



NEWCASTLE MUNICIPALITY

(KZN252)

DRAFT BUDGET DOCUMENT

2019/20-2021/22

37 Murchison Street

Newcastle

2940

1. EXECUTIVE SUMMARY

Section 16(1) of the MFMA states that the municipal council must for each financial year, approve an annual budget for the municipality before the start of the financial year. Section 16(2) states that in order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. Immediately after the tabling of draft budget, the accounting officer must make the approved draft budget to local communities and other relevant stakeholder for comments and representations.

Section 24 of the MFMA states that 30 days before the start of the financial year, the Council must then approve the annual budget, having considered the comments and suggestions 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.

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 2019/20; and indicative allocations for the two projected outer years 2020/21 and 2021/22; and the multi-year and single year capital appropriations be approved;
- (a) That the sources to fund both operating and capital budgets be noted and approved;
- (b) That the Municipality's annual allocation of R87 080 881 to uThukela Water for the provision of bulk water be approved;
- (c) 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 2019 for all services, except for water and electricity consumption, which be levied on the new tariff with effect from 01 August 2019;
- (d) That the Tariff of Charges be approved and be applicable with effect from 01 July 2019;

- (e) That Water, Refuse and Sundry tariffs be increased by 6% with effect from 01 July 2019.
- (f) That Sewer tariffs be increased by 6% for consumption and 0% for availability charge, with effect from 01 July 2019;
- (g) That property rates tariffs be increased by 0% and impermissible for all properties be increased to R100,000 and it noted that the new valuation roll will be applicable with effect from 01 July 2019;
- (h) That the electricity tariff be increased by provisionally increased by 13.8%, subject to the NERSA guidelines on municipal tariff and the application for the tariff increase to be submitted by the municipality to NERSA. Any changes to NERSA's proposed tariff to be reconsidered by the Council before approval of the final budget in May 2019.
- (i) That bulk electricity purchases be increased by 14% as per NERSA's ESKOM tariff, subject to final guidelines on municipal bulk tariff.
- (j) That in terms of the Indigent Policy, the monthly household earnings of an indigent application be capped at R3 500 per month.
- (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%
- (l) That the rate rebates be capped and approved as follows:

Pensioners	: 25%
Flood victims	: 25%
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 Budget Policy be noted and approved;
- (n) That the Tariff Policy be noted and approved;
- (o) That the Rates Policy be noted and approved;
- (p) That the Indigent Policy be noted and approved;
- (q) That the Customer Care, Credit Control and Debt Collection Policy be noted and approved;
- (r) That the Provision for Doubtful Debt and Debtors Write-Off Policy be noted and approved;
- (s) That the Supply Chain Management Policy be noted and approved;
- (t) That the Cash and Investment Management Policy be noted and approved;
- (u) That the Asset Management Policy be noted and approved;
- (v) That the Petty Cash Policy be noted and approved;
- (w) That the Virement Policy be noted and approved;
- (x) That the Funding and Reserves Policy be noted and approved;
- (y) That the Borrowing Policy be noted and approved;
- (z) That the Loss control Policy be noted and approved;
- (aa) That the Short-term Insurance Policy be noted and approved;
- (bb) That the Cost Containment Policy be noted and approved;

(cc) That the Property Rates By-Laws be noted and approved

(dd) That the Tariff By-Laws be noted and approved

2. BUDGET REPORT

The high level summary of the draft 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.

4. FINANCIAL IMPLICATIONS

4.1. OPERATIONAL BUDGET

The total estimated operational revenue for the 2019/20 financial year is R2.006 billion while total estimated operational expenditure is R2.399 billion yielding to an operating deficit of R393.5 million. The analysis of cash items indicates the operating cash surplus of R96.3 million, of which R25.5 million, R15.0 million and R5.0 million will be utilised to pay for capital loan redemption, Department of Water Affairs and Dr Pixely KaSeme Municipality respectively, which will leave a cash surplus of R38.5 million. About R6 million of the cash surplus will be utilised to fund internally capital project, which the remainder of R32.5 million will assist with month cash shortfall of the municipality during the This cash surplus will be utilised for the repayment of the capital redemption of the long-term loan 2019/20 financial year.

4.2. CAPITAL BUDGET

The total capital expenditure for the 2019/20 is projected at R196.7 million, which will be funded as follows:

- Grants : R 163.2 million
- Internal Reserves : R 33.4 million

The list of capital projects to be implemented are contained in the draft budget document and Annexure C and Annexure D attached hereto.

5. BUDGET DOCUMENTS

The budget related documents are attached as follows:

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

Report seen by:



SM NKOSI
ACTING STRATEGIC EXECUTIVE DIRECTOR
BUDGET AND TREASURY OFFICE

CLLR NNG MAHLABA
PORTFOLIO COUNCILLOR
BUDGET AND TREASURY OFFICE

EXTRACT FROM THE MINUTES OF THE MEETING OF THE NEWCASTLE MUNICIPAL COUNCIL, HELD IN THE CONFERENCE ROOM, SHOW HALL, and NEWCASTLE ON WEDNESDAY, 27 MARCH 2019 AT 14:00

PRESENT

Councillor	J C N	Mkhwanazi	Speaker
Councillor	V V	Bam	
Councillor	M V	Buhali	
Councillor	S B	Buthelezi	
Councillor	E C J	Cronje	
Councillor	T J C	Danisa	
Councillor	X N M	Dladla	
Councillor	B S	Dlamini	
Councillor	D X	Dube	
Councillor	F P	Gama	
Councillor	A	Khoza	
Councillor	B V	Khumalo	
Councillor	V D	Kubeka	
Councillor	C Y	Liu	
Councillor	N K	Majozi	
Councillor	R N	Mdluli	
Councillor	A M	Mbuli	
Councillor	S G	Miya	
Councillor	H N	Mkhwanazi	
Councillor	T P	Mkhwanazi	
Councillor	N G	Mnguni	
Councillor	S W	Mngomezulu	
Councillor	M V	Molefe	
Councillor	R M	Molelekoa	
Councillor	M V	Mthembu	
Councillor	P B	Mwali	
Councillor	V P	Mzima	
Councillor	T M	Ndaba	
Councillor	R B	Ndimba	
Councillor	S S	Ndlangamandla	
Councillor	M S	Ndlovu	
Councillor	B C	Ngema	
Councillor	D R	Ngema	
Councillor	D	Ngwenya	
Councillor	S J	Nhlapho	
Councillor	C L	Nhlapho	
Councillor	S N	Nkosi	
Councillor	J B	Nkwanaz	
Councillor	T M	Nzuza	
Councillor	S E	Shabangu	
Councillor	M	Shunmugam (ii)	
Councillor	D P	Sibiya	
Councillor	D M	Sibilwane	
Councillor	L T	Sikhosane	
Councillor	G M B	Thwala	
Councillor	L G	Thwala	
Councillor Dr	S M	Thwala	
Councillor Dr	J A	Vorster	
Councillor	S A	Yende	

Councillor	M F	Zikhali
Councillor	V G	Zondo
Councillor	N S	Zulu
Councillor	S Z	Zulu
Councillor	S B	Buthelezi
Councillor	T M	Zulu

ABSENT WITH APOLOGY

Councillor	M S	Mlangeni	:	other commitments
Councillor	M E	Ngcobo	:	ill
Councillor	L L	Bosman	:	other commitments
Councillor	M W	Twala	:	other commitments

ABSENT WITHOUT APOLOGY

Councillor	A N	Zwane	:	other commitment
Councillor	N N G	Mahlaba		
Inkosi	C S	Kubheka	:	Traditional Leader
Inkosi	B S	Radebe	:	Traditional Leader

A 23 : DRAFT INTEGRATED DEVELOPMENT PLANNING 2019/2020

RESOLVED TO RECOMMEND

- (a) That the NLM Draft integrated Development Plan (2019/20) Review, together with one of its key components, the NLM Draft Spatial Development Community Based Plans (2019) be approve in order to give guidance to the to Budget.
- (b) That it be noted Draft Integrated Development Plan (2019/20) Review by Council, including the NLM Draft Spatial Development Framework (2019/20), and the Draft Community Based Plans 2019.
- (c) That the approved draft document will be submitted to the MEC: KZN-COGTA for assessment purpose, in line with the legislative requirements of the Local Government: Municipal Systems Act, 2000(Act No.32 of 2000).
- (d) That it be noted that the NLM Draft Integrated Development Plan (2019/2020) Review document is subject to further changes in line with the submissions by department before Finalization and submission to KZN-COGTA for assessment purposes.
- (e) that it be noted that there are still some Draft Community Based Plans for the wards in the Madadeni Zone which are outstanding, and be finalized by the 5th of April 2019, after the Community Based Planning session on the 4th of April 2019.

SED:DP&HS
M. Shunmugam

1. DRAFT MEDIUM TERM BUDGET 2019/20

RESOLVED

- (a) That in terms of section 24 of the Municipal Finance Management Act, 56 of 2006 , the annual budget of the Municipality for the financial year 2019/20; and indicative allocations for the two projected outer years 2020/21; and the multi-year and single year capital appropriate be approved
- (b) That the source to fund both operating and capital budget be noted and approved;
- (c) That the Municipality's annual allocation of R87 080 881 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, 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 2019 for all services, except for water and electricity consumption, which be levied on the new tariff with effect from 01 August 2019;
- (e) That Water, Refuse and Sundry tariffs be increased by 6% with effect from 01 July 2019
- (f) That Sewer tariffs be increased by 6% consumption and 0% for availability charge, with effect from 01 July 2019 ;
- (g) That property rates tariffs be increases by 0% and impermissible for all properties be increased to R100,000 and it noted that the new valuation roll will be applicable with effect from 01 July 2019;
- (h) That the electricity tariff be increased by provisionally increased by 13.8%, subject to the NERSA guidelines on municipal tariff and the application for the tariff increase to be reconsider by the Council before approval of the final budget in May 2019.03.25;
- (i) That bulk electricity purchase is increased by 14% as per NERSA's ESKOM tariff, subject to final guidelines on municipal bulk tariff.
- (j) That in terms of the Indigent Policy, the monthly household earnings of an indigent application be capped at R3 500 per month;

SED: BTO
N.N.G Mahlaba

- (k) That indigent benefit packed be approved as follow:
- | | |
|--------------------------|----------|
| Electricity consumption | : 50kW/h |
| Water consumption | : 6 KI |
| Electricity availability | : 100% |
| Sewer | : 100% |
| Refuse | : 100% |
| Property rates | : 100% |

- (l) That the rate rebates be capped and approved as follows:
- | | |
|------------------------------------|-------------------------|
| Pensioners | 25% |
| Flood victims | 25% |
| Bread and breakfast businesses | 10% |
| Business development with | 40% |
| Property greater than R50 million: | from 0-4years |
| | from 5-6 years 25% |
| | from 7-8 years 10% |
| | from 9 years onwards 0% |

- (m) that Budget Policy be noted and approved;
- (n) That the tariff Policy be noted and approved;
- (o) That the Rates Policy be noted and approved;
- (p) That the indigent Policy be noted and approved;
- (q) That the Customer Care, Credit Control and Debt Collection Policy be noted and approved;
- (r) That the Provision for Doubtful Debt and Debtors Write-Off Policy be noted approved;
- (s) That the Supply Chain Management Policy be noted and approved;
- (t) That the Cash and investment Management Policy be noted and approved;
- (u) That the Asset Management Policy be noted and approved;
- (v) That the Petty Cash Policy be noted be approved;
- (w) That the Virement Policy be noted and approved ;
- (x) That the Funding and Reserve Policy be noted and approved;
- (y) That the Borrowing Policy be noted and approved;
- (z) That the Loss control Policy be noted and approved;

SED: BTO
N.N.G Mahlaba

- (aa) That the Short-term Insurance Policy be noted and approved;
- (bb) That the Cost Containment Policy be noted and approved;
- (cc) That the Property rates By-Laws be noted and approved;
- (dd) That the Tariff By-Law be noted and approved;

3. DRAFT PERFORMANCE MANAGEMENT SYSTEM 2019/2

RESOLVED

- (a) That the council having considered the 2017/2018 annual report of the municipality, adopts the oversight report in terms of section 129 (1) of the Municipal Finance Management Act, act 56 of 2003.
- (b) That the annual report 2017/2018 be approved in terms of Section 127 of The Local Government Municipal Finance Management Act 56 of 2003.
- (c) That the status on progress made in addressing the 2017/2018 issues raised by the auditor-general be noted.
- (d) That the Newcastle Oversight Report 2017/18 be made public in accordance with Section 129(3) of The Local Government Municipal Finance Management Act 56 of 2003.
- (e) That the Oversight Report and Annual Report for the 2017/2018 financial year be submitted to the Provincial Legislature in terms of Section 132(2) of The Local Government Municipal Finance Management Act.
- (f) That the Management Response Plan to the Auditor-General Report be a standing item on the MPAC agenda and progress reports be submitted to MPAC accordingly

I, the undersigned, **MUZI JUSTICE MAYISELA**, in my capacity as **ACTING MUNICIPAL MANAGER** to the Newcastle Municipal Council, hereby certify the above as a true extract from the minutes of the meeting held on 27 March 2019

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a vertical line and a small flourish.

