECONOMIC DEVELOPMENT				-	-	-	321,369	85,664	85,664	246,244	246,500	297,504							
SPATIAL AND ENVIRONMENTAL PLANNING				-	27,462	-	28,000	28,000	28,000	507,853	30,205	108,151							
BASIC SERVICES: PUBLIC SAFETY				-	98,960	-	44,179	78,507	78,507	45,946	47,794	74,785							
Allocations to other priorities																			
Total Expenditure			1	2,049,591	2,395,707	2,623,404	3,010,876	2,446,852	2,446,852	2,724,589	2,877,286	3,111,202							

KZN252 Newcastle - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand												
ED24.1		A		-	-	-	-	-	-	21,550	20,000	20,000
SD32.2 SD33.2 SD33.3		B		-	-	-	-	-	-	-	-	-
GPE.1		C		-	-	-	-	-	-	1,191	80	80
IT1.1 IT3.1		D		-	-	-	-	-	-	-	-	-
ED08.1		E		-	-	-	-	-	-	-	-	-
ED06.1		F		-	-	-	-	-	-	1,379	20,000	10,895
BASIC SERVICES WATER(BS 2)		G		16,813	16,813	56,200	77,740	77,740	77,740	108,185	82,700	57,968
BS3(SEWER)		H		-	-	-	-	-	-	28,484	33,000	-
BS4		I		4,185	4,185	465	465	465	465	-	-	-
BASIC SERVICES ROADS(BS 5)		J		31,251	82,037	31,763	31,763	31,763	31,763	52,065	95,950	96,000
CC3(COMMUNITY SERVICES)		K		2,483	2,483	8,745	12,745	12,745	12,745	1,888	288	271
CC6		L		-	-	-	-	-	-	-	-	-
CC7		M		2,907	2,907	-	-	-	-	-	-	-
INFRASTRUCTURE DEVELOPMENT (ID 26)		N		39,187	39,187	84,720	81,820	81,820	81,820	36,697	35,000	35,000
FINANCIAL VIABILITY (FV4)		O		2,778	2,778	1,000	2,000	2,000	2,000	1,900	400	400
INSTITUTIONAL DEVELOPMENT & TRANSFORMATION(ITB)		P		-	-	2,500	2,500	2,500	2,500	2,000	2,000	2,000
Allocations to other priorities			3									
Total Capital Expenditure			1	105,605	150,390	185,383	209,033	209,033	209,033	255,338	284,413	222,634

% Increase in Property Rates & Services Charges			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Expenditure												
% Increase in Total Operating Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
% Increase in Employee Costs			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
% Increase in Electricity Bulk Purchases			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Average Cost Per Budgeted Employee Position (Remuneration)			0	0	0	0	0	0	0	0	0	
Average Cost Per Councillor (Remuneration)			0	0	0	0	0	0	0	0	0	
R&M % of PPE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Asset Renewal and R&M as a % of PPE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Debt Impairment % of Total Billable Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Capital Revenue												
Internally Funded & Other (R'000)			-	-	-	-	-	-	-	-	-	
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	
Grant Funding and Other (R'000)			-	-	-	-	-	-	-	-	-	
Internally Generated funds % of Non Grant Funding	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Borrowing % of Non Grant Funding	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Grant Funding % of Total Funding	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Capital Expenditure												
Total Capital Programme (R'000)			-	-	-	-	-	-	-	-	-	
Asset Renewal			-	-	-	-	-	-	-	-	-	
Asset Renewal % of Total Capital Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Cash												
Cash Receipts % of Rate Payer & Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Cash Coverage Ratio			-	-	-	-	-	-	-	-	-	
Borrowing												
Most recent Credit Rating									0			
Capital Charges to Operating	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Borrowing Receipts % of Capital Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Reserves												
Uncommitted reserves after application of cash and investments			-	-	-	-	-	-	-	-	-	
Free Services												
Free Basic Services as a % of Equitable Share	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	
Free Services as a % of Operating Revenue (excl operational transfers)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	
High Level Outcome of Funding Compliance												
Total Operating Revenue			-	-	-	-	-	-	-	-	-	
Total Operating Expenditure			-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) Budgeted Operating Statement			-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) Considering Reserves and Cash Backing			-	-	-	-	-	-	-	-	-	
MTREF Funded (1) / Unfunded (0)	15	1	1	1	1	1	1	1	1	1	1	
MTREF Funded ✓ / Unfunded ✗	15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

References

15. Subject to figures provided in Schedule.

KZN252 Newcastle - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2019/20	2020/21	2021/22	Current Year 2022/23	2023/24 Medium Term Revenue & Expenditure Framework		
							Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Property rates (rate in the Rand)	1								
Residential properties				1 2450	1 2458	1 2458	1 2458	1 2458	
Residential properties - vacant land				3 7360	4 0362	4 0362	4 0362	4 0362	
Formal/informal settlements				-	-	-	-	-	
Small holdings				0 0277	0 0300	0 0300	0 0300	0 0300	
Farm properties - used				0 0277	0 0300	0 0300	0 0300	0 0300	
Farm properties - not used				-	-	-	-	-	
Industrial properties				3 1130	3 3630	3 3630	3 3630	3 3630	
Business and commercial properties				3 1130	3 3630	3 3630	3 3630	3 3630	
Communal land - residential				1 2450	1 2458	1 2458	1 2458	1 2458	
Communal land - small holdings				0 0277	0 0300	0 0300	0 0300	0 0300	
Communal land - farm property				0 0277	0 0300	0 0300	0 0300	0 0300	
Communal land - business and commercial				3 1130	3 3630	3 3630	3 3630	3 3630	
Communal land - other				-	-	-	-	-	
State-owned properties				0 3110	0 3359	0 3359	0 3359	0 3359	
Municipal properties				-	-	-	-	-	
Public service infrastructure				0 2770	0 0300	0 0300	0 0300	0 0300	
Privately owned towns serviced by the owner				-	-	-	-	-	
State trust land				-	-	-	-	-	
Restitution and redistribution properties				-	-	-	-	-	
Protected areas				-	-	-	-	-	
National monuments properties				-	-	-	-	-	
Property rates by usage									
Business and commercial properties									
Industrial properties									
Mining properties									
Residential properties									
Agricultural properties									
Public benefit organisations									
Public service purpose properties									
Public service infrastructure properties									
Vacant land									
Sport Clubs and Fields (Bitou only)									
Sectional Title Garages (Dakenstein only)									
Exemptions, reductions and rebates (Rands)									
Residential properties									
R15 000 threshold rebate			15,000	15,000	15,000	15,000	15,000	15,000	
General residential rebate									
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
Other rebates or exemptions	2								
Water tariffs									
Domestic									
Basic charge/ fixed fee (Rands/month)			44	50	53	55	55	57	
Service point - vacant land (Rands/month)			216	248	260	270	270	282	
Water usage - flat rate tariff (c/k)									
Water usage - life line tariff (fill in thresholds)									
Water usage - Block 1 (c/k)			10	11	12	12	12	13	
Water usage - Block 2 (c/k)			10	11	12	12	12	13	
Water usage - Block 3 (c/k)			11	13	13	14	14	15	
Water usage - Block 4 (c/k)			11	13	13	14	14	15	
Water usage - Block 5 (c/k)			12	14	15	15	15	16	
Water usage - Block 6 (c/k)									
Other	2								
Waste water tariffs									
Domestic									
Basic charge/ fixed fee (Rands/month)			209	225	225	238	245	256	
Service point - vacant land (Rands/month)			105	113	93	98	102	111	
Waste water - flat rate tariff (c/k)			67	93	4	4	5	5	
Volumetric charge - Block 1 (c/k)									
Volumetric charge - Block 2 (c/k)									
Volumetric charge - Block 3 (c/k)									
Volumetric charge - Block 4 (c/k)									
Other	2								

KZN252 Newcastle - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2019/20	2020/21	2021/22	Current Year 2022/23	2023/24 Medium Term Revenue & Expenditure Framework		
							Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Exemptions, reductions and rebates (Rands)									
<i>[insert lines as applicable]</i>									
		New business development	75 to 50 %	75 to 50 %	76 to 50 %	77 to 50 %	77 to 50 %	77 to 50 %	77 to 50 %
		Dwellings in flood area	50 percent	50 percent	50 percent	50 percent	50 percent	50 percent	50 percent
		Bed and Breakfast	10 percent	10 percent	10 percent	10 percent	10 percent	10 percent	10 percent
Water tariffs									
<i>[insert blocks as applicable]</i>									
		Commercial/Industrial	11	12	12	12	12	12	12
		Special Arrangement	4	4	4	4	4	4	4
		Basic charge/ fixed fee	50	53	53	53	53	53	53
		Service point - vacant land	248	260	260	260	260	260	260
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
Waste water tariffs									
<i>[insert blocks as applicable]</i>									
		Commercial per kl of water used	4	4	4	4	4	4	4
		Industrial per kl of water used	4	4	4	4	4	4	4
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
Electricity tariffs									
<i>[insert blocks as applicable]</i>									
		E 035	1	2	2	2	2	2	2
		E 104	624	655	751	751	751	751	751
		E 204	619	654	749	749	749	749	749
		E 030	1	1	1	1	1	1	1
		ENAC (High)	121	127	146	146	146	146	146
		E 034 - NDC (Actual)	139	147	168	168	168	168	168
		E 105	1,336	1,410	1,615	1,615	1,615	1,615	1,615
		E 204	619	654	749	749	749	749	749
		E 030	1	1	1	1	1	1	1
		ENAC (High)	112	116	136	136	136	136	136
		E 034 - NDC (Actual)	127	134	153	153	153	153	153
		E 106	2,623	2,789	3,173	3,173	3,173	3,173	3,173
		E 204	619	654	749	749	749	749	749

KZN252 Newcastle - Supporting Table SA14 Household bills

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24 % incr.	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Rand/cent											
Monthly Account for Household - 'Middle Income Range'											
1											
Rates and services charges:											
Property rates		642 42	614 11	638 06	676 34	676 34	676 34	6%	716 92	752 05	787 40
Electricity: Basic levy		238 52	235 99	271 57	291 86	291 86	291 86	6%	309 37	324 53	339 78
Electricity: Consumption		1,441 38	1,630 68	1,749 50	1,880 19	1,880 19	1,880 19	15%	1,908 39	2,001 90	2,095 99
Water: Basic levy		50 12	53 00	55 07	58 37	58 37	58 37	6%	61 88	64 91	67 96
Water: Consumption		348 14	365 64	379 94	402 74	402 74	402 74	6%	426 90	447 82	468 87
Sanitation		224 57	236 00	245 20	259 91	259 91	259 91	6%	275 51	289 01	302 59
Refuse removal		139 20	146 00	152 00	161 12	161 12	161 12	6%	170 79	179 16	187 58
Other											
sub-total		3,084.35	3,282.62	3,491.34	3,730.53	3,730.53	3,730.53	3.7%	3,869.75	4,059.37	4,250.16
VAT on Services		366.29	400.28	427.99	458.10	458.10	458.10				
Total large household bill:		3,450.64	3,682.90	3,919.33	4,188.63	4,188.63	4,188.63	(7.6%)	3,869.75	4,059.37	4,250.16
% increase/-decrease			6.7%	6.4%	6.9%	-	-		(7.8%)	4.9%	4.7%
Monthly Account for Household - 'Affordable Range'											
2											
Rates and services charges:											
Property rates		507 95	414 40	430 56	456 39	456 39	456 39	6 0%	483 78	507 48	531 33
Electricity: Basic levy		220 53	236 99	271 57	291 86	291 86	291 86	6 0%	309 37	324 53	339 78
Electricity: Consumption		635 07	771 44	911 00	979 05	979 05	979 05	15 1%	963 84	1,042 53	1,091 53
Water: Basic levy		50 12	53 00	55 07	58 37	58 37	58 37	6 0%	61 88	64 91	67 96
Water: Consumption		285 33	299 89	311 64	330 34	330 34	330 34	6 0%	350 16	367 32	384 58
Sanitation		238 04	236 00	245 20	259 91	259 91	259 91	6 0%	275 51	289 01	302 59
Refuse removal		139 20	146 00	152 00	161 12	161 12	161 12	6 0%	170 79	179 16	187 58
Other											
sub-total		2,076.23	2,157.72	2,377.04	2,537.05	2,537.05	2,537.05	4.3%	2,645.31	2,774.93	2,905.35
VAT on Services											
Total small household bill:		2,076.23	2,157.72	2,377.04	2,537.05	2,537.05	2,537.05	4.3%	2,645.31	2,774.93	2,905.35
% increase/-decrease			3.9%	10.2%	6.7%	-	-		4.3%	4.9%	4.7%
Monthly Account for Household - 'Indigent Household (receiving free basic services)											
3											
Rates and services charges:											
Property rates		507 95	414 40	430 56	456 39	456 39	456 39	6 0%	483 78	507 48	531 33
Electricity: Basic levy		220 53	236 99	271 57	291 86	291 86	291 86	6 0%	309 37	324 53	339 78
Electricity: Consumption		635 07	771 44	911 00	979 05	979 05	979 05	15 1%	933 74	1,042 53	1,091 42
Water: Basic levy		50 12	53 00	55 07	58 37	58 37	58 37	6 0%	61 88	64 91	67 96
Water: Consumption		285 33	299 89	311 64	330 34	330 34	330 34	6 0%	350 16	367 32	384 58
Sanitation		238 04	236 00	245 20	259 91	259 91	259 91	6 0%	275 51	289 01	302 59
Refuse removal		139 20	146 00	152 00	161 12	161 12	161 12	6 0%	170 79	179 16	187 58
Other											
sub-total		2,076.23	2,157.72	2,377.04	2,537.05	2,537.05	2,537.05	4.3%	2,645.21	2,774.83	2,905.24
VAT on Services		84 27	93 45	98 46	312 10	312 10	312 10		330 63	350 66	371 72
Total small household bill:		2,160.50	2,251.17	2,475.50	2,849.15	2,849.15	2,849.15	4.5%	2,976.04	3,125.50	3,276.96
% increase/-decrease			4.2%	10.0%	15.1%	-	-		4.5%	5.0%	4.8%

KZN252 Newcastle - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2023/24 Medium Term Revenue & Expenditure Framework				
		2019/20	2020/21	2021/22	2022/23	
		Audited Outcome	Audited Outcome	Audited Outcome	Full Year Forecast	
			Original Budget	Adjusted Budget	Budget Year 2023/24	
					Budget Year +1 2024/25	
					Budget Year +2 2025/26	
R thousand						
Parent municipality						
Securities - National Government						
Listed Corporate Bonds						
Deposits - Bank		35,545	-	-	46,232	
Deposits - Public Investment Commissioners						44,923
Deposits - Corporation for Public Deposits						
Bankers Acceptance Certificates						
Negotiable Certificates of Deposit - Banks						
Guaranteed Endowment Policies (sinking)						
Repurchase Agreements - Banks						
Municipal Bonds						
Municipality sub-total	1	35,545	-	-	46,232	44,923
Entities						
Securities - National Government						
Listed Corporate Bonds						
Deposits - Bank						
Deposits - Public Investment Commissioners						
Deposits - Corporation for Public Deposits						
Bankers Acceptance Certificates						
Negotiable Certificates of Deposit - Banks						
Guaranteed Endowment Policies (sinking)						
Repurchase Agreements - Banks						
Entities sub-total						
Consolidated total:		35,545	-	-	46,232	44,923

KZN232 Newcastle - Supporting Table SA15 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment		Type of Investment	Capital Guarantee (Year/No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Pence)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realized	Partial / Premature Withdrawal (€)	Investment Top Up	Closing Balance
		1	Year/Months												
Name of Institution & Investment ID															
Standard Bank ABSA										Call account Call account Call account	858 44,815 551	1,281 1,784 19	(195,145) (46,000) (6360)	193,500 - -	492 599 -
Municipality sub-total											46,232		(241,725)	183,500	1,091
Entities															
Entities sub-total															
TOTAL INVESTMENTS AND INTEREST	1										46,232		(241,725)	183,500	1,091

KZN252 Newcastle - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
RECEIPTS:										
Operating Transfers and Grants										
National Government:		463,996	538,324	463,428	494,958	489,608	489,608	522,879	577,508	615,822
Local Government Equitable Share		373,648	471,963	417,790	466,902	457,760	457,760	506,803	546,257	570,897
Energy Efficiency and Demand Management		6,000	-	4,000	-	-	-	-	-	-
Integrated National Electrification Programme		14,000	7,000	-	-	-	-	-	-	-
Finance Management Grant		1,700	1,700	1,650	1,850	1,850	1,850	1,850	1,850	1,950
Municipal Systems Improvement		1,750	1,500	-	-	-	-	-	-	-
Water Services Infrastructure Grant (WSIG)		20,800	18,000	29,000	-	-	-	-	-	-
Municipal Infrastructure Grant (MIG)		23,000	35,266	8,040	22,453	26,245	26,245	11,120	26,295	39,869
Massification		20,000	-	-	-	-	-	-	-	-
EPWP Incentive		3,098	2,895	2,948	3,753	3,753	3,753	3,106	3,106	3,106
Provincial Government:		105,944	189,160	328,348	617,749	21,012	21,012	24,744	25,725	26,485
Health subsidy		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	-	-	-	-	-	-	-
Level 2 accreditation		7,620	5,439	5,894	5,439	8,129	8,129	15,001	15,501	15,501
Museums Services		386	40	429	105	111	111	156	215	249
Community Library Services Grant		-	2,312	2,475	2,585	2,849	2,849	2,595	2,709	3,108
Sport and Recreation		-	-	-	-	-	-	-	-	-
Spatial Development Framework Support		-	1,500	-	-	-	-	-	-	-
Housing		91,392	170,140	312,793	123,885	-	-	-	-	-
Title Deeds		-	3,000	-	-	-	-	-	-	-
COGTA Support Scheme		-	-	-	-	-	-	-	-	-
Provincialisation of Libraries		6,546	6,729	6,757	6,992	6,992	6,992	6,992	7,300	7,527
EDTEA Grant(Trade Stalls)		-	-	-	-	2,000	2,000	-	-	-
LGSETA		-	-	-	-	931	931	-	-	-
ISU Partnership Grant		-	-	-	476,733	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	1,546	-	-	-	-	-	-
LGSETA		-	-	1,546	-	-	-	-	-	-
Total Operating Transfers and Grants	5	569,940	727,484	793,322	1,112,707	510,620	510,620	547,623	603,233	642,307
Capital Transfers and Grants										
National Government:		139,039	108,538	138,342	174,688	171,056	171,056	228,012	253,730	201,963
Neighbourhood Development Partnership		30,259	15,000	7,500	20,000	20,000	20,000	24,514	20,000	20,000
Municipal Infrastructure Grant (MIG)		89,560	76,538	111,142	106,688	102,896	102,896	131,948	163,030	108,080
Integrated National Electrification Programme		-	-	-	-	-	-	21,550	20,000	20,896
Energy efficiency & demand side management		-	-	-	-	-	-	-	-	-
Municipal water infrastructure		-	-	-	-	-	-	-	-	-
Water Intervention Project		-	-	8,700	-	-	-	-	-	-
Finance Management Grant		-	-	-	-	160	160	-	-	-
Water Services Infrastructure Grant (WSIG)		19,200	17,000	11,000	48,000	48,000	48,000	50,000	50,700	52,987
Other capital transfers/grants <i>[insert desc]</i>		-	-	-	-	-	-	-	-	-
Provincial Government:		1,228	367	13,529	11,345	12,230	11,338	12,758	20,283	10,271
Housing Level 2 accreditation		-	-	-	-	310	-	500	-	-
Community Library Service		1,228	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	11,000	11,000	11,000	11,000	11,938	20,000	10,000
Housing		-	-	1,005	-	-	-	-	-	-
Greenest Town		-	-	1,224	-	-	-	-	-	-
Museum		-	367	300	345	338	338	320	283	271
LGSETA		-	-	-	-	582	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	3,000	3,000	3,000	3,000	-	-	-
EDTEA Grant(Airport Upgrade)		-	-	2,000	3,000	3,000	3,000	-	-	-
EDTEA Grant(Trade Stalls)		-	-	1,000	2,000	-	-	-	-	-
Total Capital Transfers and Grants	5	140,267	108,905	154,871	191,032	185,286	185,394	240,770	274,013	212,234
TOTAL RECEIPTS OF TRANSFERS & GRANTS		710,207	836,389	948,193	1,303,739	695,907	696,014	788,393	877,245	854,540

KZN252 Newcastle - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		463,996	538,324	488,728	463,428	463,428	463,428	522,879	577,508	615,822
Local Government Equitable Share		373,648	471,963	417,790	417,790	417,790	417,790	506,803	546,267	570,697
Energy Efficiency and Demand Management		6,000	-	4,000	4,000	4,000	4,000	-	-	-
Integrated National Electrification Programme		14,000	7,000	13,500	-	-	-	-	-	-
Finance Management Grant		1,700	1,700	1,650	1,650	1,650	1,650	1,850	1,850	1,950
Municipal Systems Improvement		1,750	1,500	-	-	-	-	-	-	-
Water Services Infrastructure Grant (WSIG)		20,800	18,000	36,000	29,000	29,000	29,000	-	-	-
Municipal Infrastructure Grant (MIG)		23,000	35,266	12,840	8,040	8,040	8,040	11,120	26,295	39,869
Massification		20,000	-	-	-	-	-	-	-	-
EPWP Incentive		3,098	2,895	2,948	2,948	2,948	2,948	3,106	3,106	3,106
Provincial Government:		105,944	169,160	329,894	617,749	21,012	21,012	24,744	25,725	26,485
Health subsidy		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	-	-	-	-	-	-	-
Level 2 accreditation		7,620	5,439	5,894	5,439	8,129	8,129	15,001	15,501	15,501
Museums Services		386	40	429	105	111	111	156	215	249
Community Library Services Grant		-	2,312	2,475	2,595	2,849	2,849	2,595	2,709	3,108
Sport and Recreation		-	-	-	-	-	-	-	-	-
Spatial Development Framework Support		-	1,500	-	-	-	-	-	-	-
Housing		91,392	170,140	312,793	123,885	-	-	-	-	-
Title Deeds		-	3,000	-	-	-	-	-	-	-
COGTA Support Scheme		-	-	-	-	-	-	-	-	-
Provincialisation of Libraries		6,546	6,729	6,757	6,992	6,992	6,992	6,992	7,300	7,627
EDTEA Grant(Trade Stalls)		-	-	-	-	2,000	2,000	-	-	-
LGSETA		-	-	1,546	-	931	931	-	-	-
ISU Partnership Grant		-	-	-	478,733	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		569,940	727,484	818,622	1,081,177	484,440	484,440	547,623	603,233	642,307
Capital expenditure of Transfers and Grants										
National Government:		139,039	108,538	138,342	174,888	171,056	171,056	228,012	253,730	201,963
Neighbourhood Development Partnership		30,259	15,000	7,500	20,000	20,000	20,000	24,514	20,000	20,000
Municipal Infrastructure Grant (MIG)		89,580	76,538	111,142	106,688	102,896	102,896	131,948	163,030	108,080
Integrated National Electrification Programme		-	-	-	-	-	-	21,550	20,000	20,896
Energy efficiency & demand side management		-	-	-	-	-	-	-	-	-
Municipal water infrastructure		-	-	-	-	-	-	-	-	-
Water Intervention Project		-	-	8,700	-	-	-	-	-	-
Finance Management Grant		-	-	-	-	160	160	-	-	-
Water Services Infrastructure Grant (WSIG)		19,200	17,000	11,000	48,000	48,000	48,000	50,000	50,700	52,987
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		1,228	367	13,529	11,345	12,230	11,338	12,758	20,283	10,271
Housing Level 2 accreditation		-	-	-	-	310	-	500	-	-
Community Library Service		1,228	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	11,000	11,000	11,000	11,000	11,938	20,000	10,000
Housing		-	-	1,005	-	-	-	-	-	-
Greenest Town		-	-	1,224	-	-	-	-	-	-
Museum		-	367	300	345	338	338	320	283	271
LGSETA		-	-	-	-	582	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	3,000	5,000	3,000	3,000	-	-	-
EDTEA Grant(Airport Upgrade)		-	-	2,000	3,000	3,000	3,000	-	-	-
EDTEA Grant(Trade Stalls)		-	-	1,000	2,000	-	-	-	-	-
Total capital expenditure of Transfers and Grants		140,267	108,905	154,871	191,032	186,286	185,394	240,770	274,013	212,234
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		710,207	836,389	973,493	1,272,209	670,726	669,834	788,393	877,245	854,540

KZN252 Newcastle - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year							5,623			
Current year receipts							5,623			
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year							96,676			
Current year receipts							96,676			
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	102,298			
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-			
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	102,298			
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-			

KZN252 Newcastle - Supporting Table SA25 Budgeted monthly revenue and expenditure

Ref	Description	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year+1 2024/25	Budget Year+2 2025/26	
	Revenue																
	Exchange Revenue	70,566	66,623	66,303	62,889	64,389	66,077	60,046	65,363	60,689	67,547	92,526	94,382	862,022	896,452	1,124,826	
	Service charges - Electricity	17,280	16,998	17,257	16,022	16,022	17,267	15,186	14,959	14,875	13,889	12,453	44,748	219,996	237,144	251,273	
	Service charges - Waste Water Management	9,472	9,345	9,345	9,042	9,042	9,359	9,320	9,545	9,860	9,548	10,960	25,158	138,590	141,595	150,091	
	Service charges - Waste Management	8,051	8,155	8,154	8,034	8,067	8,740	9,009	9,235	9,854	10,363	8,813	11,275	110,148	115,945	122,802	
	Sale of Goods and Rendering of Services																
	Agency services																
	Interest:																
	Interest earned from Receivables	535	572	442	545	510	504	569	500	450	446	314	386	5,677	6,220	6,803	
	Interest earned from Current and Non Current Assets	459	462	367	488	483	423	542	402	389	482	311	484	5,330	5,650	5,899	
	Dividends																
	Rent on Land																
	Rent from Fixed Assets	1,071	1,919	511	1,505	166	1,012	-	308	1,031	-	302	990	6,804	9,333	9,863	
	License and permits																
	Operational Revenue	654	602	675	638	658	1,435	637	708	608	716	706	595	8,490	9,000	9,540	
	Non-Exchange Revenue																
	Property rates	38,748	28,231	31,881	34,684	28,864	35,873	38,868	31,524	30,741	30,587	32,458	34,353	396,741	420,545	445,776	
	Surcharges and Taxes																
	Fines, penalties and forfeits	435	372	342	345	380	404	469	400	455	346	384	540	4,831	5,121	5,428	
	Licenses & permits																
	Transfer and subtasks - Operational	105,837	57,488	42,013	21,735	18,594	45,020	75,011	48,175	45,859	28,957	35,013	52,065	577,823	633,815	672,889	
	Interest																
	Fuel Levy																
	Operational Revenue																
	Gains on disposal of Assets																
	Other Gains																
	Discontinued Operations																
	Total Revenue (excluding capital transfers and contributions)	252,963	195,057	178,912	153,849	148,544	188,477	209,666	182,591	194,873	182,590	194,508	205,047	2,345,468	2,582,576	2,865,452	
	Expenditure																
	Employee related costs	60,767	58,649	56,068	59,050	60,327	59,341	60,035	59,252	60,455	59,788	60,866	71,207	774,954	776,222	881,882	
	Remuneration of councillors	2,115	2,085	2,112	2,165	2,082	2,159	2,246	2,452	2,265	2,100	2,100	4,551	29,443	29,580	31,710	
	Bulk purchases - electricity	67,058	61,685	45,623	54,408	52,577	54,611	44,802	64,887	67,800	38,879	53,866	64,666	660,333	749,379	844,550	
	Inventory consumed	10,151	11,289	12,574	13,854	13,370	14,638	14,418	14,310	12,907	13,763	14,783	13,328	159,853	167,716	177,733	
	Debt repayment	11,151	10,869	14,574	13,824	11,370	10,838	10,418	10,310	11,907	12,763	13,783	176,520	306,166	334,337	357,171	
	Depreciation and amortisation	32,794	31,156	32,149	30,705	29,631	39,418	30,446	34,003	31,084	30,144	30,144	36,464	376,138	387,718	418,409	
	Interest	2,139	3,865	2,711	2,341	3,794	2,275	2,461	2,461	2,461	3,461	1,461	2,838	32,250	30,825	28,549	
	Contracted services	14,181	15,216	14,535	15,538	14,033	15,586	15,208	14,576	14,620	14,520	14,520	44,892	207,261	162,106	180,483	
	Transfers and subsidies																
	Transfers and subsidies - monetary																
	Transfers and subsidies - capital (in-kind)																
	Operational costs	9,209	14,770	12,011	8,050	8,216	22,019	10,453	10,453	10,453	8,453	8,453	89,312	84,671	100,351	100,351	
	Losses on disposal of Assets																
	Other Losses																
	Total Expenditure	211,165	209,155	192,359	199,944	195,430	210,684	190,343	212,649	203,942	183,871	189,435	515,012	2,724,689	2,877,498	3,111,202	
	Surplus/(Deficit)	41,798	(14,098)	(13,447)	(46,095)	(46,886)	(22,207)	19,323	(30,058)	(8,968)	(9,200)	(5,167)	(246,165)	(369,121)	(284,723)	(205,750)	
	Transfers and subsidies - capital (in-kind)																
	Transfers and subsidies - capital (in-kind)																
	Surplus/(Deficit) after capital transfers & contributions	103,507	(14,988)	(26,418)	(41,095)	(45,486)	(45,486)	18,793	(30,088)	(36,032)	(9,200)	(5,167)	(194,969)	(120,351)	(20,708)	(93,517)	
	Income Tax																
	Share of Surplus/Deficit attributable to Joint Venture																
	Share of Surplus/Deficit attributable to Minorities																
	Share of Surplus/Deficit attributable to Municipality																
	Share of Surplus/Deficit attributable to Associates																
	Intercompany/Parent subsidiary transactions																
	Surplus/(Deficit) for the year	103,507	(14,988)	(26,418)	(41,095)	(45,486)	(45,486)	18,793	(30,088)	(36,032)	(9,200)	(5,167)	(194,969)	(128,351)	(20,708)	(93,517)	