M.J. MAYISELA
ACTING MUNICIPAL MANAGER

Newcastle

ANNEXURE A
DRAFT BUDGET DOCUMENT



DRAFT MEDIUM TERM BUDGET 2019/20 TO 2021/22

“GROWING NEWCASTLE TOGETHER”

TABLE OF CONTENTS

NO	SECTION DESCRIPTION	PAGE
I	Abbreviations and Acronyms	
II	Council Organisational Structure	
III	Newcastle Municipality Profile	
1	PART 1 – ADJUSTMENTS BUDGET	
1.1	Mayor’s Report	
1.2	Draft Budget Resolutions	
1.3	Executive Summary	
1.4	Draft Budget Tables and Related Charts	
2	PART 2 – SUPPORTING DOCUMENTATION	
2.1	Overview of the Annual Budget Process	
2.2	Overview of alignment of annual budget with Integrated Development Plan	
2.3	Measurable Performance Objectives and indicators	
2.4	Overview of budget related policies	
2.5	Overview of budget assumptions	
2.6	Overview of budget funding	
2.7	Grant allocations and grant programmes	
2.8	Allocations and grants made by the municipality	
2.9	Councillor and board member allowances and employee benefits	
2.10	Monthly targets for revenue, expenditure and cash flows	
2.11	Annual budget and service delivery and budget implementation plans- internal departments	
2.12	Annual budget and service delivery and budget implementation plans- internal departments	
2.13	Contracts having future budgetary implications	
2.13	Capital expenditure details	
2.14	Legislation compliance status	
2.15	Annual budget of municipal entities attached to the municipality’s annual budget	
2.16	Municipal manager’s quality certification	

I. ABBREVIATIONS AND ACRONYMS

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

II. ORGANISATIONAL STRUCTURE AND COUNCIL

EXECUTIVE COMMITTEE

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

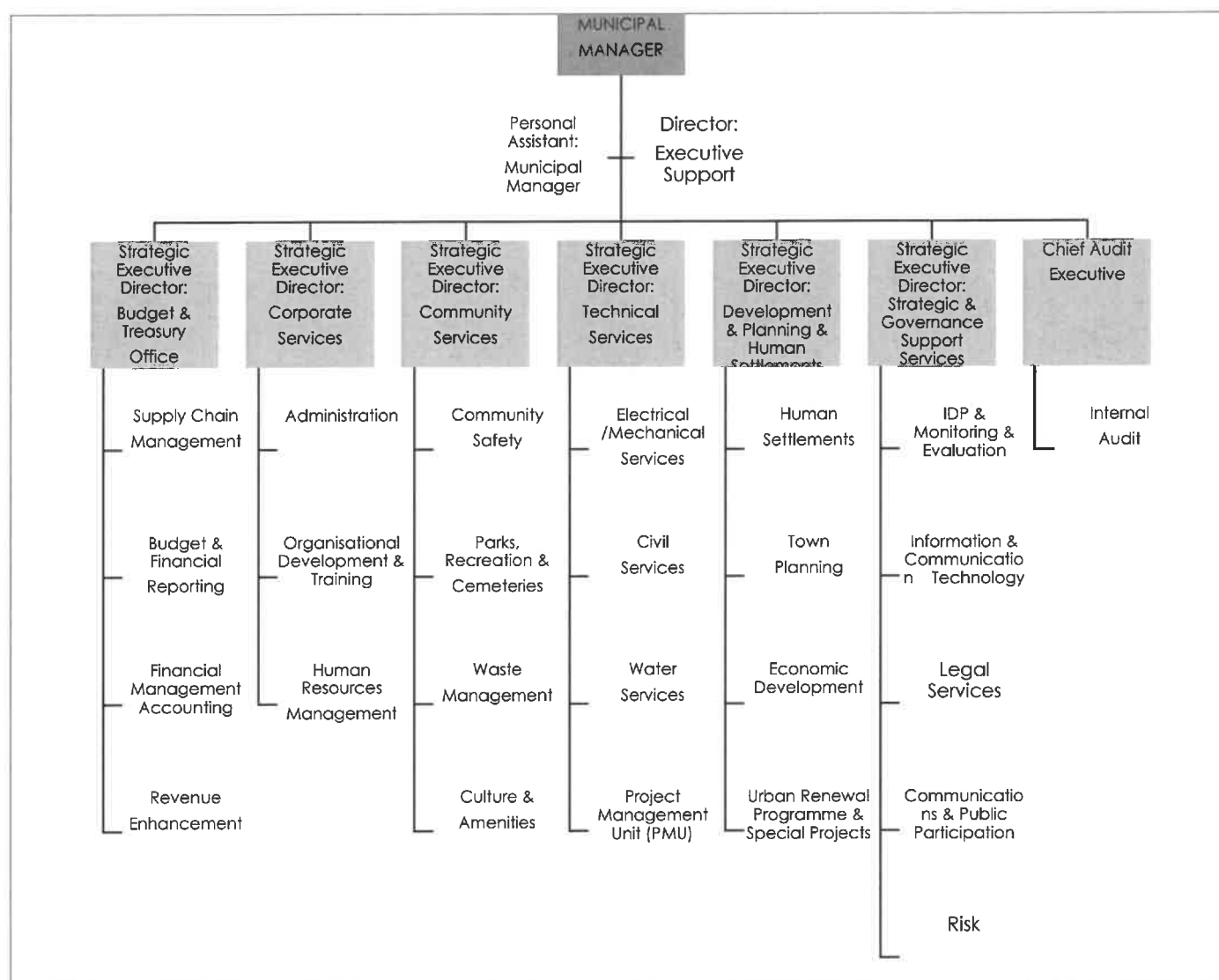
COUNCIL

DESIGNATION	SURNAME & INITIALS	POLITICAL PARTY	WARD
Speaker	MKHWANAZI J C N	ANC	PR
Councillor	BOSMAN L L	VFP	PR
Councillor	BHULI M V	AZAPO	PR
Councillor	BUTHELEZI SB	EFF	PR
Councillor	DANISA T J C	ANC	31
Councillor	DLADLA X N M	ANC	1
Councillor	DLAMINI B S	ANC	26
Councillor	DUBE D X	IFP	PR
Councillor	GAMA F P	ANC	32
Councillor	HADEBE V F	EFF	PR
Councillor	(VACANT)	ANC	22
Councillor	KHOZA A	ANC	28
Councillor	KHUMALO B V	ANC	7
Councillor	KUBEKA V D	ANC	8
Councillor	LIU C	IFP	PR
Councillor	MALINGA F A	IFP	PR
Councillor	MAJOZI N K	ANC	11
Councillor	MBATHA N Y	ANC	PR
Councillor	MBULI A M	DA	PR

Councillor	MEIRING A P	DA	4
Councillor	MIYA S G	ANC	19
Councillor	MKHWANAZI H P	ANC	30
Councillor	MKHWANAZI T P	ANC	34
Councillor	MLANGENI M S	IFP	PR
Councillor	MNGUNI N G	ANC	18
Councillor	MOLEFE M V	ANC	21
Councillor	MTHEMBU M V	ANC	29
Councillor	MWALI PB	INDEPEND.	23
Councillor	MZIMA V P	ANC	PR
Councillor	NDABA T M	ANC	15
Councillor	NDIMA R B	IFP	PR
Councillor	NDLANGAMANDLA S S	ANC	27
Councillor	NDLOVU M S	DA	PR
Councillor	NDLOVU P F	EFF	PR
Councillor	NGCOBO M E	ANC	25
Councillor	NGEMA B C	ANC	9
Councillor	NGEMA D R	ANC	PR
Councillor	NGWENYA D	ANC	16
Councillor	NHLAPHO C L	IFP	PR
Councillor	NHLAPHO S J	ANC	10
Councillor	(VACANT)	ANC	PR
Councillor	NKOSI S N	PRM	PR
Councillor	NKWANAZI J B	DA	PR
Councillor	NZUZE T M	IFP	PR
Councillor	SHABANGU S E	ANC	24
Councillor	SIBILWANE D M	ANC	17
Councillor	SIKHOSANE L T	ANC	20
Councillor	STEIN S L	DA	PR
Councillor	THWALA G M B	ANC	29
Councillor	THWALA L G	ANC	5
Councillor	TWALA M W	EFF	PR
Councillor	VORSTER J A	IFP	9
Councillor	YENDE S A	ANC	PR
Councillor	ZIKHALI M F	ANC	14
Councillor	ZONDO V G	ANC	PR
Councillor	ZULU N S	IFP	PR
Councillor	ZULU S J	RLP	PR
Councillor	ZULU T M	IFP	PR
Councillor	ZULU S Z	ANC	6
Traditional Leader	KUBHEKA C S		
Traditional Leader	RADEBE B S		

SENIOR MANAGERS

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



III. NEWCASTLE MUNICIPALITY PROFILE

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

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

Traditionally, the town of Newcastle started off as Post-Halt Number 2 on the journey between Durban (then Port Natal) and the Zuid-Afrikaansche Republiek (Transvaal) and Johannesburg. It was strategically positioned in the year 1854, by the Surveyor General of the Natal Colony, Dr. P. C. Sutherland. The city was later known as the Waterfall River Township because of the Ncandu River and, in 1864, the town of Newcastle was founded on the site becoming the forth 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 Dannhauser Local Municipalities are located along the Eastern and Southern boundaries of Newcastle. Spatially Newcastle covers an area of approximately 1 854km² in extent. A high majority of the people (80%) within Newcastle resides within the Newcastle East area, which is predominantly township and semi-rural areas characterised by a general lack of adequate infrastructure.