KZN252 Newcastle - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

R thousand	Description	Budget Year 2023/24												Financial Year		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
	Revenue by Vote															
	Vote 1 - CORPORATE SERVICES	13,458	9,453	9,412	8,339	8,373	11,329	11,577	10,577	11,889	8,496	10,003	12,057	124,961	135,078	141,316
	Vote 2 - COMMUNITY SERVICES	24,174	10,498	9,808	7,803	5,481	8,638	20,257	20,257	10,363	6,652	6,617	54,985	185,534	203,874	204,272
	Vote 3 - BUDGET AND TREASURY	45,417	31,818	41,228	36,517	36,517	38,138	33,150	33,150	30,850	32,260	36,149	43,428	440,756	465,472	492,938
	Vote 4 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLE	4,174	2,498	3,808	2,003	5,481	8,638	2,257	2,517	2,363	2,012	2,617	36,098	74,467	69,690	69,941
	Vote 6 - TECHNICAL SERVICES	65,883	60,651	46,084	65,125	64,405	67,812	65,900	85,900	78,472	68,749	52,541	54,504	776,027	866,313	860,974
	Vote 7 - ELECTRICAL AND MECHANICAL SERVICES	101,129	78,910	79,334	86,909	74,604	84,064	74,375	75,389	76,011	83,555	98,692	81,522	994,494	1,116,161	1,248,245
	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	254,236	193,827	189,674	205,931	196,962	218,619	207,516	227,790	209,747	201,724	206,618	282,595	2,596,238	2,856,588	3,017,666
	Expenditure by Vote to be appropriated															
	Vote 1 - CORPORATE SERVICES	10,302	10,151	8,616	9,539	8,478	8,289	7,416	7,416	10,310	6,907	9,763	13,520	110,707	117,342	124,958
	Vote 2 - COMMUNITY SERVICES	37,132	30,946	34,783	34,668	34,811	33,291	37,609	35,609	38,558	37,262	37,351	33,962	425,983	450,494	479,851
	Vote 3 - BUDGET AND TREASURY	18,674	23,302	22,028	23,418	23,579	24,459	21,049	17,049	20,604	10,685	10,745	22,647	236,236	246,712	260,116
	Vote 4 - MUNICIPAL MANAGER	8,494	8,553	8,429	8,819	7,370	8,325	8,311	7,311	8,232	8,776	8,559	9,175	100,353	93,431	99,073
	Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLE	4,308	6,689	8,462	4,688	5,891	6,238	6,438	6,962	6,915	1,178	1,262	39,525	98,555	66,863	70,949
	Vote 6 - TECHNICAL SERVICES	65,883	75,651	66,084	65,125	64,405	67,812	78,900	81,900	68,472	66,749	62,541	154,837	920,360	978,966	1,048,141
	Vote 7 - ELECTRICAL AND MECHANICAL SERVICES	77,555	78,692	77,129	78,910	69,334	66,909	54,064	54,064	65,375	73,389	71,011	63,963	830,394	921,485	1,028,115
	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	222,347	233,983	225,531	225,167	213,868	215,323	213,786	210,310	218,466	206,946	201,232	337,630	2,724,589	2,877,296	3,111,202
	Surplus/(Deficit) before assoc.	31,889	(40,156)	(35,857)	(18,237)	(16,906)	3,296	(6,270)	17,480	(8,719)	(5,222)	5,386	(55,035)	(128,351)	(20,708)	(93,517)
	Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Share of Surplus/Deficit attributable to Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Surplus/(Deficit)	31,889	(40,156)	(35,857)	(18,237)	(16,906)	3,296	(6,270)	17,480	(8,719)	(5,222)	5,386	(55,035)	(128,351)	(20,708)	(93,517)

KZN252 Newcastle - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Ref	Description	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
	Revenue - Functional																
	<i>Governance and administration</i>	50,875	51,271	47,740	47,291	41,191	44,467	44,726	44,529	44,059	43,988	45,043	60,538	565,717	604,551	634,254	
	Executive and council	768	425	484	412	547	304	1,460	519	636	519	484	8,694	15,251	15,251	17,150	
	Finance and administration	50,107	50,846	47,256	46,879	40,644	44,163	43,266	44,009	43,423	43,469	44,559	51,844	550,466	584,300	617,104	
	Internal audit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	<i>Community and public safety</i>	2,988	2,685	2,530	3,101	3,529	2,974	2,664	3,115	2,303	2,773	2,994	45,370	77,025	85,572	76,894	
	Community and social services	1,062	1,075	972	915	936	977	996	977	913	967	920	946	11,656	12,195	13,044	
	Sport and recreation	17	14	13	11	17	10	10	12	14	9	11	11,948	12,066	20,157	10,166	
	Public safety	544	317	467	424	487	369	390	336	314	346	317	446	4,757	5,043	5,345	
	Housing	1,365	1,278	1,078	1,751	2,087	1,617	1,790	1,962	1,451	1,635	1,746	32,030	48,522	48,173	48,333	
	Health	—	—	—	—	2	—	2	—	—	—	—	0	4	4	5	
	<i>Economic and environmental services</i>	15,454	13,763	13,655	12,135	12,769	13,718	13,369	15,145	14,624	16,273	14,791	16,027	171,944	213,763	172,466	
	Planning and development	2,755	2,694	2,128	2,110	2,334	2,909	2,064	2,375	2,471	2,316	2,474	2,246	26,875	24,438	24,517	
	Road transport	12,699	11,080	11,526	10,024	10,435	10,809	11,306	12,771	12,352	13,957	12,318	13,781	143,068	189,325	147,949	
	Environmental protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	<i>Trading services</i>	194,068	137,374	129,438	132,841	141,452	130,201	151,545	125,407	138,198	139,227	143,115	212,493	1,781,356	1,956,496	2,133,652	
	Energy sources	87,555	83,694	80,729	82,910	85,334	83,909	82,054	82,375	81,471	82,316	83,474	79,263	994,494	1,116,162	1,248,245	
	Water management	31,699	35,090	30,526	26,024	36,435	30,809	31,306	29,771	28,252	23,957	36,318	26,609	366,795	392,729	413,976	
	Waste water management	51,089	10,090	10,147	18,919	10,884	8,931	20,286	2,192	17,268	27,991	18,342	86,839	263,058	291,152	295,943	
	Waste management	23,724	8,501	8,633	4,987	8,699	6,551	17,910	11,070	11,207	4,964	10,981	38,782	157,003	166,453	175,689	
	Other	14	14	11	13	14	14	14	14	14	11	11	56	185	207	220	
	Total Revenue - Functional	263,398	205,127	193,372	195,382	196,954	194,373	212,318	188,209	195,396	202,272	211,955	334,483	2,596,238	2,856,588	3,017,686	
	Expenditure - Functional																
	<i>Governance and administration</i>	46,795	43,160	43,527	42,881	41,626	38,600	43,226	38,325	41,404	43,589	52,733	50,649	526,515	540,328	569,438	
	Executive and council	7,444	7,350	6,594	7,408	7,848	7,872	7,724	6,517	7,532	6,424	7,038	8,098	87,849	88,080	94,121	
	Finance and administration	38,626	34,968	36,453	34,661	32,911	30,240	35,091	31,200	33,297	36,685	45,234	41,993	431,359	444,394	466,920	
	Internal audit	725	842	481	812	687	488	411	608	575	480	462	557	7,308	7,854	8,397	
	<i>Community and public safety</i>	26,181	25,608	23,220	22,314	23,784	23,602	21,275	21,245	19,576	21,162	21,634	55,465	305,267	281,391	299,334	
	Community and social services	3,958	4,710	4,025	3,138	5,080	3,631	3,507	3,329	3,986	3,986	3,936	3,753	46,305	49,150	52,336	
	Sport and recreation	8,182	7,908	6,215	6,118	6,370	6,894	6,607	6,520	6,277	6,982	6,856	6,436	81,375	86,258	91,195	
	Public safety	8,142	6,752	8,936	8,848	7,845	9,445	7,080	6,849	6,286	6,715	7,004	8,810	94,712	100,991	108,088	
	Housing	5,308	3,689	3,462	3,688	3,891	3,238	3,962	3,015	3,178	3,178	3,262	32,442	72,572	35,270	37,315	
	Health	581	549	582	522	588	585	644	662	669	300	575	4,024	10,303	9,712	10,400	
	<i>Economic and environmental services</i>	16,495	33,171	18,028	24,329	21,468	19,667	25,906	20,952	27,738	25,281	26,555	17,150	276,739	292,606	319,050	
	Planning and development	8,166	6,311	6,749	5,850	7,792	7,041	6,063	5,451	8,139	8,475	8,631	7,417	86,004	95,053	101,038	
	Road transport	8,329	26,860	11,277	18,478	13,676	12,626	19,822	15,801	19,599	16,806	17,724	9,732	190,732	197,540	218,008	
	Environmental protection	—	—	—	2	—	—	—	—	—	—	—	—	—	—	—	
	<i>Trading services</i>	129,886	122,859	128,205	123,300	123,550	118,726	124,537	122,910	130,979	127,957	133,222	240,825	1,613,058	1,759,738	1,919,965	
	Energy sources	70,569	71,243	69,177	68,079	66,360	67,019	69,109	68,840	63,630	64,396	63,158	69,921	811,505	901,982	1,007,973	
	Water management	40,635	34,136	41,700	46,450	43,308	33,628	38,329	36,797	51,582	48,242	36,063	157,052	612,122	619,895	667,752	
	Waste water management	6,824	5,782	4,043	4,366	5,207	4,366	5,209	5,473	5,207	5,473	3,610	4,429	62,470	103,474	110,474	
	Waste management	11,659	10,689	11,889	10,729	9,517	12,711	10,725	10,064	10,560	8,595	10,391	9,423	126,961	134,283	143,787	
	Other	201	243	224	285	297	256	201	263	216	240	300	284	3,010	3,243	3,395	
	Total Expenditure - Functional	219,558	225,041	213,203	219,111	210,725	201,052	215,245	203,696	219,913	218,229	214,444	364,373	2,724,589	2,877,296	3,111,202	
	Surplus/(Deficit) before assoc.	43,840	(19,914)	(19,831)	(23,729)	(11,771)	(9,679)	(2,928)	(15,487)	(20,517)	(15,957)	(2,489)	(29,889)	(128,351)	(20,708)	(93,517)	
	Intercompany/Parent subsidiary transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Surplus/(Deficit)	43,840	(19,914)	(19,831)	(23,729)	(11,771)	(9,679)	(2,928)	(15,487)	(20,517)	(15,957)	(2,489)	(29,889)	(128,351)	(20,708)	(93,517)	

KZ252 Newcastle - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2023/24												Financials			
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
	Multi-year expenditure to be appropriated	1																
	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	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Single-year expenditure to be appropriated																	
	Vote 1 - CORPORATE SERVICES		26		356				43	297								
	Vote 2 - COMMUNITY SERVICES		1,320	307		535			277									
	Vote 3 - BUDGET AND TREASURY																	
	Vote 4 - MUNICIPAL MANAGER																	
	Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		17,489	142	79			19										
	Vote 6 - TECHNICAL SERVICES		1,547	13,842	14,319	14,485	19,013		18,472	22,000								
	Vote 7 - ELECTRICAL AND MECHANICAL SERVICES			2,042	1,079	3,279	1,809		1,000	3,000								
	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	2	20,381	16,393	15,834	18,299	20,841	18,793	19,196	23,000	19,975	37,000	17,154	28,573	255,338	264,413	222,633	
	Total Capital Expenditure	2	20,381	16,393	15,834	18,299	20,841	18,793	19,196	23,000	19,975	37,000	17,154	28,573	255,338	264,413	222,633	

KZN252 Newcastle - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

R thousand	Description	Ref	Budget Year 2023/24												Financials							
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26					
1	Capital Expenditure - Functional																					
	Governance and administration																					
	Executive and council		1,000	-	500	-	-	-	-	500	-	-	-	-	-	400	-	2,300	4,700	2,400	2,400	
	Finance and administration		1,000		500					500						400		2,300	4,700	2,400	2,400	
	Internal audit																					
	Community and public safety		3,476	1,589	-	1,159	-	-	-	2,301	-	-	-	-	848	-	-	27,962	37,334	50,293	45,271	
	Community and social services		124			150												584	858	183	171	
	Sport and recreation		3,352	1,589		1,009				2,301					848			25,378	35,977	50,100	45,100	
	Public safety																					
	Housing																	500				
	Health																					
	Economic and environmental services		6,071	6,409	8,011	8,723	1,253	1,253	1,253	3,356	4,866	-	1,655	3,000	8,565	2,726	54,635	54,635	76,030	76,030	78,080	
	Planning and development																					
	Road transport		6,071	6,409	8,011	8,723	1,253	1,253	1,253	3,356	4,866	-	1,655	3,000	8,565	2,726	54,635	54,635	76,030	76,030	78,080	
	Environmental protection																					
	Trading services		11,494	9,832	6,506	7,581	17,436	13,577	13,577	13,577	8,676	12,708	9,450	15,101	9,715	36,581	158,669	158,669	155,700	155,700	96,883	
	Energy services																					
	Water management		11,494	9,832	6,506	7,581	17,436	13,577	13,577	13,577	8,676	12,708	9,450	15,101	9,715	36,581	158,669	158,669	155,700	155,700	96,883	
	Waste water management			8,905	5,699	7,184	14,301	10,429	10,429	10,429	8,208	5,554	7,000	9,801	6,900	21,550	21,550	20,000	20,000	20,000	20,896	
	Waste management			928	608	397	3,135	3,149	3,149	469	6754	5,301	2,450	5,301	2,815	2,480	28,484	28,484	53,000	53,000	57,987	
	Other															450			450			
	Total Capital Expenditure - Functional		22,041	17,930	15,017	17,462	18,689	18,735	18,735	18,735	13,543	12,708	12,832	18,101	18,279	68,579	255,338	255,338	284,413	284,413	222,634	
	Funded by:																					
	National Government		63,000		51,000	150				29,000			30,000						55,012	228,012	253,730	201,963
	Provincial Government		124									251							12,233	12,758	20,283	10,271
	District Municipality																					
	Transfers and subsidies - capital (in-ktnc)																					
	Transfers recognised - capital		63,124		51,000	150				29,000			30,251						67,245	240,770	274,013	212,234
	Borrowing																					
	Internally generated funds		2,656		1,520					4,067			3,126						3,201	14,568	10,400	10,400
	Total Capital Funding		65,778		52,320	150				33,067			33,377						70,446	255,338	284,413	222,634

KZN252: Newcastle - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
	Budget Year 2023/24												Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Cash Receipts by Source															
Property rates	26,791	26,337	26,612	30,142	26,030	20,083	24,083	21,083	19,083	24,083	30,533	295,539	328,695	348,406	
Service charges - electricity revenue	45,718	59,195	47,584	56,610	47,584	55,790	50,204	56,204	60,204	62,204	217,911	863,797	965,790	1,078,286	
Service charges - water revenue	12,401	13,635	15,419	18,434	15,419	16,320	4,895	3,395	6,895	5,895	17,112	196,391	132,625	140,794	
Service charges - sanitation revenue	7,614	8,791	9,940	10,622	9,940	10,067	1,474	4,074	1,474	3,474	8,909	76,141	66,472	91,660	
Service charges - refuse revenue	5,894	7,484	7,314	8,554	7,314	8,221	5,090	5,090	5,090	5,090	7,972	78,205	84,640	89,718	
Rental of facilities and equipment	679	680	708	723	708	733	706	806	906	706	781	8,804	9,333	9,863	
Interest earned - external investments	235	553	293	242	293	292	208	108	108	208	2,332	5,330	5,650	5,989	
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received	47	-	487	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	276	-	-	-	-	-	84	-	-	-	72	986	1,024	1,086	
Licences and permits	2	4	4	1	4	2	1	1	1	1	16	34	36	38	
Agency services	142,091	2,789	3,366	-	12,747	1,794	11,011	185,659	45,957	36,013	37,823	547,623	603,815	642,889	
Transfers and Subsidies - Operational	820	839	825	847	2,545	562	311	1,311	1,311	1,311	209,382	221,384	253,816	286,161	
Other revenue	242,281	153,350	121,692	128,165	121,793	119,839	96,186	157,146	277,930	137,984	532,822	2,228,217	2,463,054	2,674,902	
Cash Receipts by Source															
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	61,709	-	39,865	-	40,000	40,000	-	45,000	-	-	54,195	240,770	274,013	212,234	
Transfers and subsidies - capital (monetary allocations) (Natl / Prov)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	20,000	10,000	-	
Departm. Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ. Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source	308,990	158,357	121,793	131,165	121,793	119,839	96,186	157,146	322,930	137,984	587,018	2,488,987	2,747,067	2,887,135	
Cash Payments by Type															
Employee related costs	44,088	48,672	54,414	57,389	57,996	59,258	46,036	48,252	47,455	50,788	157,612	724,804	776,222	832,134	
Remuneration of councillors	1,929	1,929	4,083	2,143	2,127	2,113	2,246	2,452	2,265	2,100	2,865	28,443	29,580	31,710	
Finance charges	3,043	-	657	(205)	13	-	3,429	3,866	2,988	3,877	3,900	32,205	30,525	29,549	
Bulk purchases - electricity	65,450	67,209	37,747	38,644	39,158	36,087	44,602	44,867	57,890	36,879	156,914	660,933	749,379	844,550	
Acquisitions - water & other inventory	15,283	13,182	13,550	24,993	14,593	13,563	11,220	11,351	11,251	10,349	9,165	159,854	167,716	177,733	
Contracted services	15,043	21,153	26,582	32,004	32,700	24,542	25,942	15,655	21,489	18,659	(36,231)	207,361	164,106	182,463	
Transfers and subsidies - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - other	5,615	1,288	8,622	9,018	5,805	3,656	10,469	11,569	7,997	10,950	231,024	316,332	321,267	321,544	
Other expenditure	150,432	153,434	145,655	163,984	152,392	139,218	143,982	137,664	135,695	132,188	532,177	2,129,731	2,239,795	2,419,704	
Cash Payments by Type															
Other Cash Flows/Payments by Type															
Capital issues	6,300	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Cash Flow/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type	158,732	153,434	145,655	163,984	152,392	139,218	143,982	137,664	135,695	132,188	532,177	2,496,781	2,615,442	2,763,369	
NET INCREASE/(DECREASE) IN CASH HELD	150,258	4,916	20,901	(32,819)	(30,599)	20,620	(47,679)	19,462	169,235	16,020	5,796	(7,794)	131,625	123,767	
Cash/cash equivalents at the month/year begin:	27,402	117,741	182,656	203,557	176,739	140,139	160,760	113,084	132,546	301,781	373,601	21,482	19,688	151,313	
Cash/cash equivalents at the month/year end:	177,741	182,656	203,557	170,739	140,139	160,760	113,084	132,546	301,781	317,901	379,397	19,688	151,313	275,080	

Libraries	861	11,508	2,690	345	1,158	1,158	-	-	100	
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-	
Police	-	-	-	-	-	-	-	-	-	
Parks	-	-	-	-	-	-	-	-	-	
Public Open Space	-	-	-	-	-	-	-	-	-	
Nature Reserves	-	-	-	-	-	-	-	-	-	
Public Ablution Facilities	-	-	-	-	-	-	-	-	-	
Markets	-	-	-	-	-	-	-	-	-	
Stalls	-	196	98	-	535	535	-	-	-	
Abattoirs	-	-	-	-	-	-	-	-	-	
Airports	-	-	-	-	-	-	-	-	-	
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-	
Capital Spares	-	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities	-	-	-	-	-	-	11,938	20,000	10,000	
Indoor Facilities	-	-	-	-	-	-	-	-	-	
Outdoor Facilities	-	-	-	-	-	-	11,938	20,000	10,000	
Capital Spares	-	-	-	-	-	-	-	-	-	
Heritage assets	-	-	50	-	150	150	270	283	100	
Monuments	-	-	-	-	-	-	-	-	-	
Historic Buildings	-	-	50	-	150	150	190	183	-	
Works of Art	-	-	-	-	-	-	80	100	100	
Conservation Areas	-	-	-	-	-	-	-	-	-	
Other Heritage	-	-	-	-	-	-	-	-	-	
Investment properties	55	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property	-	-	-	-	-	-	-	-	-	
Unimproved Property	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	55	-	-	-	-	-	-	-	-	
Improved Property	55	-	-	-	-	-	-	-	-	
Unimproved Property	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	-	-	-	-	-	-	-	
Municipal Offices	-	-	-	-	-	-	-	-	-	
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-	
Building Plan Offices	-	-	-	-	-	-	-	-	-	
Workshops	-	-	-	-	-	-	-	-	-	
Yards	-	-	-	-	-	-	-	-	-	
Stores	-	-	-	-	-	-	-	-	-	
Laboratories	-	-	-	-	-	-	-	-	-	
Training Centres	-	-	-	-	-	-	-	-	-	
Manufacturing Plant	-	-	-	-	-	-	-	-	-	
Depots	-	-	-	-	-	-	-	-	-	
Capital Spares	-	-	-	-	-	-	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	
Staff Housing	-	-	-	-	-	-	-	-	-	
Social Housing	-	-	-	-	-	-	-	-	-	
Capital Spares	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Intangible Assets	-	994	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	994	-	-	-	-	-	-	-	
Water Rights	-	-	-	-	-	-	-	-	-	
Effluent Licenses	-	-	-	-	-	-	-	-	-	
Solid Waste Licenses	-	-	-	-	-	-	-	-	-	
Computer Software and Applications	-	994	-	-	-	-	-	-	-	
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-	
Unspecified	-	-	-	-	-	-	-	-	-	
Computer Equipment	-	-	-	-	-	-	2,000	2,000	2,000	
Computer Equipment	-	-	-	-	-	-	2,000	2,000	2,000	
Furniture and Office Equipment	471	2,682	1,460	2,900	1,348	1,348	991	380	380	
Furniture and Office Equipment	471	2,682	1,460	2,900	1,348	1,348	991	380	380	
Machinery and Equipment	1,716	2,263	2,838	5,200	3,595	3,595	2,100	100	100	
Machinery and Equipment	1,716	2,263	2,838	5,200	3,595	3,595	2,100	100	100	
Transport Assets	-	2,990	628	-	4,000	4,000	500	-	-	
Transport Assets	-	2,990	628	-	4,000	4,000	500	-	-	
Land	1,302	500	-	-	-	-	-	-	-	
Land	1,302	500	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Living resources	-	-	-	-	-	-	-	-	-	
Matute	-	-	-	-	-	-	-	-	-	
Policing and Protection	-	-	-	-	-	-	-	-	-	
Zoological plants and animals	-	-	-	-	-	-	-	-	-	
Immature	-	-	-	-	-	-	-	-	-	
Policing and Protection	-	-	-	-	-	-	-	-	-	
Zoological plants and animals	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on new assets	1	64,513	98,200	70,080	106,386	88,107	88,107	163,083	114,763	126,647

Land	-	-	-	-	-	-	-	-	-	
Zoo's Marine and Non-biological Animals	-	-	-	42	42	42	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	42	42	42	-	-	-	
Living resources	-	-	-	-	-	-	-	-	-	
Mature	-	-	-	-	-	-	-	-	-	
<i>Policing and Protection</i>										
<i>Zoological plants and animals</i>										
Immature	-	-	-	-	-	-	-	-	-	
<i>Policing and Protection</i>										
<i>Zoological plants and animals</i>										
Total Depreciation	1	338,886	380,035	365,084	363,160	363,160	363,160	379,139	397,716	416,408

KZN252 Newcastle - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2023/24 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Present value
R thousand								
Capital expenditure	1							
Vote 1 - CORPORATE SERVICES		-	-	-				
Vote 2 - COMMUNITY SERVICES		13,326	-	-				
Vote 3 - BUDGET AND TREASURY		1,964	5,970	13,812				
Vote 4 - MUNICIPAL MANAGER		3,900	2,400	2,400				
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		500	-	-				
Vote 6 - TECHNICAL SERVICES		215,262	241,730	189,066				
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		21,550	20,000	20,896				
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]		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		256,501	270,100	226,174	-	-	-	-
Future operational costs by vote	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]								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Exchange Revenue								
Service charges - Electricity								
Service charges - Water								
Service charges - Waste Water Management								
Service charges - Waste Management								
Agency services								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		256,501	270,100	226,174	-	-	-	-

KZN252 Newcastle - Supporting Table SA36 Detailed capital budget

R thousand	Function	Project Description	2023/24 Medium Term Revenue & Expenditure Framework			
			Audited Outcome 2021/22	Current Year 2022/23 Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25
Parent municipality:						
<i>List all capital projects grouped by Function</i>						
HUMAN RESOURCES		IT EQUIPMENT	-	382		
HUMAN RESOURCES		FURNITURE & EQUIPMENT	-	200		
COMMUNITY SERVICES		INSTALLATION OF AIRCON MOBILE OFFICE	-	-		
COMMUNITY SERVICES		CONSTRUCTION OF ADMIN BUILDING AT FORT AMIEL	62	166		
CULTURE, RECREATION, AMENITIES		FURNITURE & EQUIPMENT FORT AMIEL	29	-		
CULTURE, RECREATION, AMENITIES		CONSTRUCTION OF ADMIN BUILDING & GUARD HOUSE	200	25		
CULTURE, RECREATION, AMENITIES		PURCHASES OFAIR CONDITIONER UNIT, ART GALLERY	-	-		
CULTURE, RECREATION, AMENITIES		INSTALLATION OF CCTV CAMERAS	-	-		
CULTURE, RECREATION, AMENITIES		REFURBISHMENT AND EXTENSION OF NEWCASTLE LIBRARY	-	-		
CULTURE, RECREATION, AMENITIES		FURNITURE JBC HALL	-	-		
CULTURE, RECREATION, AMENITIES		FURNITURE CHARLESTOWN HALL	-	-		
CULTURE, RECREATION, AMENITIES		PURCHASES OF RECYCLE BINS	-	-		
CULTURE, RECREATION, AMENITIES		INSTALLATION OF CCTV CAMERAS	-	-		
CULTURE, RECREATION, AMENITIES		IT EQUIPMENT	-	20		
CULTURE, RECREATION, AMENITIES		ART PURCHASES	65	60		
CULTURE, RECREATION, AMENITIES		PURCHASES OFAIR CONDITIONER UNIT LIBRARIES	49	-		
CULTURE, RECREATION, AMENITIES		ART PURCHASES	-	100	60	100
CULTURE, RECREATION, AMENITIES		PURCHASE OF MACHINERY AND EQUIPMENT	-	-	20	-
CULTURE, RECREATION, AMENITIES		FENCING MODULAR LIBRARY	354	-	-	-
CULTURE, RECREATION, AMENITIES		ESTABLISHMENT OF PARKING AREA(CARPORT)	632	43	-	-
CULTURE, RECREATION, AMENITIES		AMPHITHEATRE FORT AMIEL	-	150	190	183
CULTURE, RECREATION, AMENITIES		CONSTRUCTION OF ZULU UMUZI	50	58	-	-
CULTURE, RECREATION, AMENITIES		CARPORT, FORT AMIEL	-	21	-	-
CULTURE, RECREATION, AMENITIES		Jungle Gym	-	-	-	71
CULTURE, RECREATION, AMENITIES		Printing Press	-	-	50	-
COMMUNITY SERVICES		REFUSE BULK CONTAINERS	-	-	450	-
CULTURE, RECREATION, AMENITIES		CONSTRUCTION OF CANTEEN BUILDING	-	-	618	-
CULTURE, RECREATION, AMENITIES		ALARM SYSTEM LIBRARIES	50	-	-	-
CULTURE, RECREATION, AMENITIES		ACCESS CONTROL . NN LIBRARY	-	-	-	-
CULTURE, RECREATION, AMENITIES		HORTICULTURAL MACHINERY & EQUIPMENT	-	9	-	-
CULTURE, RECREATION, AMENITIES		BOOKS SECURITY SYSTEM	-	-	-	-
CULTURE, RECREATION, AMENITIES		GRASSCUTTER	98	535	-	-
CULTURE, RECREATION, AMENITIES		CONSTRUCTION OF SPORT FACILITY- OLD CASINO	-	11,000	-	-
COMMUNITY SERVICES		BULK CONTAINERS	824	11	-	-
MUNICIPAL MANAGER		FIREWALL	-	-	800	-
COMMUNITY SERVICES		GMC PURCHASES	400	-	-	-
BUDGET AND TREASURY		IT EQUIPMENT	1,445	2,611	2,000	2,000
BUDGET AND TREASURY		FURNITURE & OFFICE EQUIPMENT	296	358	300	300
BUDGET AND TREASURY		MACHINERY EQUIPMENT	169	100	100	100
BUDGET AND TREASURY		UNINTERRUPTED POWER SUPPLY	-	-	1,500	-
BUDGET AND TREASURY		PLANT & EQUIPMENT -VEHICLE	33	-	-	-
BUDGET AND TREASURY		LAND & BUILDING, CONSTRUCTION OF MADADENI OFFICE	123	101	-	-
BUDGET AND TREASURY		IT EQUIPMENT (FMG)	-	160	-	-
MUNICIPAL MANAGER		PURCHASE OF VEHICLE	238	-	-	-
MUNICIPAL MANAGER		CAMERAS	-	-	-	-
MUNICIPAL MANAGER		DRONE	-	-	-	-
GOVERNANCE UNIT		SPECIAL PROGRAMME VEHICLE	-	-	-	-
HOUSING		REFURBISHMENTOF SURYAVILLE	-	-	-	-
HOUSING		FURNITURE & EQUIPMENT	1,005	-	-	-
HOUSING		FURNITURE & EQUIPMENT	35	690	500	-
HOUSING		FURNITURE & EQUIPMENT	10	-	-	-
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		REFURBISHMENT OF AIRPORT	-	-	800	-
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		Medical Precinct - Roads	3,554	1,660	-	-
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		Medical Precinct - Storm water	1,109	-	-	-
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		Medical Precinct - Street Lights	2,184	-	-	-
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		Medical Precinct - Water	758	-	-	-
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		Medical Precinct - Sewer	697	-	-	-
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		Medical Precinct - Substation	1,172	-	-	-
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		Professional fees	421	-	-	-
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		JBC TO OSIZWENI SECONDARY LINK ROAD PHASE 2	7,500	-	-	-
TOWN PLANNING		UPGRADE OF HRD BUILDING(UNISA)	4,961	3,705	-	-
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		BLAAUBOSCH LIBRARY	-	-	-	-
TOWN PLANNING		JB Road 3	-	20,000	-	-
TOWN PLANNING		NEWCASTLE INFORMAL STALLS	1,000	-	-	-
TOWN PLANNING		NEWCASTLE AIRPORT	2,000	3,000	-	-
TOWN PLANNING		IT EQUIPMENT	-	310	-	-
TOWN PLANNING		BR 10 LINK ROAD	-	-	-	-
TECHNICAL SERVICES		CONSTRUCTION OF ROAD	-	-	24,514	20,000
ELECTRICAL SERVICES		SIYAH-LALA LA PHASE 3 ELECTRIFICATION	-	-	7,950	-
ELECTRICAL SERVICES		Construction of 11KV switching station - Capricorn/Lennoxton	-	-	1,100	10,000
ELECTRICAL SERVICES		Construction of 132/11kv substation - Equarand	-	-	12,500	10,000
TECHNICAL SERVICES		Upgrade & Refurbishment of bulk sewer pipeline from Siyahlala to Voortrekker	-	-	7,000	33,000
TECHNICAL SERVICES		Construction of ME26 & ME27 roads	-	-	4,000	-