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

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

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

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

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

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

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

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

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

1.1 MAYOR'S REPORT

STATE OF THE TOWN ADDRESS (SOTA) AND THE DRAFT BUDGET SPEECH

(To be included in the final budget)

1.2 BUDGET RESOLUTIONS

- (a) That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the municipality for the financial year 2019/20; and indicative allocations for the two projected outer years 2020/21 and 2021/22; and the multi-year and single year capital appropriations be approved;
- (b) That the sources to fund both operating and capital budgets be noted and approved;
- (c) That the Municipality's annual allocation of R88 080 881 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 2019 for all services, except for water and electricity consumption, which be levied on the new tariff with effect from 01 August 2019;
- (e) That the Tariff of Charges be approved and be applicable with effect from 01 July 2019;
- (f) That Water, Refuse and Sundry tariffs be increased by 6% with effect from 01 July 2019.
- (g) That Sewer tariffs be increased by 6% for consumption and 0% for availability charge, with effect from 01 July 2019;
- (h) That property rates tariffs be increased by 0% and impermissible for all properties be increased to R100,000 and it noted that the new valuation roll will be applicable with effect from 01 July 2019;

- (i) That the electricity tariff be increased by provisionally increased by 13.8%, subject to the NERSA guidelines on municipal tariff and the application for the tariff increase to be submitted by the municipality to NERSA. Any changes to NERSA's proposed tariff to be reconsidered by the Council before approval of the final budget in May 2019.
- (j) That bulk electricity purchases be increased by 14% as per NERSA's ESKOM tariff, subject to final guidelines on municipal bulk tariff.
- (k) That in terms of the Indigent Policy, the monthly household earnings of an indigent application be capped at R3 500 per month.
- (l) 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% |
- (m) That the rate rebates be capped and approved as follows:
- | | |
|------------------------------------|-------|
| Pensioners | : 25% |
| Flood victims | : 25% |
| Bread and breakfasts businesses | : 10% |
| Business development with | |
| Property greater than R50 million: | |
| from 0-4 years | : 40% |
| from 5-6 years | : 25% |
| from 7-8 years | : 10% |
| from 9 years onwards | : 0% |
- (n) That the Budget Policy be noted and approved;

- (o) That the Tariff Policy be noted and approved;
- (p) That the Rates Policy be noted and approved;
- (q) That the Indigent Policy be noted and approved;
- (r) That the Customer Care, Credit Control and Debt Collection Policy be noted and approved;
- (s) That the Provision for Doubtful Debt and Debtors Write-Off Policy be noted and approved;
- (t) That the Supply Chain Management Policy be noted and approved;
- (u) That the Cash and Investment Management Policy be noted and approved;
- (v) That the Asset Management Policy be noted and approved;
- (w) That the Petty Cash Policy be noted and approved;
- (x) That the Virement Policy be noted and approved;
- (y) That the Funding and Reserves Policy be noted and approved;
- (z) That the Borrowing Policy be noted and approved;
- (aa) That the Loss control Policy be noted and approved;
- (bb) That the Short-term Insurance Policy be noted and approved;
- (cc) That the Cost Containment Policy be noted and approved;

(dd) That the Property Rates By-Laws be noted and approved;

(ee) That the Tariff By-Laws be noted and approved;

1.3 EXECUTIVE SUMMARY

1.3.1 INTRODUCTION

The 2019/2020 annual budget is a consolidated budget of R2.6 billion which has been developed with an overall planning framework and includes the programmes and projects to achieve the minimum strategic objectives of Newcastle Municipality as per the IDP. This budget has been set against the back and the current slow economic growth, escalating debtors, historical commitments on loans and creditors, while at the same time take cognisance in respect of burden to consumers through rate and tariffs. Economic challenges will still continue to put pressure on municipal revenue generation and its ability to collect in the 2019/20 financial year, hence a very conservative approach was adopted when projecting revenue and receipts based on the current payment factors. It is however noted with appreciation that the payment factor of the municipality has been gradually improving since the embankment of the consumer outreach programme.

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 continues 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 2019/20 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 annual budget:

- Affordable, realistic and funded budget;
- Realistic and achievable collection rates;

- Major tariffs to be realistic and affordable to consumers;
- Budget to contribute to achieving strategic objectives of the IDP;
- Repayment of loans to be properly provided for, with no new loans planned for;
- Capital expenditure to be mainly funded from grants;
- Indigent subsidy for water be maintained to the national guideline of 6kl;
- Indigent subsidy package to include property rates;
- No tariff increases for sewer availability and property rates, which the impermissible property value being increased from R15 000 to R100 000 in order to ease the burden of new property values;
- Revenue driven budget with a view to achieve affordability;
- IDP driven budget in order to achieve the requirements of community based planning.

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 measure as required by Treasury circulars;
- National Treasury austerity measures with minimal growth on conditional grants;
- The new general valuation roll, which has increase some of the property values quiet substantially;
- Slow economic growth and unemployment, forcing municipality to apply minimal tariffs increases and as guided by National Treasury budget circular;
- Despite improvement, inadequate allocation for repairs and maintenance due to funds limited;
- Additional capital infrastructure injection with no corresponding provision of near or future maintenance due to limited resources
- Inability to extend capital budget projects in terms of the IDP, other than those funded by grants and already on the business plans.
- The use of income-based budgeting, which has proven that previous budgets had been overstated in expenditure.
- Inability to provide for adequate vacant and critical positions due to limited funding.
- Cutting down on sum of the key functions due to limited funds, however prioritising the service delivery (especially maintenance of infrastructure).
- Bulk electricity tariff increase above the increase in revenue tariff increase, which implies burden for the municipality.

1.3.2 OVERVIEW OF THE 2017/2018 BUDGET

OPERATING BUDGET

The operating budget, which funds the continued provision of services provided by the municipality, is projected to increase from R2.303 billion in 2018/19 to R2.399 billion in 2019/20, representing an increase of R96.3 million. The increase is mainly due to the increase in bulk purchases, employee cost, repairs and maintenance as well as the depreciation of assets. There has been a drastic reduction in the contracted services as well as the general expenses. This is the indication that the municipality is starting to take the right direction towards cost containment of non-core functions, and reprioritisation of service delivery functions. The increase in the overall operating budget is mainly due to the provision of the following:

- Costs of bulk purchases of electricity and water due to tariff increases;
- Increased costs of employee related costs due projected salary increase;
- Increased depreciation due to due new capital projects appropriated in the budget;
- Increased repairs and maintenance due to reprioritisation of item from general expenses;
- Increase debt impairment due to high consumer debtors still not collectable

OPERATING REVENUE

Total operating revenue is projected at R2.006 billion in the 2019/20 financial year, representing an increase of R160.4 million (9%) from the current year's adjusted budget of R1.845 billion.

The major items of the operating revenue for the 2019/20 financial year are as follows:

Details	2018/2019 R'000	% of Total Revenue
Electricity	812 761	40.5%
Water	193 097	9.6%
Sanitation / sewer	119 192	5.9%
Refuse	97 409	4.9%
Property rates	340 939	17.0%
Grants and subsidies	439 148	21.9%
Other revenue	38 456	1.9%
Interest on outstanding debtors	9 779	0.5%

Rental of facilities	8 661	0,5%
Fines	8 117	0.4%
Interest on investments	4 041	0.2%

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

- **Electricity services: R812.7 million, increase of R122.4 million (18%)**

Electricity tariffs are expected to increase by 13.8%. The increase is guided by the ESKOM approved tariff increase by NERSA. It must be noted that this tariff increase is still subject to the NERSA's guidelines of municipal tariff increase as well as the application still be submitted by the municipality to NERSA. With the tariff increase of 13.8%, electricity revenue is expected to increase by R122.4 million in the 2019/20 financial year. Cognisance should also be taken that this percentage increase of 13.8% is way above the projected inflation rate of 5.2%, however this increase is based on the NERSAs tariff approval for Eskom.

- **Water services: R193.0 million, increase of R15.9 million (9%)**

Water tariffs are expected to increase by 6% in the 2019/20 financial year. While it is noted that such increase in above the projected CPIX of 5.2%, the tariff increase is however within 6% is strived to be capped at by the National Treasury and the Reserve Bank. The increase of 6% in tariffs is expected to generate additional revenue of R15.9 million, from R177.1 million in the current year to R193.0 million in the 2019/20 financial year.

- **Refuse removal: R97.4 million, increase of R2.6 million (3%)**

Refuse removal tariffs are expected to increase by 6% in the 2019/20 financial year. While it is noted that such increase in above the projected CPIX of 5.2%, the tariff increase is however within 6% is strived to be capped at by the National Treasury and the Reserve Bank. The increase of 6% in tariffs is expected to generate additional revenue of R2.6 million, from R94.7 million in the current year to R97.4 million in the 2018/19 financial year.

- **Sanitation: R119.1 million, increase of R2.0 million (5.9%)**

Sanitation tariffs are expected to increase by 6% for consumption and 0% for availability charge in the 2019/20 financial year. While it is noted that such increase is above the projected CPIX of 5.2%, the tariff increase is however within 6% is strived to be capped at by the National Treasury and the Reserve Bank. The increase of 6% is expected to generate additional revenue of R2.0 million, from R117.1 million in the current year to R119.1 million in the 2019/20 financial year.

- **Property rates: R340.9 million, increase of R30.2 million (10%)**

Property rates tariffs are expected to increase by 0% in the 2019/20 financial year, while the impermissible amount will be increased from R15 000 to R100 000. This is done in order to ease the impact of the new valuation roll which will be implemented with effect from 01 July 2019. Have considered the above, the increase in the value of properties alone is expected to generate additional revenue of R30.2 million, from R310.7 million in the current year to R340.9 million in the 2019/20 financial year.

- **Transfers recognised: R439.1 million, decrease of R14.7 million (-3%)**

Revenue from grants is expected to decrease by R14.7 million to R453.9 million in the 2019/20 financial year. These operating grants are 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 budget in order to deal with capacity operational issues in the department of Technical Services.

- **Fines: R8.1 million, increase of R0 (0%)**

No increase has been projected from revenue from fines due to the current year's performance. The revenue from fines will be capped at R8.1 million in the 2019/20 financial year.

- **Interest on investments: R4.0 million, an increase of R0 (0%)**

No increase has been projected from revenue from interest on investments due to the current year's performance. The revenue from the interest on investments will be capped at R4.0 million in the 2019/20 financial year.

- **Interest on outstanding debtors: R9.7 million, increase of R0 (0%)**

No increase has been projected from revenue from interest on investments due to the current year's performance. The revenue from the interest on investments will be capped at R4.0 million in the 2019/20 financial year.

- **Indigent benefit: R65.3 million, increase of R0 (0%)**

No increase or decrease has been projected from for the indigent benefit. The budget for the indigent benefit will be capped at R65.3 million due to low number of indigents. Although the number of indigents and package are expected to slightly increase, however the projected provision will be adequate to cover such increase.

- **Rental of facilities: R8.6 million, increase of R490 249 (6%)**

Revenue from rental of municipal facilities is expected to generate R8.6 million to the operating revenue, representing an increase of R490 249 (6%) from the current financial year. While it is noted that such increase is above the projected CPIX of 5.2%, the tariff increase is however within 6% is strived to be capped at by the National Treasury and the Reserve Bank.

- **Licences: R14 315, no increase expected**

No increase has been projected from revenue from licenses and permits due to the current year's performance. The revenue from the licences and permits will be capped at R14 315 in the 2019/20 financial year.

- **Other revenue: R38.4 million, increase of R1.4 million (4%)**

Sundry tariffs are expected to increase by 6% in the 2019/20 financial year. While it is noted that such increase is above the projected CPIX of 5.2%, the tariff increase is however within 6% is strived to be capped at by the National Treasury and the Reserve Bank. The increase of 6% in tariffs is expected to generate additional revenue of R1.4 million, from R37.0 million in the current year to R38.4 million in the 2018/19 financial year.

OPERATIONAL EXPENDITURE

Total operating expenditure is projected at R2.399 billion in the 2019/20 financial year, representing an increase of R96.3 million (4%) from the current financial year's adjusted budget of R2.303 billion. The municipality's expenditure for the 2018/19 budget is informed by:

- National Treasury budget and cost containment measures circulars
- Relevant legislative imperatives,
- Expenditure limits set by realistic and realisable revenue levels,
- Modelling of feasible and sustainable budgets over the medium term,
- National and local economic and fiscal conditions,

The major items of the operating expenditure for the 2018/19 financial year are as follows:

Details	2018/2019 R'000	% of Total Budget
Bulk purchases	675 658	28.2%
Employee related costs	597 978	24.9%
Depreciation	491 981	20.5%
Debt impairment	174 245	7.3%
Other expenses	172 832	7.2%
Interest of loans	45 041	1.9%
Repairs and maintenance	129 185	5.4%
Remuneration of councillors.	26 995	1,1%
Contracted services	43 550	1,8%

The following are expenditure items included in the budget:

- **Employee Related Costs: R597.8 million, increase of R49.3 million (9%)**

Employee related costs has increased from R548.5 million to R597.8 million, representing an increase of R49.3 million (9%). An annual salary increase of 7.1% and notch increases of 2% have been projected for all employees, based on the SALGBC multi-year collective agreement on wage and salaries. In line with the National Treasury guideline, employee costs represent 24.9% of the total budget, which is still within the acceptable threshold. Included in the employee costs of R597.8 million is a budget of R20 million in respect of all new and critical positions. The municipality will come up with a reprioritisation model of which positions will be catered for from this budget.