TECHNICAL SERVICES	PIPE REPLACEMENT AND UPGRADE PROJECT			32,770	32,000	5,000
TECHNICAL SERVICES	VILJOENPARK NCANDU SEWER RISING MAIN			10,000	20,000	18,000
TECHNICAL SERVICES	Construction of MC21 & MC22 roads			-	10,700	-
TECHNICAL SERVICES	Construction of OA65, OA64 & OA66 roads			-	14,256	-
TECHNICAL SERVICES	Construction of Madadeni Urban Access Roads Phase 4			-	-	25,000
TECHNICAL SERVICES	Construction of Osizweni Urban Access Roads Phase 5			-	-	25,000
TECHNICAL SERVICES	PURCHASE OF VEHICLE			-	-	-
TECHNICAL SERVICES	Upgrade of Mashambisane Sports Facility			8,000	-	-
TECHNICAL SERVICES	Newcastle extension and upgrade of water pipelines in Manzana, Dickshalt Phase 2 and Jakkalpen rural settl			50,000	50,700	52,987
TECHNICAL SERVICES	PURCHASE OF REFUSE TRUCK	2,900	-	-	-	-
TECHNICAL SERVICES	SOUL CITY CONNECTION	-	-	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF MF55 ROAD	-	-	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF MD35 ROAD	-	-	-	-	-
TECHNICAL SERVICES	UPGRADE & REFURBISHMENT OF BULK SEWER PIPELINE FROM SIN	4,800	1,246	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF OA103 ROAD	-	-	-	-	-
TECHNICAL SERVICES	MF18 & MF19 ROADS COMPLETION	3,664	-	1,727	-	-
TECHNICAL SERVICES	CONSTRUCTION OF MF 69,7, 10	2,107	-	-	-	-
TECHNICAL SERVICES	MA 23,25 & 26	2,219	6,615	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF MAE26 & ME27 ROADS	-	13,269	-	-	-
TECHNICAL SERVICES	MADADENI WASTEWATER TREATMENT WORKS EXTENSIONS CON	-	-	-	-	-
TECHNICAL SERVICES	REPLACEMENT OF THE DN150 BULK OUTFALL SEWER CLAY PIPELI	7,366	-	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF MC13	-	-	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF MADADENI URBAN ACCESS ROADS PHASE 3	-	-	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF OB 1 LINK ROAD	2,987	1,721	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF OC 44, OC 22	6,600	6,118	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF OA 27	-	-	-	-	-
TECHNICAL SERVICES	MADADENI URBAN ACCESS ROAD & STORMWATER PHASE 3	1,026	-	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF OSIZWENI URBAN ACCESS ROADS PHASE 4	1,727	-	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF H39 BUS ROAD AND STREET LIGHTING	4,954	980	-	-	-
TECHNICAL SERVICES	REPLACEMENT OF WATER PIPES	8,700	1,104	-	-	-
TECHNICAL SERVICES	UPGRADE OF MADADENI WASTE WATER TREATMENT PLANT	20,000	20,000	8,797	-	-
TECHNICAL SERVICES	BLAAUWBOSCH BULK WATER SUPPLY	16,000	14,000	23,637	-	-
TECHNICAL SERVICES	BLAAUWBOSCH BULK WATER SUPPLY (INTERNAL FUND)	-	3,200	-	-	-
TECHNICAL SERVICES	Professional fees	-	1,240	-	-	-
TECHNICAL SERVICES	REFURBISHMENT OF PUMP STATION	-	2,313	-	-	-
TECHNICAL SERVICES	PIPE REPLACEMENT AND UPGRADE PROJECT	11,800	20,648	-	-	-
TECHNICAL SERVICES	VILJOENPARK BULK WATER AND SANITATION	26,777	5,200	-	-	-
TECHNICAL SERVICES	FURNITURE AND EQUIPMENT	115	100	191	80	80
TECHNICAL SERVICES	NEWCASTLE EAST WATER MAINS EXTENSION	-	-	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF SPORT FACILITY M/G - OLD CASINO	11,000	13,000	14,000	30,000	35,000
TECHNICAL SERVICES	OSIZWENI WATER PRESSURE SYSTEM MANAGEMENT	-	-	-	-	-
TECHNICAL SERVICES	OSIZWENI WATER PRESSURE SYSTEM MANAGEMENT	-	-	-	-	-
TECHNICAL SERVICES	PROVISION OF BASIC WATER SUPPLY (P46, WARD16, WARD12, WARD	-	-	-	-	-
TECHNICAL SERVICES	RESEALING OF ROADS NEWCASTLE RESIDENTIAL AREA	1,609	1,000	2,000	2,000	2,000
TECHNICAL SERVICES	RESEALING OF ROADS - NEWCASTLE WEST	2,587	2,000	2,000	2,000	2,000
TECHNICAL SERVICES	RESEALING OF ROADS - NEWCASTLE INDUSTRIAL & CBD	-	-	2,000	2,000	2,000
TECHNICAL SERVICES	RESEALING OF ROADS MADADENI	1,522	1,000	2,000	2,000	2,000
TECHNICAL SERVICES	CONSTRUCTION & REHABILITATION OF JR 2 ROAD	-	-	10,326	6,000	-
TECHNICAL SERVICES	UPGRADE OF ME GRAVEL ROADS TO BLACK TOP TAR IN MADADENI	-	-	11,500	17,000	-
TECHNICAL SERVICES	CONSTRUCTION OF SPORTS FACILITY DSR	-	-	11,938	20,000	10,000
TECHNICAL SERVICES	RESEALING OF ROADS OSIZWENI	1,522	1,360	-	-	-
TECHNICAL SERVICES	NEWCASTLE EAST WATER SUPPLY EXTENSION	11,000	48,000	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF SPEEDHUMPS	-	-	-	-	-
TECHNICAL SERVICES	CONSTRUCTION OF NEW ABLUTION FACILITIES	1,500	711	-	-	-
TECHNICAL SERVICES	PURCHASE OF PLANT & MACHINERY	-	-	-	-	-
TECHNICAL SERVICES	PURCHASES OF VEHICLE	389	4,000	-	-	-
Parent Capital expenditure		185,393	214,299	255,338	284,413	222,634
Entities:						
<i>List all capital projects grouped by Entity</i>						
Entity A						
Water project A						
Entity B						
Electricity project B						
Entity Capital expenditure		-	-	-	-	-
Total Capital expenditure		185,393	214,299	255,338	284,413	222,634

KZN252 Newcastle - Supporting Table SA38 Consolidated detailed operational projects

R thousand	Function	Project Description	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Prior year outcomes		2023/24 Medium Term Revenue & Expenditure Framework		
							Audited Outcome 2021/22	Current Year 2022/23 Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
	0	List all operational projects grouped by Function									
		PLANNING & DEVELOPMENT - CORPORATE WIDE STRATEGIC							334		
		FINANCE & ADMINISTRATION - BUDGET & TREASURY OFFICE							790		
		FINANCE & ADMINISTRATION - BUDGET & TREASURY OFFICE							2 406		
		5300 HOUSING - HOUSING							8 600		
		0600 FINANCE & ADMINISTRATION - BUDGET & TREASURY OFFICE							-		
		2100 COMMUNITY & SOCIAL SERVICES - CEMETARIES, FUNERALS							-		
		3100 COMMUNITY & SOCIAL SERVICES - LIBRARIES & ARCHIVES							500		
		1300 FINANCE & ADMINISTRATION - SECURITY SERVICES							7 124		
		9600 WASTE MANAGEMENT - SOLID WASTE REMOVAL							34 562		
		9600 WASTE MANAGEMENT - SOLID WASTE REMOVAL							1 747		
		9100 COMMUNITY & SOCIAL SERVICES - LIBRARIES & ARCHIVES							1 003		
		0100 EXECUTIVE & COUNCIL - MAYOR AND COUNCIL							137		
		7400 ROAD TRANSPORT - ROADS							1 128		
		9100 WASTE WATER MANAGEMENT - SEWERAGE							-		
		8800 WATER MANAGEMENT - WATER DISTRIBUTION							6 680		
		8800 WATER MANAGEMENT - WATER DISTRIBUTION							2		
		8800 WATER MANAGEMENT - WATER DISTRIBUTION							1 200		
		8800 WATER MANAGEMENT - WATER DISTRIBUTION							1 200		
		8800 WATER MANAGEMENT - WATER DISTRIBUTION							1 800		
		8400 ENERGY SOURCES - ELECTRICITY							2 000		
		8400 ENERGY SOURCES - ELECTRICITY							2 500		
		8400 ENERGY SOURCES - ELECTRICITY							2 000		
		8400 ENERGY SOURCES - ELECTRICITY							1 750		
		8400 ENERGY SOURCES - ELECTRICITY							-		
		9100 WASTE WATER MANAGEMENT - SEWERAGE							2 500		
		9100 WASTE WATER MANAGEMENT - SEWERAGE							2 500		
		7400 ROAD TRANSPORT - ROADS							500		
		7400 ROAD TRANSPORT - ROADS							400		
		6800 PLANNING & DEVELOPMENT - PROJECT MANAGEMENT							-		
		5300 HOUSING - HOUSING							40		
		5300 HOUSING - HOUSING							20		
		6800 PLANNING & DEVELOPMENT - TOWN PLANNING BUILDINGS							30		
		6800 OTHER - AIR TRANSPORT							21		
		5300 HOUSING - HOUSING							-		
		5300 HOUSING - HOUSING							-		
		PLANNING & DEVELOPMENT - CORPORATE WIDE STRATEGIC							50		
		EXECUTIVE & COUNCIL - MUNICIPAL MANAGER, TOWN SECRETARIES							1 000		
		EXECUTIVE & COUNCIL - MAYOR AND COUNCIL							300		
		SPORT & RECREATION - SPORTS GROUNDS & STADIUMS							45		
		SPORT & RECREATION - RECREATIONAL FACILITIES							150		
		SPORT & RECREATION - COMMUNITY PARKS							2 000		
		SPORT & RECREATION - COMMUNITY PARKS							1 700		
		SPORT & RECREATION - COMMUNITY PARKS							10		
		PUBLIC SAFETY - FIRE FIGHTING AND PROTECTION							227		
		PUBLIC SAFETY - CONTROL OF PUBLIC NUISANCES							1 000		
		WASTE MANAGEMENT - SOLID WASTE REMOVAL							93		
		HEALTH - HEALTH SERVICES							33		
		HEALTH - HEALTH SERVICES							0		
		HEALTH - HEALTH SERVICES							1		
		HEALTH - HEALTH SERVICES							1 152		
		HEALTH - HEALTH SERVICES							15		
		FINANCE & ADMINISTRATION - HUMAN RESOURCES							51		
		FINANCE & ADMINISTRATION - HUMAN RESOURCES							1 300		
		FINANCE & ADMINISTRATION - HUMAN RESOURCES							1 000		
		FINANCE & ADMINISTRATION - HUMAN RESOURCES							442		
		FINANCE & ADMINISTRATION - HUMAN RESOURCES							100		
		FINANCE & ADMINISTRATION - HUMAN RESOURCES							5		
		FINANCE & ADMINISTRATION - HUMAN RESOURCES							150		
		FINANCE & ADMINISTRATION - HUMAN RESOURCES							23		
		Parent Operational expenditure							96 252 293		
		Entities:									
		List all Operational projects grouped by Entity									
		Entity A									
		Water project A									
		Entity B									
		Electricity project B									
		Entity Operational expenditure									
		Total Operational expenditure							96 252 293		

Annexure F

Budget Funding Plan

NEWCASTLE MUNICIPALITY

BUDGET FUNDING PLAN

2023/24 – 2026/27

BUDGET FUNDING PLAN

1. Purpose

This Revised Budget Funding Plan 2023/24 (BFP) has been developed in order to take into account the impact of the recent developments due to the reinstatement of the previously dismissed and balance of the unspent conditional grants that we reported in the audited annual financial statements. This plan has also considered the financial performance of the revenue based on the first eight months of the financial year as well as the implementation of the cost containment measures in order to cut expenditure. The previous plan reflected approved by Council had reflected a surplus of R5.8 million in table A7/B7, which means the 2022/23 was funded and no longer required council to take an overdraft. The 2023/24 budget funding plan is submitted to ensure a positive position in the A7/B7 table.

2. Introduction

The 2023/24 medium term budget framework indicates that the municipality will be operating with an unfunded budget for at least the next two financial years. It is therefore imperative that a credible plan that will respond to the current situation be crafted and monitored by the Council. The importance of tabling funded budgets was indicated to council before through the various National Treasury circulars, however the situation in Newcastle Municipality warrants a budget funding plan be put in place and implemented since the budget is current unfunded. The purpose of the BFP is to ensure that the municipality implements strategies over time to move from an unfunded to a funded budget position. The plan must also ensure that the funding position is maintained even beyond the period in which the budget is projected to be funded in order to maintain a financial stability as required by MFMA Circular No.93.

The table below reflects a high level operating results of the municipality's budget over the next three years. Evidently, the municipality is projecting a deficit of R240.7 million, R206.1 million and R202.2 million for the 2023/24, 2024/25 and 2025/26 financial years respectively:

Table 1: Budget summary (financial and capital performance)

Description	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
		Budget	
	R'000	R'000	
Total Revenue Budget	2 355 468	2 582 576	2 805 452
Total Expenditure Budget	2 724 589	2 877 296	3 111 202
Surplus/(Deficit)	(369 121)	(294 721)	(305 750)
Capital expenditure	240 770	274 013	212 234

From Table 1 the above, it is evident that the municipality is not financially viable and not having sufficient revenue and it will not be able to continue to provide services to the community if the situation is not addressed. The municipality is currently experiencing cash flow challenges resulting in insufficient cash to support its current service delivery mandate.

A high level assessment that performed by the municipality and KZN Provincial Treasury on a continuous basis has revealed that the following factors as the main contributors to the financial crisis that the Newcastle Municipality is faced with:




- The municipality is operating at an operating deficit;
- Escalation of outstanding debtors, especially the domestic consumers;
- Huge operating expenditure base from employee costs, contracted services and other expenditure;
- Over-commitment on external borrowing;
- Huge Eskom and Uthukela Water debts;
- Tariffs not cost-reflective, especially for water and sanitation;
- Limitation in other revenue generation streams;
- Reserves, conditional grants and reserves not cash-backed;
- Reduction in the equitable share allocation due to the unspent grants at each year-end;
- The high increase in the electricity bulk purchases tariffs compared to the revenue tariff increase;
- High water and electricity losses;
- Indigent consumers consuming more than what they can afford;
- Actions and spending that give rise to unplanned cash outflows.

3. Strategic objectives of the Budget Funding Plan (BFP) 2023/24

The principle objective of the BFP is to ensure financial viability and sustainability of the municipality, a funded budget and to subsequently ensure the ability of the municipality to meet its obligations in terms of the Service Delivery and Budget Implementation Plan (SDBIP) and Integrated Development Plan (IDP). In order to achieve these objectives, the municipality has developed strategies which are aimed at improving its financial status. These strategies have been developed by senior management of the municipality, in consultation with all other internal and external stakeholders. The plan indicates the key focus areas, the responsible officials, the time frames for implementation of activities, the revenue and costs projected to be generated or incurred over the duration of the plan.