Included in the employee related costs is an amount of R21.8 million for overtime. This constitute 3.7% of the employee related costs, which is also within the National Treasury norm of 4%. 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 and other essential services which the municipality is required to provide to communities. It will be noted that this provision has been reduced substantially from the previous financial years due to measures implemented to monitor and curb overtime.

- **Remuneration of Councillors: R26.9 million, an increase of R1.2 million (5%)**

Remuneration of councillors is projected to be R26.9 million, representing an increase of R1.2 (5%) from the current financial year. The projection is based on the 2018/19 notice of the upper limits issued by the MEC for Local government in December 2018, and an increase of 5% has been estimated in respect for 2019/20, which will be determined by the MEC for CoGTA at the beginning of 2020. This provision also is based on the expectation that EXCO councillors and the Chief Whip may be approved as full time councillors during the 2019/20 financial year.

- **Repairs and maintenance: R129.1 million, an increase of R36.4 million (39%)**

Expenditure on Repairs and Maintenance is projected at R129.1 million, representing an increase of R36.4 million from the current financial year. It must further be noted that a municipality has budgeted R18 million for the roads resealing under capital budget, which also form part of maintenance of roads. While is noted that this provision for repairs and maintenance is far below

the norm of 8% of the property plant and equipment, the municipality is striving to ensure that more budget is being channelled from non-core function to core functions. The drastic increase in the maintenance budget is an indication of such effort.

- **Bulk Purchases: R675.6, an increase of R73.4 million (12%)**

Expenditure on bulk purchases is projected at R675.6 million, representing an increase of R73.4 million (12%) from the current financial year. This provision includes R588.5 million for the purchase of electricity from Eskom and R87.0 million for the purchase of bulk water from Uthukela Water. Expenditure on Bulk Purchases of Electricity has been increased from R516.2 million to R588.5 million due to the NERSA increase on Eskom tariffs. Bulk Water purchases has been increased by 5% from the current year's budget of R82.9 million due to the expected municipal tariffs.

- **UThukela Water Entity: R87.0 million, an increase of R4.2 million (5%)**

The municipality's contribution to uThukela Water increased from R82.9 million to R87.0 million which represents an increase of R4.2 million (5%) from the current financial year. While the entity has submitted a budget of R119 million, the current financial state of the municipality makes it impractical to afford such a budget. Hence, the municipality has only afforded the increase in line with the inflation rate and the expected tariff increase of the municipality on water.

- **Debt impairment: R174.2 million, an increase of R10.2 million (6.0%)**

The municipality has projected to incur R174.2 million on debt impairment, representing an increase of R10.2 million (6%) from the current financial year budget of R163.9 million. The provision and the increase is based on the council's debtors' book, and the rate at which doubtful debt is expected to escalate. 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: R491.9 million, an increase of R19.8 million (4%)**

Provision for depreciation has been projected to be R491.9 million, representing an increase of R19.8 million (4%) from the current financial year. The provision is based on the municipality's asset register. The increase is attributable to the projected capital expenditure and the infrastructure projects which were completed during the current financial year, the impact of the depreciation in expected fully during the budget year.

- **Finance Charges: R45.0 million, an increase of R1.3 million (3%)**

Expenditure on interest on loans is projected to be R45.0 million, representing an increase of R1.3 million (3%) from the current financial year. The finance charges of R45.0 million is based on the amortisation schedules of the loans portfolio of the municipality, which is expected to last for at least next nine years. It must however be noted no new loans will be taken by the municipality in the 2019/20 financial year.

- **Contracted services: R43.5 million, a decrease of R55.1 million (-54%)**

Expenditure on contracted services is projected to be R43.5 million, representing a decrease of R52.1million (-54%) from the current financial year. The decrease is due to the decrease in provision for security services, as well as the expenditure on housing projects (grant funded), which was only appropriated in the current financial year.

- **Materials: R4.2 million, an increase of R749 405 (22%)**

Expenditure on materials is projected at R4.2 million, representing an increase of R749 405 (22%) from the current financial year. Included under this items are materials for the cleaning of municipal buildings, halls, chemicals, cleansing material, pest control, etc. The increase is due to the additional provision allocated for water chemicals.

- **Departmental Charges: R37.2 million, an increase of R4.0 million (12%)**

Expenditure on departmental charges is projected at R37.2 million, representing an increase of R4.0 million (12%) from the current financial year. This provision is the municipality's

expenditure on its use of water, refuse, sewer and electricity. The increase of R4.0 million is attributable to increase in tariffs for all service charges.

- **Collection fees: R1.0 million, an increase of R250 000 (33%)**

Expenditure on collection fees is projected at R1.0 million, representing an increase of R250 000 (33%) from the current financial year. This provision is necessary to carry some of expenses for the outreach programme as well as the review of indigents.

- **Other expenditure: R172.8 million, a decrease of R48.4 million (-22%)**

Other expenditure is projected to be R172.8 million, representing a decrease of R48.4 million (-22%) from the current financial year. The decrease is due to the implementation of cost containment measure, and the reallocation of funds to the repairs and maintenance. The breakdown of the “other expenditure” as attached as part of Annexure A hereto.

OPERATING SURPLUS/DEFICIT

The operational budget therefore yields an operating deficit of R393.5 million. 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. Having analysed this deficit position against the cash collections, the municipality concludes that the deficit is mainly due to the provision for Debt Impairment, depreciation and departmental charges, which are non-cash items. In eliminating this expenditure items and applying reliable revenue collection rates, the operating budget is said to be fully funded when analysed in terms of the NT MFMA Circular No.52.

CAPITAL BUDGET

The municipality’s capital budget is projected to be R196.7 million, consisting of R163.26 million to be funded from government grants, and R33.4 million to be funded from internally generated funds.

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

Details	2018/2019 R'000	% of total expenditure
Total Capital Budget	196 732	100%
<u>Funded as follows:</u>		
Grant funding	163 282	83%
Internal funding	33 450	17
	196 723	100%

Government grants continue to fund the bulk of capital programme over the next three financial years, covering 83% of the capital expenditure in the 2019/20 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	2018/2019 R'000	2019/2020 R'000
Libraries & Archives	11 442	5.8%
Sports and Recreation	8 243	4.2%
Vehicles and Machinery	5 900	3%
Furniture and Equipment	3 050	1.6%
Land and Services	6 500	3.3%
Roads	129 196	65.7%
Water Distribution	32 400	16.5%
TOTAL CAPITAL BUDGET	196 732	100%

The municipality will be spend bulk of its capital programme towards basic infrastructure, with R129.1 million towards roads, R32.4 million towards water. R11.4 million utilised for construction of libraries, while R8.2 million will be utilised for the upgrade of Phelindaba Sports facility. The municipality will begin a process of acquiring its only plant in the 2019/20, with R5.9 million allocated for the grader, roller and the light delivery vehicle. The municipality has also allocated R6.5 million for the purchase and serving of land with future revenue potential.

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

DEPARTMENT	PROJECT DESCRIPTION	DRAFT BUDGET (R'000)

COMMUNITY SERVICES

Community Services	Upgrade of Phelindaba Indoor Sport Centre	8 243
Community Services	Purchase of R 1,75m3 containers	500
Community Services	Rescue tools (Jaws of life)	750
Community Services	3 ton truck	450
Community Services	Furniture for halls	300
Total Community Services		10 243

DPHS

Town Planning	JBC to Osizweni Secondary Link Road Phase 2	19 616
Town Planning	Blaaubisch Library	10 442
Town Planning	Purchase of land	500
Town Planning	Servicing of land(Lenville)	1 500
Total DPHS		32 059

BTO

BTO	Furniture and Equipment	1 500
BTO	Light Delivery Vehicle	250
BTO	Madadeni Cashiers' Office	500
Total BTO		2 250

TECHNICAL SERVICES

Infrastructure Civil	Resealing of Roads - Madadeni	3 500
Infrastructure Civil	Resealing of Roads - Osizweni	3 500
Infrastructure Civil	Resealing of Roads - CBD Newcastle West	3 000
Infrastructure Civil	Resealing of Roads - Residential West	7 000
Infrastructure Civil	Resealing of Roads - Kilbarchan	1 000
Infrastructure Civil	Grader	2 500
Infrastructure Civil	Smooth Drum Roller	2 200
Infrastructure Civil	Hospital Street - Medical Precinct	4 500
Infrastructure Civil	MF55	8 817
Infrastructure Civil	MD35	6 469
Infrastructure Civil	ME11 (A)	3 836
Infrastructure Civil	ME11 (B)	4 567
Infrastructure Civil	OE41	1 493
Infrastructure Civil	OA85 (B)	9 869
Infrastructure Civil	OC20	4 653

Infrastructure Water	Newcastle East Roads Planning	3 000
Infrastructure Civil	OA103	6 453
Infrastructure Water	Newcastle East Water Supply Extension	6 600
Infrastructure Water	Blaaubosch Bulk Water	20 000
Infrastructure Water	Upgrade of Ingagane WWT Phase 1	3 000
Infrastructure Water	Pipe Replacement and Upgrade	15 000
Infrastructure Water	Madadeni High Lying Areas	9 000
Infrastructure Water	Osizweni Pressure Management	7 800
Infrastructure Water	Newcastle West Pressure Management	9 000
Infrastructure Water	WCDM	5 419
Total Technical Services		152 180

TOTAL CAPITAL BUDGET

196 732

COST CONTAINMENT MEASURE

The municipality adopted the Circular No.82 with regards to the implementation of the cost containment measures. The municipality has also put measures through the curbing of unnecessary expenditure and reduction of other expenditure from the budget. This is however done without compromising service delivery and with the available cash resources.

DRINKING WATER QUALITY

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

WASTE WATER MENEGEMENT 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 there is a challenge of sewer infrastructure in areas currently not zoned under Newcastle Municipality, the municipality does reach out to such areas using the VIP dislugging system. The municipality

further distributes VIP toilets in areas where water-borne sewer is not yet available. The larger part of Newcastle Municipality does have the necessary sewer system.

1.4 BUDGET TABLES AND RELATED CHARTS

As attached in Annexure D - Schedule A tables

2.1 OVERVIEW OF BUDGET PROCESS

2.1.1 OVERVIEW

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

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

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

Section 21 of the MFMA requires that a time schedule setting out the process to draft the IDP and the budget be tabled ten months before the financial year. In compliance with this requirement the IDP and budget time schedule was tabled before council in August 2018. The main aim 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 2019/20 Medium Term Budget for the Newcastle Municipality will lay the foundation by which strategic functions within the municipality could apply sound financial planning and management over the medium to long term. It will facilitate 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 2019/20 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 the start of a journey towards the final budget for approval. It will include many processes both politically and administratively, amongst others, consultations with communities in the municipal area. In February 2019 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 all vacancies.

A budget workshop was held during March 2019 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 appropriation of financial resources amongst municipality's functions during budget processes. Budget meetings were also held with various departments and the Management Committees. 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 advise Council accordingly in this regard. Political oversight of the budget process allows government, and in particular, the municipality to manage the tension 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 has been rolling out its outreach programme to all wards in the municipal area, during the year.

Accordingly, the tabling of the draft Budget in council will be followed by 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 will take place prior to the final budget being adopted by council May 2019, where the Mayor will officially respond to budget submissions made by various stakeholders. The key target groups for the budget hearings will include:

- Newcastle Business Chamber;
- Farmers Association; and
- KZN Provincial Treasury

Schedules indicating dates and venues will be publicized in the local Newcastle papers and municipal notice board during the first week of April 2019 to allow proper consultation.

2.1.4 SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The budget time schedule for the compilation of the 2019/20 budget cycle was tabled in August 2018, 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 reflects the activities and key deadlines that were included in the schedule.