The following table contains a list of the strategies that management has put together in order to ensure that the budget of the municipality will be funded within the next five years and beyond:

Table 2: Budget Funding Strategies

STATUS & PERCENTAGE	Task completed: 100% 	Task almost completed: 51% - 99% 	Task commenced: 1%-50% 	Task not yet started: 0%
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No	Strategy	Focus Area	Key Activities	Responsible Person	Start Date	End Date
1	Inflation linked tariff increase and improved collection rate	Property rates	Steadily increase increase revenue based on CPI target	MM & CFO	01/07/2018	30/06/2024
2	Inflation linked tariff increase and improved collection rate	Service charges	Steadily increase increase revenue based on CPI target	MM & CFO	01/07/2018	30/06/2024
3	Inflation linked tariff increase and improved collection rate	Other revenue	Steadily increase increase revenue based on CPI target	MM & CFO	01/07/2018	30/06/2024
4	Ensure full access to all government grants	Transfers recognised - capital	Submit business plans and ensure conditional grants are fully spent	MM & CFO	01/07/2015	30/06/2030
5	Dispose unused land and other assets	Proceeds on disposal of PPE	Identify unused land for residential and business use	MM & CFO	01/07/2015	30/06/2030
6	Curb recruitment on new personnel	Employee related costs	Do not fill any non-critical positions being vacated	MM & CFO	01/07/2018	30/06/2024
7	No commitment on new loans - interest	Finance charges	No new capital expenditure will be financed through external loans	MM & CFO	01/07/2018	30/06/2024
8	No commitment on new loans - capital	Repayment of borrowing	No new capital expenditure will be financed through external loans	MM & CFO	01/07/2020	30/06/2026
9	Limit exorbitant increase in non-core expenditure	Contracted services	Reduction and very minimal increase on contracted services	MM & CFO	01/07/2020	Continuous
10	Limit exorbitant increase in non-core expenditure	Other expenditure	Reduction and very minimal increase on other expenditure	MM & CFO	01/07/2020	Continuous
11	Reduce internally funded capital expenditure	Internally generated funds	fasttrack early appointment of service providers	MM & CFO	01/07/2018	Continuous
12	Reduce unspent conditional grants	Unspent conditional transfers	Prioritise payment of grant related payments and clean up the grant register	MM & CFO	01/07/2018	Continuous
13	Improve payment of creditors	Other working capital requirement	Keep up with the Eskom agreement and ensure timely payment of other creditors	MM & CFO	01/07/2020	Continuous
14	Ensure cash-backing of provisions	Other provisions	Build up reserves up ensuring increased cash and cash equivalents	MM & CFO	01/07/2020	Continuous
15	Ensure cash-backing of reserves	Reserves to be cash-backed	Build up reserves up ensuring increased cash and cash equivalents	MM & CFO	01/07/2019	Continuous
16	Claim all vat receivable from SARS	Statutory requirements	Ensure timely payment of invoices and submission of Vat returns	MM & CFO	01/07/2020	Continuous

3.1 Increase on the collections rates for service charges and property rates

The Newcastle Municipality is planning to apply a steady tariff increase of at most 6% in line with the consumer price index (CPIX) target, and in line with National Treasury budget guidelines. Electricity is projected to increase by about 15.10% in the next financial year, the tariffs increases is in line with NERSA guidelines. This will be done in order to bridge the gap between the achieve cost reflective tariffs and affordability over the same period. Furthermore, through an aggressive awareness campaign, incentive schemes aimed at instilling a culture of payment within our communities and arresting water losses, the collection rate is projected to steadily improve from 82% to 87% over the next five financial years. The incentive schemes that have been approved by council and being rolled-out to communities will ensure that the collection rate improves, which will assist to deal with the cost of the reinstatement employees and unspent conditional grants.

3.2 Full access to conditional grants.

The municipality will drive an aggressive strategy to submit business plans to ensure that its capital programme is gradually and eventually fully funded from government grants only. The departments are being encouraged to

investigate and access all grant opportunities available with other external stakeholders in order to lessen the impact of rates and service charges to deliver services. Equally, the municipality will be putting measures in place to ensure that all grants are fully spent through budgeting for the portion of the unspent grant each year. This will also assist to ensure that no funds are reverted to the National Revenue Fund.

3.3 Disposal and rental of unused land and other properties.

The municipality has already identified and put a plan to service unused land for disposal for private and commercial purposes. For some of the properties, the municipality has already received bids from the public and some have since been awarded through the supply chain management system, with the transfer processes still underway. The municipality is also in a process of advertising a number of properties in order to generate more revenue. Strides are being made to rent out office space and to review rental agreements in other properties so that the municipality will generate more revenue. The strategies also plans include, but not limited, the upgrading of the Human Resources Development unit's building for use by University of South Africa (Unisa), servicing and disposal of land next to the Medical Precinct Centre next to Mediclinic, renting out of the office space to KZN CoGTA and review of the golf course rental. These processes are already at advanced stages.

3.4 Delay recruitment in new positions

This revised plan has been significantly impacted by the reinstatement of the 223 employees who were previously dismissed by the municipality in 2019. A settlement has been reached between the parties that employees will be reinstated with effect from 01 October 2022. The impact of such reinstatement as estimated to be R79 million being the twelve months backpay. In line with the GRAP 14 accounting standard, this amount has been accounted for in the 2021/22 employee costs and payables, however the its payments will be over the 2022/23 and 2023/24 financial years. Over and above the back pay settlement, the municipality will incur an additional R57million in the 2022/23 for the employee related cost with effect from October 2022. The impact of this was previously not incorporated into the plan as the outcome thereof was not known at the budget preparation stage.

While the above has been taken into account, the municipality is planning to delay recruitment on some of the positions, which are not considered to be critical. These include positions that will be exited during the six months of the financial year. The municipality will also reallocate the excess staff that has come as a result of the reinstatement in order to fill critical positions in other units in order to avoid new unnecessary recruitments as much as possible. The plan also projects a sharp reduction on overtime since the reinstated employees will be allocated to avoid more overtime. The budget for the employee related costs is however expected to increase steadily of the next four years in order to accommodate the expected annual increase on staff salaries and the impact of the backpay in 2023/2024. The municipality will also use the reinstated employees to limit the expenditure on overtime and to limit the rate of those above the threshold.

3.5 No commitment to new loans

One of the challenges of the Newcastle Municipality is faced with is its over-commitment on external loans. In order to deal with the funding position, the municipality is not planning to take any loans until a favourable funding position has been achieved. No loans are planned to be taken over the next five years in order to deal with the impact of finance charges in the budget.

3.6 Limit increase on non-core expenditure

The municipality will enforce its cost containment policy to ensure that non-core expenditure is reduced or eliminated to bear minimum over the next five years. In this case, focus shall be given to other expenditure and contracted services. The municipality will utilise monthly reports to this plan, as well as the quarterly reporting to

trace and monitor expenditure in order to track and monitor expenditure. The municipality has also established the Finance Committee which deals with scrutinising of all purchase requisitions in line with the budget and the cost containment policy.

3.7 Reduce internally funded capital expenditure

The municipality is planning to reduce the internally-funded capital expenditure over the next five years. While it is acknowledged that this cannot be done at one go due to current commitments, internal funding is expected to be reduced gradually over the next five years. To supplement this, the municipality is planning to improve the submission business plans to donor institutions to ensure that those projects that were funded internally are in future funded from grants instead. It is evidence from the 2022/23 budget and beyond, that the internally funded capital budget has been reduced drastically in line with this strategy.

3.8 Improve payment of creditors

The municipality will make use of the Finance Committee to ensure that the payment of key creditors is prioritised. These include the payment of current account and arrear debt to Eskom, Uthukela Water, SARS, 3rd party payments and loans. A strategy will also be put in place to ensure that all invoices are paid with 30 days as required by section 65 of the MFMA. This will assist to ensure the outstanding debt does not continue to escalate. It will also help to ensure that interest and penalties on late payment are not incurred and thereby curtailing incidences of fruitless and wasteful expenditure. The municipality will continue to ensure that the payment agreement entered with Eskom is monitored and executed successfully until the debt is fully paid in August 2023. The municipality is also in a process of concluding a payment agreement with Uthukela Water, which is placed to be finalised by not later than 28 February 2023.

3.9 Cash-backing of provisions and reserves

One of the key challenges to the funding position of the budget is that provisions and reserves of the municipality are not fully cash-backed. These include unspent grants, leave provision, Housing Development Grant and Insurance Reserve which need to be cash-backed in line with the Funding and Reserves Policy of Council. The municipality shall use the opportunity of each budget process to ensure all excess funds are invested to ensure funding of all provisions and reserves is achieved over the period of the plan. The revised plan has however been significantly affected by the balance of unspent conditional grants that were reported in the 2022/2023 annual financial statements. At the time where the plan was approved by Council, the municipality had anticipated a balance of R26.7m unspent conditional grants. This amount has been revised to R206 million as reported in the financial statements.

As a strategy, the municipality is planning to engage with the Department of Human Settlement to gradually reduce this balance over the next three financial years. Portfolio committees will also be engaged to scrutinise the grant expenditure of departments to ensure expenditure on conditional grants is fast-tracked to avoid unspent conditional grants at each year-end.

3.10 Claiming VAT Refunds from SARS

The municipality is already utilising the services of a specialist to ensure that VAT refunds due to the Municipality are claimed from SARS. While staff members of the municipality focus on the reconciliation and submission of VAT returns, the specialist is focusing on the VAT review covering the period of the past five years. The financial system has also been configured to ensure that VAT is accounted for correctly. This will assist in ensuring that accurate VAT returns are filed timeously and refunds received on time.

4. Financial Impact of the Budget Funding Plan

It is expected that the strategies and activities put in the plan will have a positive financial impact to the municipality over a long-term period, which will ensure that the municipality's budget is fully funded in the 2023/2024 financial year. Although some of the strategies reflect negative impact on the plan, it is however critical to reflect how these are likely to improve over a period, and eventually yield a positive long-term impact in funding the budget. The table below depicts the impact of each identified strategy on the budget:

Table 3: Financial Impact

Financial Impact of the Budget Funding Plan

No	Strategy	Focus Area	Key Activities	Key Activities			
				Draft Budget 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27
1	Inflation linked tariff increase and improved collection rate	Property rates	Steadily increase increase revenue based on CPI target	17 462 000	29 146 000	19 721 000	20 904 360
2	Inflation linked tariff increase and improved collection rate	Service charges	Steadily increase increase revenue based on CPI target	134 045 961	110 848 000	139 745 000	84 026 460
3	Inflation linked tariff increase and improved collection rate	Other revenue	Steadily increase increase revenue based on CPI target	-276 031 628	1 098 000	1 163 000	0
4	Ensure full access to all government grants	Transfers recognised - operational	Submit business plans and ensure conditional grants are fully spent	36 362 532	58 878 000	-40 550 000	0
5	Ensure full access to all government grants	Transfers recognised - capital	Submit business plans and ensure conditional grants are fully spent	43 345 958	-23 569 000	-3 829 000	0
6	Dispose unused land and other assets	Proceeds on disposal of PPE	Identify unused land for residential and business use	20 000 000	10 000 000	10 000 000	10 000 000
7	Curb recruitment of new personnel	Employee related costs	Do not fill any non-critical positions being vacated	88 121 465	51 686 637	55 629 697	41 592 603
8	No commitment on new loans - interest	Finance charges	No new capital expenditure will be financed through external loans	-32 205 000	-30 525 000	-28 549 000	-26 300 000
9	No commitment on new loans - capital	Repayment of borrowing	No new capital expenditure will be financed through external loans	-34 082 441	-35 156 170	-38 526 000	-40 797 840
10	Limit exorbitant increase in non-core expenditure	Contracted services	Reduction and very minimal increase on contracted services	-69 620 409	-15 255 296	18 377 710	-1 806 765
11	Limit exorbitant increase in non-core expenditure	Other expenditure	Reduction and very minimal increase on other expenditure	17 102 075	-417 946	7 349 723	-48 544 359
12	Reduce internally funded capital expenditure	Internally generated funds	Separately invest conditional grants and fast-track early appointment of service providers	-11 726 234	0	0	-5 400 000
13	Reduce unspent conditional grants	Unspent conditional transfers	Prioritise payment of grant related payments and clean up the grant register	-50 000 000	-54 000 387	-54 000 000	-26 999 631
14	Improve payment of creditors	Other working capital requirement	Keep up with the Eskom agreement and ensure timely payment of other creditors	-155 947 000	-91 800 000	-126 330 000	0
15	Ensure cash-backing of provisions	Other provisions	Build up reserves up ensuring increased cash and cash equivalents	1 115 400	629 600	1 442 987	254 960
16	Ensure cash-backing of reserves	Reserves to be cash-backed	Build up reserves up ensuring increased cash and cash equivalents	3 967 578	2 474 510	2 650 000	799 580
17	Claim all vat receivable from SARS	Statutory requirements	Ensure timely payment of invoices and submission of Vat returns	22 360 028	25 686 280	5 000 000	5 000 000

The following sections seek to highlight the impact of each of the strategies in achieving a budgeted budget position.

4.1 Increase on the collections rates for service charges and property rates

The impact of an increase of a 2% per year basis points and above the consumer price index (CPIX) on the collection rate and the increase in tariffs within the CPIX on rate and services is expected to generate additional a cash-inflow over the next five years. The incentive schemes that have been approved by council and being rolled-out to communities will ensure that the collection rate improves, which will assist to deal with the payment of reinstatement employees and unspent conditional grants.

4.2 Full access to conditional grants.

Over the next five years, the municipality will implement measures to ensure full access to conditional and unconditional grants. This is expected to generate an additional R68 million over the five financial years.

4.3 Disposal of unused land and other properties.

As part of its revenue enhancement strategy, the municipality has already started rolling out its programme to service and dispose all unused land to generate more revenue. This is expected to generate about R42 million over the five financial years.

4.4 Limit increase on non-core expenditure

Through the containment and curtailment of other expenditure and contracted services, the municipality is expecting to save substantially over the five financial years. This will be done by steadily reducing expenditure on non-essential items by monitoring expenditure using the Finance Committee in line with the approved budget and the cost containment policy.

4.5 No commitment to new loans

The municipality will not save any costs by maintaining this position. However, through this commitment, it will ensure that additional costs on borrowing through finance charges is not incurred until the funding position has improved. The municipality will start realising savings as more loans are being paid up.

4.6 Reduce Internally Funded Capital Expenditure

The municipality is projecting to save about R17 million through the strategy of cutting its internally funded capital budget over the next three financial years. Currently the municipality is spending in excess of R20 million on internally funded capital expenditure, and this is expected to reduce to R14.5 million in 2023/24 and then reduce to R5 million per year over the next five years. This will be supplemented by re-aligning capital grant funding.

4.7 Improve the working capital position

The municipality has put together an aggressive strategy to improve its collection of outstanding debtors over the next four years. Equally so, the municipality has also improved payment of its bulk and other key creditors in order to avoid interest and penalties and to improve the working capital position in which the municipality will be remaining with the balance of R10 million in 2022/23 and the R10 million will be paid in 2023/24 financial year. This is in line with the payment agreement signed between the municipality and Eskom. The municipality is further planning to start the payment of Uthukela Water debt with effect from 2023/24 financial year at R36 million in the first year, and settle the debt over the period of three years. The payment agreement with Uthukela Water is planned to be concluded by not later than 30 June 2023.

4.8 Claiming of Vat Refunds

The municipality is projecting to receive in excess of over R46 million over the next five financial years through statutory requirements. The use of a VAT specialist, internal capacity and financial system configuration will ensure this strategy is attained.

5. Operating Financial Performance

The municipality will continue its strides to accelerate revenue as part of its long-term plan. Property rates, water, sewer, refuse and sundry tariffs will be increase by at least 6% while the electricity tariffs will be increased in line with the NERSA guide over the medium-term framework and over the next five years. This will ensure that the municipality is able to provide minimum level of basic services within the CPIX increases but also not putting pressure to consumers, who are already strained due to the dire economic circumstance. The municipality is also planning to ensure that non-essential expenditure is eliminated in order to ensure the operating deficit is recued on the period of the plan. While the increase will be noted on some of expenditure items like employee costs, councillor remuneration and bulk purchases however these increases be maintained at a bare minimum in order to continue to provide services within the projected increases. Expenditure items like contracted services and other expenditure have however been identified as those which need to be limited to bear minimum, except where the cost items are grant-funded.

The table below depicts the projected financial outcome of the plan.

Table 4: Financial Performance

Financial Impact of the Budget Funding Plan on the Financial Performance (Table A4/B4)

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Final Budget	Year 2	Year 3	Year 4
R thousand	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27
Revenue By Source							
Property rates	363 412 847	376 103 456	12 690 609	396 740 939	420 545 395	445 778 119	472 524 806
Service charges - electricity revenue	751 862 363	767 251 186	15 388 823	882 022 129	998 161 769	1 124 928 314	1 192 424 013
Service charges - water revenue	199 932 763	212 835 332	12 902 569	219 985 933	237 144 334	251 372 994	266 455 374
Service charges - sanitation revenue	123 817 928	127 901 324	4 083 396	133 580 398	141 595 222	150 090 935	159 096 391
Service charges - refuse revenue	101 229 446	103 774 285	2 544 839	110 148 409	115 944 825	122 901 514	130 275 605
Rental of facilities and equipment	9 451 748	8 306 087	-1 145 661	8 804 450	9 332 717	9 892 680	10 486 241
Interest earned - external investments	3 131 415	5 330 350	2 198 935	5 330 350	5 650 171	5 989 181	6 348 532
Interest earned - outstanding debtors	4 001 328	5 877 010	1 875 682	5 877 010	6 229 631	6 603 408	6 999 613
Fines, penalties and forfeits	4 180 383	4 557 441	377 058	4 830 888	5 120 741	5 427 986	5 753 665
Licences and permits	47 919	32 286	-15 633	34 224	36 277	38 454	40 761
Transfers and subsidies	1 112 706 986	625 423 786	-486 283 200	577 623 010	633 814 967	672 888 967	713 262 305
Other revenue	19 487 488	8 009 602	-11 477 886	8 490 177	8 999 588	9 539 563	10 111 937
Gains on disposal of PPE		2 000 000	-2 000 000	2 000 000			
Total Revenue (excluding capital transfers and contributions)	2 693 262 614	2 248 402 145	-448 860 469	2 355 467 917	2 582 575 637	2 805 452 116	2 973 779 243
Expenditure By Type							
Employee related costs	601 652 651	636 414 267	34 761 616	724 604 105	776 222 369	831 852 066	873 444 669
Remuneration of councillors	29 060 117	27 162 611	-1 897 506	28 442 547	29 580 249	31 710 027	32 978 428
Debt impairment	286 041 087	299 957 140	13 916 053	308 145 223	334 337 058	357 171 226	367 886 363
Depreciation & asset impairment	363 159 586	363 159 586	0	379 138 608	397 716 400	416 409 071	424 737 252
Finance charges	35 845 953	35 845 953	0	32 205 273	30 524 500	28 549 152	19 843 103
Bulk purchases	605 107 462	563 502 121	-41 605 341	660 932 502	749 378 930	844 550 054	912 114 058
Other materials	153 188 322	153 677 108	488 786	159 853 634	167 716 043	177 732 682	181 287 336
Contracted services	818 628 833	248 981 282	-569 647 551	207 360 872	162 105 577	180 483 286	178 696 323
Transfers and subsidies	0	-	0	0	0		
Other expenditure	118 191 994	118 359 891	167 898	134 593 594	135 044 021	142 393 744	93 849 385
Irrecoverable debts written off	0	-	0	89 312 265	94 671 000	100 351 000	106 372 060
Total Expenditure	3 010 876 005	2 447 059 959	-563 816 046	2 724 588 623	2 877 296 147	3 111 202 308	3 191 208 978
Surplus/(Deficit)	-317 613 391	-198 657 814	114 955 577	-369 120 706	-294 720 510	-305 750 192	-217 429 735
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	191 032 032	189 605 227	-1 426 805	240 769 990	274 012 500	212 233 500	145 230 143
Surplus/(Deficit) after capital transfers and subsidies	-126 581 359	-9 052 587	113 528 772	-128 350 716	-20 708 010	-93 516 692	-72 199 591

Table 4 above indicate that the strategies that are in place will assist to improve the deficit of the municipality of the next 4 years from the deficit of R283.9 million in 2023/24 to deficit of R183.7 million in 2026/27 financial years. When taking into account the capital transfers, the municipality will be sitting at the operating deficit of R54.3 million in the 2023/2024 financial year and at a deficit of R38.5 million in 2026/27. It therefore becomes critical that the municipality closely monitors this plan in order to achieve such favourable outcome. The plan has taken into account the revenue and expenditure performance of the eight months in 2022/23 financial year, however most importantly it has also focused on reducing the expenditure. In order improve the financial viability and to achieve a positive A7/B7 positions, the following has been budgeted for in 2023/24 budget.

Revenue is projected to increase in the current year and beyond due to the following reasons:

- Property rates is projected to increase from R376.1 million to R396.7, representing an increase of R20.6 million. The increase is based on the year-to-date performance due to the supplementary valuation from additional and improvements in properties. Property rates will then increase over the duration at an estimated 6% tariff increase.
- Electricity service charges is projected to increase from R767.2 million to R882 million, representing an increase of R114.8 million. The increase attributable to the increase in estimated consumption from the current financial year. This increase is in line with current year year-to-date performance. Electricity service charges will then increase due to a tariff increase 15.10%.
- Water service charges is projected to increase from R212.8 million to R220, representing an increase of R7.2 million. The increase attributable to the increase in estimated water consumption due to new developments. This increase is in line with the current year-to-date performance. Water service charges will then increase over the duration at an estimated 6% tariff increase.
- Sanitation service charges is projected to increase from R127.9 million to R133.6, representing an increase of R5.7 million. The increase attributable to the increase in estimated consumption as well as new developments in the jurisdiction of Newcastle. This increase is in line with the current year-to-date performance. Sanitation service charges will then increase over the duration at an estimated 6% tariff increase.
- Refuse service charges is projected to increase from R103.8 million to R110.1 million, representing an increase of R6.4 million. The increase attributable to the increase in estimated consumption as the covid-19 restrictions have been completely relaxed. Refuse service charges will then increase over the duration at an estimated 6% tariff increase.
- Rental of facilities is projected to increase from R8.3 million to R8.8 million, representing an increase of R498 thousand. The decrease is due to the properties which were disposed by the municipality in the previous financial year, the impact of which was still in the budget during the approval of the original budget. Rental of facilities will then increase over the duration at an estimated 6% tariff increase.
- Interest on investments is projected with no increase to remain at R5.3 million, representing a R0 increase. The municipality been very aggressive in investing the conditional grants and excess cash, which has seen huge increase from interest on investments in the first eight months of the financial year. This pattern is expected to continue for the remainder of the financial year. Interest on investments is not expected to increase in the next financial year.
- Interest on outstanding debtors is projected with no increase to remain at R5.9 million, representing a R0 increase. This is linked to the additional performance on billable revenue on businesses. Interest on outstanding debtors is expected to not increase in the 2023/24, even though the tariffs are estimated by 6%.

- Fines, penalties and forfeitures is projected to increase from R4.6 million to R4.8 million, representing an increase of R273 thousand. The increase attributable to the reinstatement of employees in the traffic department, which has resulted in more law enforcement in the area. Fines will then increase in 2023/24 at an estimated 6% tariff increase.
- Licences and permits is projected to increase from R32 thousand to R34 thousand, representing an increase of R1 937. Licences and permits will then increase over the duration at an estimated 6% tariff increase.
- Transfers and subsidies – operational is projected to decrease from R626.4 million to R546.8 million, representing a decrease of R79.6 million. The decrease is attributable to the decrease of R79.6 million due to decreased allocations from national government. This provision in the current and outer years is in line with Division of Revenue (DORA).
- Other revenue is projected to increase from R8 million to R8.5 million, representing an increase of R480 thousand. While the year-to-date performance appears lower, however the budget includes an amount of the disposal of land and other properties, which are in the process of being finalised. It is expected that cash will be generated during the financial year. Other revenue will then increase over the duration at an estimated 6% tariff increase.

Expenditure is projected to increase by R281 million in the 2023/24 financial year due to the following reasons:

- Employee costs is projected to increase from R636.4 million to R724.6 million, representing an increase of R88.2 million. The increase is due to the reinstated employees with effect from 1st October 2022, which have now been budgeted for full 12 months in 2023/24 as compared to 9 months in 2022/23, as well as salary increases of 7.8% (2.4% notch increases & 5.4% normal salary increases as per the Bargaining Council agreement.) However, overtime, group life scheme have been further reduced by R4 million, R3.3 million as part of the cost containment measures to ensure a positive cash and cash equivalents during the year. The outer years have also been revised accordingly.
- Remuneration of councillors is projected to increase from R27.1 million to R28.4 million representing an increase of R1.3 million, representing an increase of 4.8%.
- Debt impairment is projected to increase from R299.9 million to R308.1 million, representing an increase of R8.1 million. The increase is due to the difference between the addition billable revenue appropriation and the collections on such revenue due to the collections rates currently achievable.
- Bulk electricity purchases is projected to increase from R563.5.1 million to R660.9 million, representing an increase of R97.4 million. During the preparation of the 2023/24 budget, the municipality has applied NERSA approved tariff based on the 2023/24 budget. Subsequent to the audited annual financial statements, the municipality has revised the 2023/24 based on the actual consumption and the approved NERSA tariff. The impact of load shedding is also expected to reduce the consumption of bulk purchases in the 2023/24 year.
- Contracted services is projected to decrease from R248.9 million to R207.4 million representing a decrease of R41.6 million. The decrease is attributable to proposed reduction in a number of expenditure items in order to achieve a more financially viable position. Some of the budget cuts include R2 million of security, R3.9 million on machinery hire, R2.6 million on desludging of VIP toilets, R1 million on service connections and R1 million on SALGA games. A number of other line items considered to be non-essential were also targeted for reduction. Strategies have been put in place to ensure that expenditure on these items if kept within the budget.
- Other expenditure is projected to increase from R118.3 million to R134.6 million representing an increase of R16.2 million. The increase is attributable to a number of budget items, which include R4.3 million for licences, R816 thousand on ward committees stipend, software licences R650 thousand, workmen's compensation and R5.5 million for departmental services. A number of other line items considered to be

non-essential were reduced. Strategies have been put in place to ensure that expenditure on these items is kept within the budget.

Although expenditure appears to increase steadily over the next five years, the increase is mainly due to the unavoidable increase particularly in the employee costs, bulk electricity purchases and other materials, which include the purchase of bulk waste. It is however noted that, due to the improvement in revenue of the same period, the deficit is expected to reduce steadily.

6. Capital Financial Performance

The municipality will continue its drive to, by and large, the financing of its capital programme through the government grants. The municipality is also not planning to take any new loans over the next five financial years. This is necessary in order not to exert additional financial pressure on the Municipality. The Municipality is further planning to cut on funding the capital expenditure from internal reserves gradually over the next five years. The table below depicts the projected capital performance over the next five years.

Table 5: Capital Financial Performance

Financial Impact of the Budget Funding Plan on the Capital Financial Performance (Table A5/B5)

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Final Budget	Year 2	Year 3	Year 4
R thousand	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27
Capital Expenditure - Functional							
Governance and administration	2 900 000	3 912 481	-1 012 481	4 700 000	2 400 000	2 400 000	1 000 000
Executive and council	0	-	0	0	0	0	0
Finance and administration	2 900 000	3 912 481	-1 012 481	4 700 000	2 400 000	2 400 000	1 000 000
Internal audit	0	-	0	0	0	0	0
Community and public safety	11 344 500	13 185 933	-1 841 433	37 334 313	50 283 000	45 271 000	0
Community and social services	344 500	642 115	-297 615	857 705	183 000	171 000	0
Sport and recreation	11 000 000	11 543 818	-543 818	35 976 608	50 100 000	45 100 000	0
Public safety	0	-	0	0	0	0	0
Housing	0	1 000 000	-1 000 000	500 000	0	0	0
Health	0	-	0	0	0	0	0
Economic and environmental services	118 141 000	73 807 704	44 333 296	54 634 667	76 030 000	78 080 000	50 309 735
Planning and development	25 101 000	28 465 529	-3 364 529	0	0	0	0
Road transport	93 040 000	45 342 175	47 697 825	54 634 667	76 030 000	78 080 000	50 309 735
Environmental protection	0	-	0	0	0	0	0
Trading services	76 647 532	123 393 048	-46 745 516	158 668 715	155 700 000	96 883 000	99 789 490
Energy services	0	-	0	21 550 000	20 000 000	20 896 000	21 522 880
Water management	49 647 532	97 360 852	-47 713 320	108 184 715	82 700 000	57 987 000	59 726 610
Waste water management	27 000 000	26 020 861	979 139	28 484 000	53 000 000	18 000 000	18 540 000
Waste management	0	11 335	-11 335	450 000	0	0	0
Other	0	-	0	0	0	0	0
Total Capital Expenditure - Functional	209 033 032	214 299 166	-5 266 134	255 337 695	284 413 000	222 634 000	151 099 225
Funded by:							
National Government	174 687 532	171 638 457	3 049 075	228 011 990	253 730 500	201 963 500	209 792 551
Provincial Government	16 344 500	17 966 769	-1 622 269	12 758 000	20 282 500	10 270 500	0
District Municipality	-	-	0	0	0	0	0
Other transfers and grants	-	-	0	0	0	0	0
Transfers recognised - capital	191 032 032	189 605 226	1 426 806	240 769 990	274 013 000	212 234 000	209 792 551
Borrowing	0	-	0	0	0	0	0
Internally generated funds	18 001 000	24 693 939	-6 692 939	14 567 705	10 400 000	10 400 000	5 000 000
Total Capital Funding	209 033 032	214 299 165	-5 266 133	255 337 695	284 413 000	222 634 000	214 792 551

Capital expenditure is planned to be R255.4 million in the budget for 2023/24. In the 2023/24 financial year, only R14.6 million (6%) is funded internally, while R240.7 million (95%) is funded from government grants. When

comparing 2022/23 financial year and the 2023/24 budget year, internal funding of the capital expenditure has decreased from R24.7 million to R14.6 million, representing a reduction of R10.1 million (41%), which a clear indication that the municipality is moving to the right trajectory. Internal funding is planned to reduce by at least R4.2 million in 2025/26, representing a reduction of almost R5 million.

7. Financial Position Plan

The municipality is projecting to remain within a favourable equity position, with the total assets exceeding total liabilities by a large margin. The net current position of the municipal is also projected to improve over the next three years, which is a good indicator of the ability of the municipality to meet its short-term obligations over the next three years.