DATE	ACTIVITY	RESPONSIBILITY
August 2018	<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). • Advertising of budget and IDP time schedule. 	Mayor/MM
September 2018	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 2018	Meeting with Mayor, Exco and Manco to discuss the strategic direction and objectives for the 2017/18 fiscal strategies.	MM/BTO

DATE	ACTIVITY	RESPONSIBILITY
October 2018	Budget Framework. Meeting the SED's to discuss the budget preparation process of the budget framework to provide parameters and request budget inputs for 2017/2018.	BTO
November 2018	Completion of Salary Budget and assess impact on tariffs and charges.	BTO/HR
December 2018	<ul style="list-style-type: none"> Finalize inputs from bulk resource providers (NERSA, uThukela) and agree on proposed price increase. Submit all Budget related policies for review. Prepare guidelines and template for compilation of draft budget three year operational and capital budget. 	BTO
January 2019	<ul style="list-style-type: none"> Finalize detailed operational and capital budget, finalize all budget related policies. Review the proposed National and Provincial allocations for incorporation into the draft budget. Report back on progress with Budget inputs. 	BTO/MANCO
February 2019	<ul style="list-style-type: none"> Submission of Budget Inputs: Final date for SED's to submit departmental budget inputs. Proposed Capital Projects from IDP. Accounting Officer finalises and submits to the Mayor the proposed budgets and plans for the next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report. Compile a discussion document from inputs and submit to EXCO and MANCO. 	MM/BTO/SED'S
February 2019	Budget/IDP Strategic Workshop	Extended MANCO and EXCO
March 2019	Budget Workshop: Discussion of budget inputs, link capital and operational plans to IDP and determine proposed tariffs.	EXCO MANCO
March 2019	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 2019	Public Consultation Process: Public Consultation on draft budget throughout the municipality in terms of Chapter 4 of the Municipal Systems Act.	MAYOR EXCO MM CFO
May 2019	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 2019	Approval of Final Budget – MFMA S24. <ul style="list-style-type: none"> Approve the final multi-term operational and capital 	COUNCIL

DATE	ACTIVITY	RESPONSIBILITY
	budget together with the adoption of resolutions that may be necessary.	
June 2019	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. • Capture the approved budget on to the financial system. • Submission of locking certificate in terms of S74(1) of the MFMA. 	MM BTO
June 2019	Compile SDBIP Compilation of the service delivery and budget implementation plan (SDBIP) 28 days after the approval of the budget and submit to Council for approval.	PMS MAYOR MM

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 2018)

The State of the Nation address for the 2019 confirmed the President Cyril Ramaphosa's commitment to economic growth and strengthening of state capacity to deal with improving the living conditions of the people of South Africa. The President made emphasis on the five urgent tasks for the year ahead. Over the next 12 months, government will focus on the following:

- Accelerating inclusive growth by encouraging massive new investments needed to make significant gains in job creation.
- Early Childhood Development will be made compulsory and be migrated from social development programme to basic education.
- Improving the living conditions of life of all South Africans, especially the poor.
- Provide political oversight and strategic management to reform, reposition and revitalise State Own Enterprises.
- Improve public servants capacity and strengthen service delivery. The National School of Government is introducing compulsory courses that will cover ethics and anti-corruption, senior management and supply chain management.

Towards an Integrated Urban Development Framework

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

Provincial Priorities (State of the Province Address)

The Premier 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 Premier listed the priority Interventions which remain the foundation of the Provincial Growth and Development Plan. The Interventions are:

- Build an inclusive economy that creates jobs
- Transform our rural areas
- Ensure decent living conditions and sustainable human settlements
- Improve and expand education and training
- Ensure quality health care for all
- Expand comprehensive social security
- Fight crime and corruption
- Build a united nation and promote social cohesion

The Premier also stressed on the development and protection of human capital and the need to further develop skills and improve education in the province. 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 2018/20 medium-term budget have been assessed through a prioritisation mechanism that was developed to ensure that there is alignment to the development strategy of the municipality. The IDP formed the basis of the priorities identified in the strategic plan and all resources are focused on the achievement of the priorities. The Mayor, Ward councillors, ward committees, and the full council full an active part in the community based planning and ensuring that budget takes to the priorities of the IDP.

2.2.5 IDP OVERVIEW

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

2.2.6 IDP PROCESS AND STAKEHOLDER PARTICIPATION

The IDP is prepared every five years and reviewed yearly to inculcate a democratic approach to local governance by ensuring all stakeholders get an opportunity to voice their opinions in influencing the shape, form, direction and pace of development in their localities. The municipality is committed to addressing the needs of the people and values the inputs from communities and stakeholders. The IDP draft process plan for 2018/2019 was presented to the Executive Committee and its included in the draft IDP for consideration. The plan specified timeframes, actions and procedures and appropriate mechanisms for public participation and alignment.

The fourth generation of Newcastle's Integrated Development Plan (IDP) has been initiated 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 2019/20 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 2019/20 Annual Budget has therefore, been directly informed by the revised 4th generation IDP process.*

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

2.3. MEASURABLE PERFORMANCE OBJECTIVES

2.3.1 KEY FINANCIAL RATIOS / INDICATORS

The benchmarks reflected in the table below are based on the actual audited results of the municipality for the 2017/18 financial year:

Financial Benchmark	Basis of calculation	2017/2018
Debt to Asset Ratio	Total debt / Total Assets	0,17 : 1
Debt to Revenue	Total debt / Total Income	0.74 : 1
Average Interest Paid on Debt	Interest Paid / Total Interest Bearing Debt	0,10 : 1
Capital Charges to Operating Expenditure	Interest and Principal Paid / Operating Expenditure	0,04 : 1
Interest as a % of Operating Expenditure	Interest Paid / Operating Expenditure	2%
Current Ratio	Current Assets / Current Liabilities	0.80 : 1
Creditors System Efficiency	% of Creditors paid within terms	74,0%
Electricity Distribution Losses	Total units purchased less units sold / Total units purchased	4.16%
Water Distribution Losses	Total units purchased less units sold / Total units purchased	48.8%

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 0.17 indicates the ability of council total debtors to cover for total liabilities.

Debt to Revenue:

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

Capital charges to Operating Expenditure:

Capital charges to operating expenditure (the measure of cost of borrowing in relation to the operating expenditure) compares favourably to the acceptable norm of around 6%.

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 0.80 : 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 R65.3 million for the 2018/19 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 R15,000 of the property value. Indigent residents will receive 100% rebates on rates.	13.0
Water	The first 6kl of water is free to all residents qualified as indigents in terms of the policy	13.2
Electricity	The first 50kwh of electricity is free to all residents qualified as indigents in terms of the policy	7.0
Refuse	Refuse is free to all residents qualified as indigents in terms of the policy	18.6
Sewer	Sewer is free to all residents qualified as indigents in terms of the policy	13.5
Indigent Support		65.3

The cost of indigent benefit to the tune of R63.5 million is funded from the equitable share provided by the National Government, which amount is based on the estimated ±6 900 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.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

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

2.4.1 APPROVED POLICIES

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

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

2.4.2 DRAFT POLICY AND POLICIES REVIEWED

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

- Cost containment Policy

2.4.3 RATES POLICY

As required in terms of section 5 of the MPRA, the Rates Policy has been reviewed for the 2019/20 financial year. The policy is to be amended with the current budget prior to implementation.

2.4.4 CREDIT CONTROL AND DEBT COLLECTION POLICY

The primary objective of the policy is to ensure that all monies due and payable to the municipality in respect of services are collected efficiently and promptly. As required in terms of sections 97 of the Municipal Systems Act, the credit control and debt collection policy for the 2019/20 financial year has been reviewed and is to be adopted with the current budget.

2.4.5 TARIFF POLICY

The Municipal Systems Act requires a municipality to have a Tariff Policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery, and which complies with the provisions of that Act, the MFMA and other legislation. Accordingly, a Tariff Policy which is attached with the budget for Council adoption.

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 5.2% for the 2019/20 financial year.

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	2018/2019	2019/2020	2020/2021
Property rates	0%	0%	0%
Electricity	13.8%	13.8%	13.8%
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 increase tariffs for rates, service charges and sundry services for more than 7%. Guided by the National Treasury and the current economic climate, the tariffs for 2019/20 for 6% for water, sewer, refuse and sundry services. The tariff increase for property is projected at 0%, with the understanding that values of properties has been increased. In order to deal with the impact of valuations, the impermissible amount for rates has also been increased from 15 000 to R100 000. The tariff increase for electricity is based on the NERSA approval of the ESKOM tariff increase. The final municipal tariff increase for the electricity will be confirmed once the tariff application has been considered and approved by NERSA in April 2019.

The projected increases in the expenditure items are as follows:

Revenue source	2018/2019	2019/2020	2020/2021
Employee related costs	7%	7%	7%
Remuneration of councillors	5%	5%	5%
Electricity budget purchases	14%	14%	14%

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 5% estimated increase during the 2019/20 financial year. The final electricity increase for the bulk purchases will be confirmed by NERSA has issued the municipal guideline on municipal electricity tariffs, however, the increase of 14% has been estimated based on the NERSAs approval of the ESKOM tariffs. Where there are significant changes from what is been projected, the municipality may consider tabling an adjustment budget or accordingly correct in the final budget is still practical.

Expenditure in respect of repairs and maintenance, contracted services and general expenses has been zero-based but limited to the available funding. While it is acknowledged that the costs of providing such goods and services may be more or less that 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 R163.2 million is expected to be received from government grants and the balance of R33.4 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 which will be claimed from SARS.

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 is projected in the medium term budget. This has been achieved through the following measures:

- Funded budget to be generated during the budget and the MTREF period. Currently no reserves are available to supplement funding of both operating and capital budgets.
- Measures will be ensured 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).

FUNDING OF CAPITAL BUDGET

The capital budget is funded mainly by allocations made to the municipality by National and Provincial government in the form of grants, as well a minor portion of internally funded funds. 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 provided R163.2 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. R33.4 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 a balance from sale of municipal properties. The municipality is further projecting to realise cash surplus from the operating budget, a portion of which will also be used to fund the internally funded capital expenditure.

FUNDING OF OPERATING BUDGET

Funding of operating budget is achieved through various sources, 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 generate R812.7 million, R193.0 million, R119.1 million, R97.4 million and R340.9 million from the sale of electricity, water, sanitation, refuse removal and property rates respectively. These revenue sources are regarded as primary sources of revenue of the municipality and are expected contribute about R1.563 billion to the projected revenue of the municipality, which represents 78% of the total revenue. Grants and subsidies will contribute R439.1 million to the operating revenue, which is 21.9% of the total revenue. It can therefore be concluded that the operating budget of the municipality will be funded mainly by property rates, services charges and grant allocations. It is however noted that the municipality is not dependant on grants for its operations.

Fines will generate R8.1 million to the total revenue of the municipality. This is based on the previous trends of fines that the municipality has been able to issue in the past three years. Interest on external investment is expected to generate R4.0 million based on the current investment portfolio, as well as the new investment the municipality is expecting to make during the MTREF period. About R9.7 million will be generated from interest on outstanding debtors, based on the current outstanding debtors. The municipality will generate R8.6 million from rental its facilities, mainly municipal flats and houses to its employees. About R38.4 million will be generated from sundry revenue of the municipality. This include revenue from all other services of the municipality which are not billed. The fines, interest on investments, interest on outstanding debtors, rental and sundry revenue contribute R69.0 million, representing about 3.4% of the total revenue.

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 monthly collection rate and projections for the year are as follows:

Revenue Source	Average 2019/2020	Average 2018/2019
Property rates	78%	77%
Electricity	95%	95%
Water	65%	55%
Sewer	51%	50%
Refuse	61%	57%

The total average collection rate is projected at an average of at least 84% 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 2019 Division of Revenue Act have been included in the medium term budget.

National allocations

Grant Description	2019/2020 R'000	2020/2021 R'000	2021/2022 R'000
Equitable Share	373 648	402 741	435 158
Finance Management Grant	1 700	1 700	1 700
Neighbourhood Development Partnership	30 059	10 000	20 000
Municipal Infrastructure Grant	112 580	119 073	128 414
Integrated National Electrification	14 000	14 980	20 000
Municipal Water Infrastructure Grant	40 000	45 000	50 000
Expanded Public Works Programme	3 098	0	0
Total National Allocations	575 085	593 494	655 272

Provincial allocations

Grant Description	2019/2020 R'000	2020/2021 R'000	2021/2022 R'000
Title Deeds	3 000	3 000	0
Sports Facilities	8 243	8 655	8 750
Nodal Plans	2 500	0	0
Provincialisation of Libraries	6 546	6 873	7 251
Accredited Municipalities	7 620	7 620	7 620
Museums Services	386	407	429
Community Library Services Grant	2 160	2 312	2 475
Total Provincial Allocations	30 455	28 867	26 525

2.8 ALLOCATIONS AND GRANTS MADE BY NEWCASTLE MUNICIPALITY

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

Please refer to tables A 21 of Schedule A.

2.9 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Please refer to tables SA22 and SA24 of Schedule A

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

Please refer to table SA25 to SA30 of Schedule A

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

The SDBIP will be submitted separately.

.

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

Municipal Entities

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

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

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

2.13 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

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

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

2.14 CAPITAL EXPENDITURE DETAILS

Please refer to Annexure A5 of Schedule A

2.15 LEGISLATION COMPLIANCE STATUS

DISCLOSURE ON IMPLEMENTATION OF MFMA AND OTHER LEGISLATION

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

BUDGET AND TREASURY OFFICE

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

BUDGET

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

IN-YEAR MONITORING

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

IDP

The 2019/20 to 2021/22 Budget Process has been prepared to align with the Budget in accordance with the MFMA and the Municipal Systems Act requirements.

ANNUAL REPORT

The 2017/18 Annual Report has been developed taking into account the MFMA and National Treasury requirements. The report was noted by Council at its meeting held on 25 January 2018 and entered the public participation phase for comments immediately thereafter.

AUDIT COMMITTEE

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

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

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

MUNICIPAL STANDARD CHART OF ACCOUNTS

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

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

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

The budget of the Entity Uthukela Water has not yet been received for Council consideration. A provision of R87.0 million has however been made in the annual budget.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE



I, **MJ Mayisela**, the Acting Municipal Manager of **Newcastle Municipality**, hereby certify that the Draft budget and supporting documentation of 2019/2020 Operating and Capital Budget have been prepared in accordance with Section 21A of the Municipal System Act; No32 of 2000; Chapter 4 of the Municipal Finance Management Act No56 of 2003.

Print Name : **MUZI JUSTICE MAYISELA**

Acting Municipal Manager : **NEWCASTLE MUNICIPALITY**

Signature :

Date : 27/03/2019

ANNEXURE D

A SCHEDULE TABLES

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance										
Property rates	214,714	232,286	252,934	295,785	282,785	282,785	282,785	313,010	324,022	343,640
Service charges	914,751	948,273	962,401	1,008,550	1,041,955	1,041,955	1,041,955	1,185,009	1,272,590	1,357,960
Investment revenue	12,517	4,505	4,826	4,041	4,041	4,041	4,041	4,041	4,243	4,455
Transfers recognised - operational	467,502	527,822	365,726	384,734	453,909	453,909	453,909	439,148	471,028	496,355
Other own revenue	37,571	37,579	40,372	75,611	63,111	63,111	63,111	65,029	66,417	67,259
Total Revenue (excluding capital transfers and contributions)	1,647,055	1,750,466	1,626,269	1,768,722	1,845,800	1,845,800	1,845,800	2,006,238	2,138,300	2,269,669
Employee costs	489,601	495,757	538,871	537,171	548,527	548,527	548,527	597,838	645,666	697,319
Remuneration of councillors	18,453	20,389	21,527	24,119	25,710	25,710	25,710	26,996	28,453	29,990
Depreciation & asset impairment	456,741	472,110	452,759	525,578	472,145	472,145	472,145	491,982	518,549	546,551
Finance charges	66,141	65,784	35,355	43,979	43,718	43,718	43,718	45,042	47,474	50,038
Materials and bulk purchases	515,969	560,778	537,642	622,493	605,698	605,698	605,698	679,875	739,205	789,340
Transfers and grants	90,764	–	–	–	–	–	–	–	–	–
Other expenditure	930,687	478,007	511,520	483,668	601,633	601,633	601,633	558,095	581,077	643,096
Total Expenditure	2,568,355	2,092,826	2,097,674	2,237,008	2,297,430	2,297,430	2,297,430	2,399,828	2,560,424	2,756,333
Surplus/(Deficit)	(921,300)	(342,360)	(471,415)	(468,286)	(451,630)	(451,630)	(451,630)	(393,591)	(422,123)	(486,663)
Transfers and subsidies - capital (monetary allocations) (%)	–	–	158,481	166,736	152,819	152,819	152,819	163,282	5,431	–
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
	(921,300)	(342,360)	(312,934)	(301,551)	(298,811)	(298,811)	(298,811)	(230,309)	(416,692)	(486,663)
Surplus/(Deficit) after capital transfers & contributions	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(921,300)	(342,360)	(312,934)	(301,551)	(298,811)	(298,811)	(298,811)	(230,309)	(416,692)	(486,663)
Capital expenditure & funds sources										
Capital expenditure	308,750	219,406	179,893	205,576	224,064	224,064	224,064	196,732	6,931	–
Transfers recognised - capital	132,181	196,312	158,481	166,736	152,819	152,819	152,819	163,282	5,431	–
Borrowing	76,535	–	–	–	–	–	–	–	–	–
Internally generated funds	100,035	23,094	21,412	38,840	71,245	71,245	71,245	33,450	1,500	–
Total sources of capital funds	308,750	219,406	179,893	205,576	224,064	224,064	224,064	196,732	6,931	–
Financial position										
Total current assets	506,641	572,491	794,427	366,049	635,383	635,383	635,383	618,788	646,904	668,800
Total non current assets	7									

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

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Revenue - Functional										
Governance and administration		343,779	363,804	360,307	412,281	410,733	410,733	436,714	453,227	477,840
Executive and council		16,499	8,514	11,473	8,717	9,959	9,959	10,474	11,047	11,651
Finance and administration		327,281	355,290	348,834	403,564	400,774	400,774	426,240	442,180	466,189
Internal audit		—	—	—	—	—	—	—	—	—
Community and public safety		18,887	21,946	32,639	55,083	98,933	98,933	44,614	35,043	36,719
Community and social services		9,554	8,865	18,274	29,534	16,496	16,496	9,646	10,183	10,749
Sport and recreation		644	501	541	698	7,532	7,532	8,947	746	791
Public safety		2,718	4,528	6,942	11,450	10,863	10,863	11,103	11,526	11,884
Housing		5,968	7,991	6,836	13,331	63,971	63,971	14,917	12,587	13,294
Health		2	61	47	71	71	71	1	1	1
Economic and environmental services		68,498	89,083	109,277	87,648	119,867	119,867	124,713	63,850	60,870
Planning and development		591	35,070	70,898	22,907	26,143	26,143	78,553	63,850	60,870
Road transport		67,907	54,012	38,379	64,741	93,724	93,724	46,160	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
Trading services		1,215,741	1,275,500	1,282,385	1,380,276	1,368,921	1,368,921	1,563,304	1,591,427	1,694,044
Energy sources		702,824	679,610	718,633	770,528	780,636	780,636	894,874	964,355	1,030,502
Water management		226,202	298,736	290,791	316,642	267,341	267,341	337,698	277,179	293,375
Waste water management		178,125	184,598	176,687	195,371	206,219	206,219	210,242	222,312	235,076
Waste management		108,590	112,557	96,274	97,735	114,726	114,726	120,490	127,582	135,091
Other	4	149	134	132	169	164	164	174	185	196
Total Revenue - Functional	2	1,647,055	1,750,466	1,784,740	1,935,457	1,998,619	1,998,619	2,169,520	2,143,732	2,269,669
Expenditure - Functional										
Governance and administration		330,306	420,546	541,588	412,389	442,968	442,968	422,151	458,719	487,844
Executive and council		120,003	161,811	190,702	81,497	85,029	85,029	103,238	112,232	120,060
Finance and administration		210,304	258,735	350,886	330,892	357,394	357,394	317,092	344,532	365,686
Internal audit		—	—	—	—	545	545	1,820	1,956	2,098
Community and public safety		234,973	242,865	181,581	223,369	344,389	344,389	260,888	288,077	309,423
Community and social services		92,505	89,993	26,192	29,016	88,193	88,193	84,294	97,458	104,339
Sport and recreation		55,103	60,663	68,213	76,393	89,207	89,207	76,180	82,408	88,477
Public safety		57,002	64,579	58,141	65,757	62,775	62,775	77,067	80,926	87,234
Housing		25,342	23,562	25,358	44,877	96,434	96,434	17,341	20,807	22,389
Health		5,020	4,068	3,678	7,327	7,780	7,780	6,007	6,477	6,984
Economic and environmental services		1,031,477	540,214	250,510	264,341	239,997	239,997	252,882	263,731	322,493
Planning and development		38,101	23,043	24,167	27,477	30,312	30,312	85,677	92,252	99,300
Road transport		981,363	515,795	226,343	236,865	209,685	209,685	167,196	171,469	223,182
Environmental protection		12,013	1,376	—	—	—	—	10	11	11
Trading services		969,608	889,037	1,123,847	1,335,638	1,268,807	1,268,807	1,462,582	1,548,500	1,635,101
Energy sources		568,737	502,981	608,813	708,833	714,260	714,260	788,118	850,373	907,748
Water management		224,627	259,095	383,390	493,850	399,307	399,307	531,942	546,240	565,508
Waste water management		46,771	33,008	60,109	65,969	71,969	71,969	69,278	73,019	76,962
Waste management		129,473	93,953	71,534	66,986	83,271	83,271	73,244	78,868	84,883
Other	4	1,991	164	148	1,270	1,270	1,270	1,325	1,397	1,472
Total Expenditure - Functional	3	2,568,355	2,092,826	2,097,674	2,237,008	2,297,430	2,297,430	2,399,828	2,560,424	2,756,333
Surplus/(Deficit) for the year		(921,300)	(342,360)	(312,934)	(301,551)	(298,811)	(298,811)	(230,309)	(416,692)	(486,663)

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a functional classification. The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

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

Vote Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote		1									
Vote 1 - CORPORATE SERVICES			70,656	63,342	66,746	68,030	69,271	69,271	75,376	79,456	83,756
Vote 2 - COMMUNITY SERVICES			143,982	126,512	130,826	139,488	136,201	136,201	150,187	150,038	158,516
Vote 3 - BUDGET AND TREASURY			201,988	300,462	293,561	344,251	326,775	326,775	359,588	371,771	392,084
Vote 4 - MUNICIPAL MANAGER			-	-	-	-	1,150	1,150	1,750	2,000	2,000
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS			25,094	43,195	77,865	36,407	79,032	79,032	60,146	33,304	28,703
Vote 6 - TECHNICAL SERVICES			516,649	537,346	497,109	576,753	605,554	605,554	627,599	542,808	574,108
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES			688,686	679,610	718,633	770,528	780,636	780,636	894,874	964,355	1,030,502
Vote 8 - [NAME OF VOTE 8]			-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]			-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]			-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]			-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Revenue by Vote		2	1,647,055	1,750,466	1,784,740	1,935,457	1,998,619	1,998,619	2,169,520	2,143,732	2,269,669
Expenditure by Vote to be appropriated		1									
Vote 1 - CORPORATE SERVICES			730,586	136,869	239,523	146,473	153,163	153,163	158,057	171,170	181,418
Vote 2 - COMMUNITY SERVICES			309,225	306,461	284,594	291,202	301,688	301,688	317,019	346,376	372,168
Vote 3 - BUDGET AND TREASURY			168,462	198,546	162,888	152,792	167,186	167,186	168,129	181,191	192,630
Vote 4 - MUNICIPAL MANAGER			81,704	76,542	70,952	62,110	76,977	76,977	95,890	106,274	113,707
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS			66,648	48,644	59,379	79,124	128,017	128,017	48,450	54,192	58,189
Vote 6 - TECHNICAL SERVICES			625,444	800,327	671,525	796,473	757,796	757,796	824,165	850,848	930,471
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES			586,287	525,436	608,813	708,833	712,605	712,605	788,118	850,373	907,748
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	2,568,355	2,092,826	2,097,674	2,237,008	2,297,430	2,297,430	2,399,828	2,560,424	2,756,333
Surplus/(Deficit) for the year		2	(921,300)	(342,360)	(312,934)	(301,551)	(298,811)	(298,811)	(230,309)	(416,692)	(486,663)