The table below depicts the Financial Position Plan of the municipality for the next four years:

Table 6: Financial Position

Financial Impact of the Budget Funding Plan on the Financial Position (Table A6/B6)

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Final Budget	Year 2	Year 3	Year 4
R thousand	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27
ASSETS							
Current assets							
Cash	-14 037 349	5 881 277	19 918 626	19 688 377	82 238 493	57 400 215	251 151 234
Call investment deposits							
Consumer debtors	594 134 391	507 995 391	-86 139 000	951 655 000	848 032 000	953 920 000	992 076 800
Other debtors	81 351 346	81 351 346		83 155 000	69 686 000	69 886 000	72 681 440
Current portion of long-term receivables							
Inventory	14 994 565	14 994 565		12 994 917	10 994 917	8 994 917	9 354 714
Total current assets	676 442 952	610 222 579	-66 220 373	1 067 493 294	1 010 951 410	1 090 201 132	1 325 264 187
Non current assets							
Long-term receivables							
Investments							
Investment property	341 873 618	341 873 618		352 224 000	332 224 000	365 446 000	372 754 920
Investment in Associate	217 333 222	217 333 222		110 954 000	99 858 600	89 872 740	86 416 096
Property, plant and equipment	6 666 531 114	6 666 531 114		5 440 428 695	5 576 473 227	5 376 527 000	5 430 292 270
Biological							
Intangible	1 223 846	1 223 846		200 000	500 000	800 000	856 000
Other non-current assets	11 710 932	11 710 932		11 883 000	11 983 000	12 083 000	12 928 810
Total non current assets	7 238 672 732	7 238 672 732	-	5 915 689 695	6 021 038 827	5 844 728 740	5 903 248 096
TOTAL ASSETS	7 915 115 684	7 848 895 311	-66 220 373	6 983 182 989	7 031 990 237	6 934 929 872	7 228 512 283
LIABILITIES							
Current liabilities							
Bank overdraft							
Borrowing	32 105 578	32 105 578		34 082 000	35 156 170	38 525 548	42 247 285
Consumer deposits	27 094 773	27 094 773		35 649 000	37 149 000	38 649 000	40 649 000
Trade and other payables	688 020 917	804 296 914	116 275 997	571 301 198	430 506 000	370 522 000	308 768 333
Provisions	9 752 000	9 752 000		10 513 000	11 333 000	12 217 000	12 950 020
Unspent Grants				115 114 672	75 114 672	35 114 672	29 847 471
Total current liabilities	756 973 268	873 249 265	116 275 997	766 659 870	589 258 842	495 028 220	434 462 110
Non current liabilities							
Borrowing	260 653 584	260 653 584		321 905 348	223 584 000	185 059 000	154 215 833
Provisions	90 445 062	90 445 062		229 340 119	245 663 557	257 946 735	273 423 539
Long term portion of trade payables				63 164 802			
Total non current liabilities	351 098 646	351 098 646	-	614 410 269	469 247 557	443 005 735	427 639 373
TOTAL LIABILITIES	1 108 071 915	1 224 347 911	116 275 997	1 381 070 139	1 058 506 399	938 033 955	862 101 483
NET ASSETS	6 807 043 769	6 624 547 400	-182 496 370	5 602 112 850	5 973 483 838	5 996 895 917	6 366 410 801
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)	6 776 801 688	6 593 660 487	-183 141 201	5 567 258 850	5 936 154 838	5 956 916 917	6 324 832 641
Reserves	30 242 081	30 886 912	644 831	34 854 000	37 329 000	39 979 000	41 578 160
TOTAL COMMUNITY WEALTH/EQUITY	6 807 043 769	6 624 547 399	-182 496 370	5 602 112 850	5 973 483 838	5 996 895 917	6 366 410 801

The following changes in table A6/B6 have been noted from the original budget and the projected adjustments budget:

- Cash is projected to be R19.7 million at the end of 2023/24 financial year as indicated in table A4/B4 above.
- Consumer debtors is projected to be R951.7 million at end of 2023/24 financial year, the consumer debtors are projected to increase to R992.1 million in the 2026/27 financial year even though the debtors are increasing steadily over a period of 4 years, the current strategies indicate that the municipality will be able to collect a portion thereof, which will assist with the payment of creditors as indicated the other working capital requirements in table A8/B8 below.
- Trade and payables is projected to be R634.5 million it includes settlement for backpays of reinstated employees as well the debt for Uthukela Water. It is also noted that trade and payments will decrease gradually of the duration of the plan from R634.5 million in the 2023/24 financial year to R370.5 million in the 2025/26 financial year.
- Accumulated surplus is projected to be R5.9 billion in the 2023/24, the recalculation is based on the calculation of all items of assets and liabilities based on the changes in the projected financial performance.
- Reserves are projected to be R34.8 million in the 2023/24, it includes the Housing Development Fund of R34.5 million and Self Insurance Reserve of R300 thousand.

Overall, the equity position of the municipality appears to improve gradually over the duration of the plan, with R5.6 billion projected in the 2023/24 financial year to R6.4 billion in 2026/27 due to the increase in total assets over the total liabilities.

8. Cash Flow Plan

The municipality is also planning to improve its collection rate of the five financial years in order to ensure that adequate revenue is collected. The collection rate is projected to increase from 82% to 87% over the five years. The municipality will also put measures in place to ensure that all grant opportunities are being accessed fully. The municipality has already identified and put plans in place to ensure that unused land and other assets are disposed-off in order to enhance revenue. The repayment of borrowing is also expected to continue to decrease over the three financial years as no external borrowings will be taken.

The table below depicts Cash Flow Plan over the next five years.

Table 7: Cash Flow

Financial Impact of the Budget Funding Plan on the Cash Flow (Table A7/B7)

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Final Budget	Year 2	Year 3	Year 4
R thousand	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates	272 559 636	282 077 000	9 517 364	299 539 000	328 685 000	348 406 000	369 310 360
Service charges	989 000 259	1 015 802 039	26 801 780	1 144 534 896	1 260 696 000	1 400 441 000	1 484 467 460
Other revenue	315 172 080	294 326 628	-20 845 452	231 189 336	264 208 178	277 177 575	291 036 454
Government - operating	1 112 706 896	510 460 468	-602 246 428	547 623 010	603 814 967	642 888 967	675 033 415
Government - capital	191 032 032	186 286 042	-4 745 990	240 769 990	274 012 500	212 233 500	222 845 175
Interest	3 131 415	5 330 350	2 198 935	5 330 350	5 650 171	5 989 181	6 288 640
Dividends	-	-	-	-	-	-	-
Payments							
Suppliers and employees	-2 683 251 104	-2 082 004 061	601 247 043	-2 175 156 030	-2 265 348 677	-2 473 660 627	-2 560 238 749
Finance charges	-35 845 953	-35 845 953	-	-32 205 000	-30 525 000	-28 549 000	-19 843 103
Transfers and Grants	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	164 505 261	176 432 513	11 927 252	261 625 552	441 193 140	384 926 596	468 899 652
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE	-	14 840 500	-14 840 500	20 000 000	10 000 000	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-
Payments							
Capital assets	-209 033 032	-214 299 166	5 266 134	-255 337 695	-284 412 500	-222 633 500	-222 633 500
NET CASH FROM/(USED) INVESTING ACTIVITIES	-209 033 032	-199 458 666	-9 574 366	-235 337 695	-274 412 500	-222 633 500	-222 633 500
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Short term loans	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-
Payments							
Repayment of borrowing	-32 105 578	-47 259 876	15 154 298	-34 081 616	-35 156 170	-38 525 548	-41 253 082
NET CASH FROM/(USED) FINANCING ACTIVITIES	-32 105 578	-47 259 876	15 154 298	-34 081 616	-35 156 170	-38 525 548	-41 253 082
NET INCREASE/ (DECREASE) IN CASH HELD	-76 633 349	-70 286 029	-6 347 320	-7 793 759	131 624 470	123 767 549	205 013 070
Cash/cash equivalents at the year begin:	62 596 000	76 167 306	-13 571 306	27 482 000	19 688 241	151 312 711	275 080 259
Cash/cash equivalents at the year end:	-14 037 349	5 881 277	-19 918 626	19 688 241	151 312 711	275 080 259	480 093 330

The table A7/B7 shows a positive cash surplus in the 2023/24 financial year to 2026/27 financial year.

- Receipts from property rates are projected to be R299.5 million based on the payment factor of 76% as planned in the 2023/24 budget. Receipts from property rates are expected to increase steadily of the duration of the plan from R299.5 million in the 2023/24 year to R369.3 million in the 2026/27 financial year.
- Receipts from service charges are projected to be R1.14 billion based on the collection rate of 97%, 62%, 56% and 70% for electricity service charges, water service charges, sanitation service charges and refuse service charges for the financial year 2023/24 budget. Receipts from service charges are expected to increase steadily of the duration of the plan from R1.1 billion in the current year to R1.48 billion in the 2026/27 financial year.
- Receipts from government – operational is projected to be R547.6 million in the 2023/24 financial year. Receipts are based on the projections as per the latest DORA allocations. The receipts from grants are expected to increase from R547.6 million to R642.8 million in 2025/26 financial year.

- Receipts from government – capital is projected to be R240.7 million in the 2023/24 financial year. Receipts are based on the projections as per the latest DORA allocations. The receipts for capital grant are showing a decrease from R240.7 million to R212.2 million in 2025/26 financial year which is not a good indication, but the DORA gets revised every year our allocations might increase in future.
- Receipts from other revenue are projected to be R231.2 million in the 2023/24 financial year. The collection rates of 100% have been for rental of facilities, licencing and permits, while 20% has been used for fines. Receipts from other revenue are projected to increase from R231.2 million in the 2023/24 financial year to R20.5 million in the 2026/27 financial year.
- Receipts from other interest are projected to be R5.3 million. The collection rates of 100% have been used for the interest on investments and interest on outstanding debtors respectively. The receipts during the duration of the plan are based on the expected received from interest on investment as the municipality will be investing more funds as it receives grants The receipts from interest is expected to increase from R5.3 million to R6.3 million in the 2026/27 financial year.
- Supplies and employees have been projected to be R2.2 billion in the 2023/24 financial year. The operational expenditure is as per financial performance in table A4/B4. Although the projection of suppliers and employees appears to increase steady over the duration of the plan due to unavoidable increase in order expenditure items, the increase will be covered from the corresponding increase in the receipts for rates and service charges. Even though the municipality will have finished paying the Eskom debt in August 2023 it will not see a decrease in suppliers and employees as it will start paying the uThukela Water debt for a period of 3 years. The suppliers and employees is estimated to increase to R2.6 billion in the 2026/27 financial year.
- Capital assets are projected to be R255.3 million in the 2023/24 financial year with a projected decrease to R222.6 million in the 2026/27 financial year, 94% of the capital projects are to be funded by grants with only 6% being funded internally.
- Repayment of borrowing is projected to be R34.1 million in the 2023/24 financial year. The remainder of the projection in the plan are based on the amortisation schedule for the loan repayments. The loan repayment is projected to increase from R34.1 million to R41.2 million in 2026/27 financial year, the capital portion is increasing as the finances are decreasing, as the loan terms are about to come to an end, in the next few years.
- Cash and cash equivalents is projected to be R19.7 million in the 2023/24 financial year. The cash and cash equivalents is projected to increase from R19.7 million to R275 million in the 2025/26 financial year.

Table 7 above indicates that the municipality's cash at the end of the 2023/24 financial year the will be 19.7 million. This means that the municipality will be able to cover all its short-term cash requirements during the year. This position has been achieved mainly through the reduction of internally funded expenditure as well and identifying additional revenue during the year. The cash position of the municipality will then start to improve to positive R151 million in 2024/25 and even further beyond 2025/26 with the implementation of it's the funding plan strategies.

9. Cash Backed Reserves Plan

Through its five-year plan, the municipality aims to ensure that adequate reserves are generated to cover for any unspent conditional grants, provisions and reserves that are required to be cash backed in terms of GRAP and the municipal policies. By far possible, the municipality will ensure that all provisions and reserves have been reliably and adequately provided for. The municipality will also ensure that its working capital position improves over the planning period.

Table 8: Cash-backed Reserves

Financial Impact of the Budget Funding Plan on the Cash backed reserves/accumulated surplus (Table A8/B8)

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Final Budget	Year 2	Year 3	Year 4
R thousand	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27
Cash and investments available							
Cash/cash equivalents at the year end	-14 037 349	5 881 277	19 918 626	19 688 241	151 312 711	275 080 259	251 151 234
Other current investments > 90 days	-	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-
Cash and investments available:	-14 037 349	5 881 277	19 918 626	19 688 241	151 312 711	275 080 259	251 151 234
Application of cash and investments							
Unspent conditional transfers	26 732 000	206 298 387	179 566 387	113 478 932	83 478 932	53 478 932	21 298 369
Unspent borrowing	-	-	-	-	-	-	-
Statutory requirements	17 103 140	22 674 485	5 571 345	26 978 467	32 078 249	35 479 688	32 254 262
Other working capital requirements	25 055 307	16 843 248	-8 212 059	-6 459 117	-12 410 325	-26 907 000	-28 521 420
Other provisions	11 406 000	22 308 000	10 902 000	11 105 000	11 660 250	12 243 263	12 365 695
Long term investments committed	-	-	-	-	-	-	-
Reserves to be backed by cash/investment	30 241 901	30 886 912	645 011	30 886 912	32 431 258	34 052 820	34 733 877
Total Application of cash and investment	110 538 348	299 011 032	188 472 684	175 990 194	147 238 364	108 347 703	72 130 783
Surplus(shortfall)	-124 575 698	-293 129 755	-168 554 057	-156 301 953	4 074 347	166 732 556	179 020 451

Table 8 above indicates that the budget is currently unfunded by R156.3 million. With the implementation of strategies mentioned above, as well as the monitoring of this plan, the municipality is planning to have a funded budget by the year 2024/25, where it is projecting to generate a surplus of R4.1 million.

The following changes in table A8/B8 have been noted from the original budget and the projected adjustments budget:

- Cash is projected to be R19.7 million in the 2023/24 financial year as indicated in table A4/B4 above. As the municipality commits to make payments to finish paying of Eskom in August 2023 and reinstated employees in September 2023 then start to pay Uthukela Water from July 2023 for three (3) years while at the same time it implements other strategies, cash and cash equivalents is projected to increase from R19.7 million in the 2023/24 financial year to R275.1 million in 2026/27 financial year.
- Unspent conditional grants are projected to decrease from R143.5 million to R21.3 million, the municipality has budgeted to spend R30 million, R30 million and R30 million to be spent towards unspent conditional grants in 2023/24, 2024/25, 2025/26 and 2026/27 respectively. This will ensure that the balance of the unspent grants reduces as reflected in table A8/B8 above.
- Statutory requirements are projected to be R26.9 million in the 2023/24 financial year, expected to decrease to R21.3 million in the 2026/27 financial year. The decrease is attributable to the adjustments made in the revenue and expenditure items as indicated in table A4/B4 above.
- Other working capital requirements is projected to be negative R6.5 million in the 2023/24 financial year, it is projected to increase to negative R28.5 million in the 2026/27 financial year.
- Other provisions are projected to be R11.1 million in the 2023/24 financial year to R12.3 million in 2026/27 financial year. The calculation of the provision is based on the defined benefit based on the 2021/22 audited financial statements.
- Reserves to be cash backed is projected to be R30.8 million in the 2023/24 financial predicted to be to R34.7 million in the 2026/27 financial year. The reserves increases are based on the current reserves plus interest to be earned on the money invested.

The municipality therefore appears to be currently unfunded until the end of 2023/24 financial year. With effect from 2024/25 and after the Eskom debt and the backpays of reinstated employees are paid, the table reflects that the municipality will be fully funded and will be able to provide some provisions and reserves. A positive and improving trend is anticipated to continue as the municipality will continue to implement the strategies even beyond the period of the plan.

10. Reporting timeframes

It is imperative that the progress and challenges be reported on quarterly basis to council, through the Finance Portfolio Committee. Other platforms of reporting will be the Management Committee and the Executive Committee of Council. Reporting on the implementation of the funding plan and revised alignment shall also take place during the tabling of each and every budget and the adjustment budget until the objectives of the plan are achieved.

11. Conclusion

This plan has been crafted with a view to address specific challenges of the unfunded budget. Over-commitment to the Eskom debt, lower collection rate, loan repayments, and high operating expenditure base are but some of the causes of the situation the municipality finds itself in. The plan therefore aims at addressing most of the challenges and to change business processes and financial culture in the municipality. It is therefore critical that councillors, senior management buys into the plan and that its implementation filters through all the municipal levels. It is also recorded that the Chief Financial Officer will be responsible for driving its implementation.

Lastly, it is also important to mention that the municipality must not easily deviate from the plan. While the municipality might be challenged to amend the plan especially during the preparation of each budget, it is however very key that the strategies contained therein are not easily altered. This will ensure that the long term objectives of the plan are eventually attained. Council is also encouraged to make use of the quarterly progress reports to guide and monitor implementation of the plan.