References

1. Insert 'Vote'; e.g. department, if different to functional classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

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

RN232 Newcastle - Table A4 Budgeted Financial Performance (Revenue and Expenditure)									2019/20 Medium Term Revenue & Expenditure Framework		
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
Revenue By Source											
Property rates	2	214,714	232,286	252,934	295,785	282,785	282,785	282,785	313,010	324,022	343,640
Service charges - electricity revenue	2	638,731	675,673	649,843	686,768	683,349	683,349	683,349	805,762	870,404	931,451
Service charges - water revenue	2	144,962	135,672	156,568	161,896	170,146	170,146	170,146	186,097	197,305	209,187
Service charges - sanitation revenue	2	76,454	80,093	90,849	95,532	107,116	107,116	107,116	109,192	115,803	122,815
Service charges - refuse revenue	2	54,603	56,836	65,141	64,354	81,345	81,345	81,345	83,960	89,078	94,508
Rental of facilities and equipment		7,918	7,278	7,815	8,642	8,171	8,171	8,171	8,661	9,181	9,732
Interest earned - external investments		12,517	4,505	4,826	4,041	4,041	4,041	4,041	4,041	4,243	4,455
Interest earned - outstanding debtors		7,156	10,330	11,595	13,218	9,780	9,780	9,780	9,780	8,891	7,409
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		5,206	3,606	6,103	8,710	8,117	8,117	8,117	8,117	8,361	8,528
Licences and permits		-	12	10	13	14	14	14	14	15	16
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		467,502	527,822	365,726	384,734	453,909	453,909	453,909	439,148	471,028	496,355
Other revenue	2	16,522	16,353	14,848	45,029	34,828	34,828	34,828	38,456	39,970	41,574
Gains on disposal of PPE		770	-	-	-	2,200	2,200	2,200	-	-	-
Total Revenue (excluding capital transfers and contributions)		1,647,055	1,750,466	1,626,259	1,768,722	1,845,800	1,845,800	1,845,800	2,006,238	2,138,300	2,269,669
Expenditure By Type											
Employee related costs	2	489,601	495,757	538,871	537,171	548,527	548,527	548,527	597,838	645,666	697,319
Remuneration of councillors		18,453	20,389	21,527	24,119	25,710	25,710	25,710	26,996	28,453	29,990
Debt impairment	3	542,783	100,304	137,597	163,946	163,946	163,946	163,946	174,245	165,948	162,694
Depreciation & asset impairment	2	456,741	472,110	452,759	525,578	472,145	472,145	472,145	491,982	518,549	546,551
Finance charges		66,141	65,784	35,355	43,979	43,718	43,718	43,718	45,042	47,474	50,038
Bulk purchases	2	513,530	558,946	530,968	618,730	602,230	602,230	602,230	675,658	734,761	784,655
Other materials	8	2,438	1,832	6,673	3,763	3,467	3,467	3,467	4,217	4,444	4,684
Contracted services		86,634	61,246	53,171	34,945	95,709	95,709	95,709	43,550	52,065	54,769
Transfers and subsidies		90,764	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	297,798	316,458	320,752	284,776	341,977	341,977	341,977	340,300	363,064	425,634
Loss on disposal of PPE		3,472	-	-	-	-	-	-	-	-	-
Total Expenditure		2,568,355	2,092,826	2,097,674	2,237,008	2,297,430	2,297,430	2,297,430	2,399,828	2,560,424	2,756,333
Surplus/(Deficit)		(921,300)	(342,360)	(471,415)	(468,286)	(451,630)	(451,630)	(451,630)	(393,591)	(422,123)	(486,663)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)				158,481	166,736	152,819	152,819	152,819	163,282	5,431	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		(921,300)	(342,360)	(312,934)	(301,551)	(298,811)	(298,811)	(298,811)	(230,309)	(416,692)	(486,663)
Taxation											
Surplus/(Deficit) after taxation		(921,300)	(342,360)	(312,934)	(301,551)	(298,811)	(298,811)	(298,811)	(230,309)	(416,692)	(486,663)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(921,300)	(342,360)	(312,934)	(301,551)	(298,811)	(298,811)	(298,811)	(230,309)	(416,692)	(486,663)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(921,300)	(342,360)	(312,934)	(301,551)	(298,811)	(298,811)	(298,811)	(230,309)	(416,692)	(486,663)

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method (Includes Joint Ventures)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 4 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		-	-	-	-	-	-	-	-	-	-
Vote 6 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - CORPORATE SERVICES		47,141	-	1,955	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES		22,484	7,323	8,912	2,640	18,276	18,276	18,276	10,243	-	-
Vote 3 - BUDGET AND TREASURY		14,280	737	-	1,000	1,218	1,218	1,218	2,250	1,500	-
Vote 4 - MUNICIPAL MANAGER		3,624	32	-	-	-	-	-	-	-	-
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		46,690	49,224	36,701	-	12,924	12,924	12,924	32,059	5,431	-
Vote 6 - TECHNICAL SERVICES		143,267	153,197	130,826	197,436	186,647	186,647	186,647	152,180	-	-
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		31,284	8,893	1,499	4,500	5,000	5,000	5,000	-	-	-
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		308,750	219,406	179,893	205,576	224,064	224,064	224,064	196,732	6,931	-
Total Capital Expenditure - Vote		308,750	219,406	179,893	205,576	224,064	224,064	224,064	196,732	6,931	-
Capital Expenditure - Functional											
Governance and administration		71,570	770	1,955	1,000	1,218	1,218	1,218	2,250	1,500	-
Executive and council		47,141	-	-	-	-	-	-	-	-	-
Finance and administration		24,429	738	1,955	1,000	1,218	1,218	1,218	2,250	1,500	-
Internal audit		-	32	-	-	-	-	-	-	-	-
Community and public safety		19,760	9,171	9,455	2,640	19,389	19,389	19,389	9,743	-	-
Community and social services		15,677	4,715	8,048	990	7,915	7,915	7,915	300	-	-
Sport and recreation		4,083	2,202	766	1,650	10,450	10,450	10,450	8,243	-	-
Public safety		-	48	99	-	-	-	-	1,200	-	-
Housing		-	2,206	543	-	1,024	1,024	1,024	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		123,931	126,477	46,849	142,436	80,345	80,345	80,345	108,419	5,431	-
Planning and development		2,541	56,022	20,512	-	13,558	13,558	13,558	39,559	5,431	-
Road transport		121,390	70,455	26,337	142,436	66,787	66,787	66,787	68,860	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		93,489	82,988	105,987	59,500	123,112	123,112	123,112	76,320	-	-
Energy sources		31,284	9,367	1,499	4,500	5,000	5,000	5,000	-	-	-
Water management		34,800	73,262	104,489	55,000	118,112	118,112	118,112	75,820	-	-
Waste water management		27,404	358	-	-	-	-	-	500	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	15,646	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	308,750	219,406	179,893	205,576	224,064	224,064	224,064	196,732	6,931	-
Funded by:											
National Government		132,181	185,150	133,909	148,032	132,932	132,932	132,932	155,039	5,431	-
Provincial Government		-	11,162	8,926	18,704	19,887	19,887	19,887	8,243	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	15,646	-	-	-	-	-	-	-
Transfers recognised - capital	4	132,181	196,312	158,481	166,736	152,819	152,819	152,819	163,282	5,431	-
Borrowing	6	76,535	-	-	-	-	-	-	-	-	-
Internally generated funds		100,035	23,094	21,412	38,840	71,245	71,245	71,245	33,450	1,500	-
Total Capital Funding	7	308,750	219,406	179,893	205,576	224,064	224,064	224,064	196,732	6,931	-

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year
3. Capital expenditure by functional classification must reconcile to the appropriations by vote
4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)

6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17
7. Total Capital Funding must balance with Total Capital Expenditure
8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

KZN252 Newcastle - Table A6 Budgeted Financial Position

NZNZ52 Newcastle - Table A6 Budgeted Financial Position												
Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 -2020/21	Budget Year +2 2021/22
ASSETS												
Current assets												
Cash			7,229	20,722	9,612	1,265	390	390	390	44,357	38,463	40,777
Call investment deposits	1		37,335	29,785	47,407	10,951	44,303	44,303	44,303	30,372	46,093	47,015
Consumer debtors	1		395,097	452,627	673,840	305,160	480,520	480,520	480,520	495,217	510,575	526,135
Other debtors			53,591	54,128	51,145	33,098	97,018	97,018	97,018	35,084	37,189	39,420
Current portion of long-term receivables			8	6	4	—	—	—	—	2	2	3
Inventory	2		13,381	15,224	12,420	15,575	13,152	13,152	13,152	13,756	14,582	15,456
Total current assets			506,641	572,491	794,427	366,049	635,383	635,383	635,383	618,788	646,904	668,800
Non current assets												
Long-term receivables			—	—	—	—	—	—	—	—	—	—
Investments			—	—	—	—	—	—	—	—	—	—
Investment property			275,974	365,272	365,272	361,651	379,606	379,606	379,606	379,606	398,586	418,516
Investment in Associate			346,321	301,163	301,163	298,182	275,279	275,279	275,279	262,171	249,686	237,796
Property, plant and equipment	3		7,275,444	7,056,677	6,716,697	6,840,820	6,599,109	6,599,109	6,599,109	6,580,590	6,975,426	7,393,951
Biological			—	—	—	—	—	—	—	—	—	—
Intangible			8,540	8,687	5,758	7,650	2,841	2,841	2,841	3,773	3,999	4,239
Other non-current assets			6,327	6,991	7,469	7,425	7,469	7,469	7,469	7,726	8,189	8,681
Total non current assets			7,912,606	7,738,790	7,396,359	7,515,728	7,264,303	7,264,303	7,264,303	7,233,866	7,635,887	8,061,762
TOTAL ASSETS			8,419,247	8,311,282	8,190,786	7,881,777	7,899,686	7,899,686	7,899,686	7,852,654	8,282,791	8,730,562
LIABILITIES												
Current liabilities												
Bank overdraft	1		—	—	—	—	—	—	—	—	—	—
Borrowing	4		29,441	32,171	—	33,987	25,598	25,598	25,598	25,598	27,134	28,762
Consumer deposits			12,753	14,334	18,965	16,867	22,527	22,527	22,527	22,883	24,256	25,712
Trade and other payables	4		391,919	495,200	514,895	240,096	399,539	399,539	399,539	395,169	403,072	411,133
Provisions			5,775	6,216	—	6,691	39,290	39,290	39,290	39,290	41,648	44,147
Total current liabilities			439,888	547,921	533,860	297,641	486,955	486,955	486,955	482,940	496,110	509,754
Non current liabilities												
Borrowing			458,528	447,450	431,733	373,941	390,397	390,397	390,397	348,739	328,999	310,376
Provisions			146,890	159,386	165,602	160,980	145,207	145,207	145,207	145,207	153,920	163,155
Total non current liabilities			605,419	606,837	597,335	534,920	535,604	535,604	535,604	493,946	482,919	473,531
TOTAL LIABILITIES			1,045,307	1,154,758	1,131,195	832,561	1,022,559	1,022,559	1,022,559	976,887	979,029	983,285
NET ASSETS	5		7,373,940	7,156,524	7,059,591	7,049,216	6,877,128	6,877,128	6,877,128	6,875,767	7,303,762	7,747,277
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			7,347,194	7,130,923	7,032,915	7,046,945	6,871,933	6,871,933	6,871,933	6,870,327	7,297,996	7,741,165
Reserves	4		26,746	25,601	26,676	2,271	5,194	5,194	5,194	5,440	5,766	6,112
TOTAL COMMUNITY WEALTH/EQUITY	5		7,373,940	7,156,524	7,059,591	7,049,216	6,877,128	6,877,128	6,877,128	6,875,767	7,303,762	7,747,277

References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

KZN252 Newcastle - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		214,714	232,286	180,280	233,985	233,890	233,890	233,890	266,945	277,623	288,720
Service charges		750,110	832,111	794,533	859,570	883,041	883,041	883,041	1,025,518	1,076,794	1,106,102
Other revenue		5,413	12,805	43,610	37,516	36,397	36,397	36,397	51,515	53,682	55,972
Government - operating	1	290,193	317,832	345,816	384,734	444,821	444,821	444,821	439,148	471,028	496,355
Government - capital	1	173,884	218,965	217,288	162,426	153,079	153,079	153,079	163,282	5,431	-
Interest		19,673	14,835	16,036	9,328	8,442	8,442	8,442	13,821	14,512	15,237
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1,363,680)	(1,329,362)	(1,355,861)	(1,492,315)	(1,595,559)	(1,595,559)	(1,595,559)	(1,667,738)	(1,838,879)	(1,898,158)
Finance charges		(66,141)	(65,784)	(32,127)	(43,979)	(43,582)	(43,582)	(43,582)	(45,042)	(44,596)	(44,154)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		24,166	233,689	209,574	151,264	120,529	120,529	120,529	247,450	15,594	20,081
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1,688	-	-	21,200	13,200	13,200	13,200	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	33,125	45,759	45,759	45,759	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(310,438)	(219,406)	(155,174)	(205,576)	(224,064)	(224,064)	(224,064)	(196,732)	(6,931)	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(308,750)	(219,406)	(155,174)	(151,250)	(165,105)	(165,105)	(165,105)	(196,732)	(6,931)	-
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	3,561	3,561	3,561	-	-	-
Payments											
Repayment of borrowing		(11,656)	(8,347)	(47,889)	(32,000)	(16,060)	(16,060)	(16,060)	(25,598)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(11,656)	(8,347)	(47,889)	(32,000)	(12,499)	(12,499)	(12,499)	(25,598)	-	-
NET INCREASE/(DECREASE) IN CASH HELD											
		(296,240)	5,935	6,512	(31,986)	(57,075)	(57,075)	(57,075)	25,119	8,663	20,081
Cash/cash equivalents at the year begin:	2	340,813	44,573	50,508	33,251	57,465	57,465	57,465	19,237	44,357	53,019
Cash/cash equivalents at the year end:	2	44,573	50,508	57,019	1,265	390	390	390	44,357	53,019	73,101

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities

2. Cash equivalents includes investments with maturities of 3 months or less.

3. The MTREE is populated directly from SA30

[illegible]

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

2025/26 Newcastle - Table A0 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	44,573	50,508	57,019	1,265	390	390	390	44,357	53,019	73,101
Other current investments > 90 days		(9)	(0)	0	10,951	44,303	44,303	44,303	30,372	31,537	14,685
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		44,564	50,508	57,019	12,215	44,693	44,693	44,693	74,729	84,556	87,786
Application of cash and investments											
Unspent conditional transfers		32,409	-	-	6,216	12,119	12,119	12,119	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(13,762)	47,076	(73,093)	(43,373)	(93,286)	(93,286)	(93,286)	(60,807)	(60,723)	(52,730)
Other provisions					31,200	78,670	78,670	78,670	78,670	78,670	78,670
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	33,353	27,913	47,446	2,271	5,194	5,194	5,194	5,440	5,766	6,112
Total Application of cash and investments:		52,001	74,989	(25,647)	(3,686)	2,697	2,697	2,697	23,303	23,713	32,053
Surplus(shortfall)		(7,437)	(24,482)	82,667	15,901	41,996	41,996	41,996	51,426	60,843	55,733

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements

Debtors	373,272	448,124	587,988	277,253	480,706	480,706	480,706	455,976	463,795	463,863
Creditors due	359,510	495,200	514,895	233,880	387,420	387,420	387,420	395,169	403,072	411,133
Total	13,762	(47,076)	73,093	43,373	93,286	93,286	93,286	60,807	60,723	52,730

Debtors collection assumptions

Balance outstanding - debtors	448,688	506,754	724,985	338,258	577,538	577,538	577,538	530,301	547,764	565,555
Estimate of debtors collection rate	83.2%	88.4%	81.1%	82.0%	83.2%	83.2%	83.2%	86.0%	84.7%	82.0%

Long term investments committed

Balance (Insert description; eg sinking fund)

Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Housing Development Fund	709	17,883	25,631	1,779	4,698	4,698	4,698	4,933	5,229	5,543
Capital replacement										
Self-insurance										
Other (list)										

	709	17,883	25,631	1,779	4,698	4,698	4,698	4,933	5,229	5,543
--	-----	--------	--------	-------	-------	-------	-------	-------	-------	-------

KZN252 Newcastle - Table A9 Asset Management[illegible]

Total Upgrading of Existing Assets	6	-	-	25,744	17,500	43,461	43,461	26,243	-	-
<i>Roads Infrastructure</i>		-	-	5,212	9,000	20,000	20,000	3,000	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	13,750	8,500	8,500	8,500	15,000	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	18,961	17,500	28,500	28,500	18,000	-	-
Community Facilities		-	-	5,460	-	6,167	6,167	-	-	-
Sport and Recreation Facilities		-	-	766	-	7,800	7,800	8,243	-	-
Community Assets		-	-	6,225	-	13,967	13,967	8,243	-	-
Heritage Assets		-	-	257	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	300	-	993	993	-	-	-
Other Assets		-	-	300	-	993	993	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	308,750	219,406	179,893	205,576	224,064	224,064	196,732	6,931	-
<i>Roads Infrastructure</i>		242,996	148,986	59,778	106,732	115,642	115,642	108,777	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		26,630	4,477	2,997	-	5,500	5,500	-	-	-
<i>Water Supply Infrastructure</i>		8,580	51,385	66,306	76,500	51,592	51,592	52,820	-	-
<i>Sanitation Infrastructure</i>		8,500	10,235	14,599	-	6,020	6,020	-	-	-
<i>Solid Waste Infrastructure</i>		-	602	-	-	-	-	500	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		286,706	215,685	143,681	183,232	178,754	178,754	162,097	-	-
Community Facilities		21,315	2,018	14,656	19,644	28,185	28,185	11,442	5,431	-
Sport and Recreation Facilities		-	597	766	-	7,800	7,800	8,243	-	-
Community Assets		21,315	2,614	15,422	19,644	35,985	35,985	19,685	5,431	-
Heritage Assets		70	-	257	-	-	-	-	-	-
Revenue Generating		-	-	-	-	6,000	6,000	4,500	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	6,000	6,000	4,500	-	-
Operational Buildings		560	602	15,677	-	1,000	1,000	500	-	-
Housing		-	-	300	-	993	993	-	-	-
Other Assets		560	602	15,977	-	1,993	1,993	500	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	32	-	-	-	-	-	-	-
Intangible Assets		-	32	-	-	-	-	-	-	-
Computer Equipment		100	115	-	1,650	-	-	-	-	-
Furniture and Office Equipment		-	358	4,556	1,050	1,332	1,332	1,800	1,500	-
Machinery and Equipment		-	-	-	-	-	-	5,450	-	-
Transport Assets		-	-	-	-	-	-	700	-	-
Land		-	-	-	-	-	-	2,000	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		308,750	219,406	179,893	205,576	224,064	224,064	196,732	6,931	-

ASSET REGISTER SUMMARY - PPE (WDV)	5	2,520,833	5,599,773	6,913,699	6,840,820	6,787,231	6,734,172	7,233,866	7,635,888	8,063,184
<i>Roads Infrastructure</i>		1,009,672	3,967,266	4,154,276	4,113,145	4,072,420	4,032,099	3,715,979	3,938,937	4,175,274
<i>Storm water Infrastructure</i>		-	-	82,840	82,020	81,208	80,404	365,832	387,781	411,048
<i>Electrical Infrastructure</i>		261,804	287,985	316,783	313,647	310,541	307,467	983,122	1,042,110	1,104,636
<i>Water Supply Infrastructure</i>		238,365	262,201	288,422	285,566	282,739	279,939	610,826	647,476	686,324
<i>Sanitation Infrastructure</i>		515,983	567,582	624,340	618,158	612,038	605,978	652,837	692,008	733,528
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	103,235	109,429	115,995
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		68,463	75,309	-	-	-	-	-	-	-
Infrastructure		2,094,288	5,160,343	5,466,661	5,412,535	5,358,946	5,305,887	6,431,831	6,817,741	7,226,806
Community Assets		138,337	152,171	167,388	165,731	165,731	165,731	100,805	106,853	113,264
Heritage Assets		-	-	4,471	-	-	-	7,469	7,917	8,392
Investment properties		275,974	275,974	1,267,598	1,255,048	1,255,048	1,255,048	379,606	398,586	418,516
Other Assets		3,695	4,064	-	-	-	-	262,171	249,686	237,796
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	3,773	3,999	4,239
Computer Equipment		8,540	7,221	7,582	7,507	7,507	7,507	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	48,212	51,104	54,171
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	2,520,833	5,599,773	6,913,699	6,840,820	6,787,231	6,734,172	7,233,866	7,635,888	8,063,184
EXPENDITURE OTHER ITEMS		541,926	557,765	574,103	593,701	558,872	558,872	621,168	632,669	709,288
Depreciation	7	456,741	472,111	452,759	525,578	472,145	472,145	491,982	518,549	546,551
Repairs and Maintenance by Asset Class	3	85,185	85,654	121,344	68,123	86,727	86,727	129,186	114,120	162,738
<i>Roads Infrastructure</i>		41,586	17,624	38,142	9,508	12,956	12,956	32,055	24,826	36,951
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	18,704	2,300	21,004
<i>Electrical Infrastructure</i>		18,249	10,356	28,615	16,208	16,322	16,322	12,295	14,759	25,559
<i>Water Supply Infrastructure</i>		-	10,146	45,768	8,400	8,773	8,773	9,460	16,927	17,841
<i>Sanitation Infrastructure</i>		12,239	24,969	-	-	33,500	33,500	33,758	35,581	37,503
<i>Solid Waste Infrastructure</i>		2,034	127	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	158	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		74,108	63,380	112,526	34,116	71,550	71,550	106,273	94,394	138,858
Community Facilities		10,546	1,536	2,520	13,239	3,576	3,576	237	250	264
Sport and Recreation Facilities		-	578	-	-	-	-	-	-	-
Community Assets		10,546	2,115	2,520	13,239	3,576	3,576	237	250	264
Heritage Assets		531	27	130	2	80	80	138	145	153
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		-	7,108	41	3,894	1,068	1,068	7,075	7,457	7,859
<i>Housing</i>		-	387	300	991	-	-	-	-	-
Other Assets		-	7,495	341	4,885	1,068	1,068	7,075	7,457	7,859
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	2,537	2,940	4,925	3,615	3,615	3,840	4,047	4,266
Intangible Assets		-	2,537	2,940	4,925	3,615	3,615	3,840	4,047	4,266
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	4,794	-	-	-	-	-
Machinery and Equipment		-	10,100	2,887	6,161	6,836	6,836	11,624	7,827	11,337
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		541,926	557,765	574,103	593,701	558,872	558,872	621,168	632,669	709,288
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		55.1%	22.0%	45.9%	36.7%	45.3%	45.3%	25.8%	0.0%	0.0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		37.3%	10.2%	18.2%	14.4%	21.5%	21.5%	10.3%	0.0%	0.0%
<i>R&M as a % of PPE</i>		1.2%	1.2%	1.8%	1.0%	1.3%	1.3%	2.0%	1.6%	2.2%
<i>Renewal and upgrading and R&M as a % of PPE</i>		10.0%	2.0%	3.0%	2.0%	3.0%	3.0%	2.0%	1.0%	2.0%

References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Detail of upgrading of existing assets provided in Table SA34e
7. Detail of depreciation provided in Table SA34d

KZN252 Newcastle - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		42,127	126,381	126,381	134,217	134,217	134,217	142,538	151,375	151,375
Piped water inside yard (but not in dwelling)		29,508	95,724	95,724	101,659	101,659	101,659	107,962	114,855	114,855
Using public tap (at least min.service level)	2	7,221	25,626	25,626	27,215	27,215	27,215	28,902	30,694	30,694
Other water supply (at least min.service level)	4	565	1,725	1,725	1,832	1,832	1,832	1,946	2,066	2,066
<i>Minimum Service Level and Above sub-total</i>		79,421	249,456	249,456	264,922	264,922	264,922	281,347	298,791	298,791
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	4,848	7,314	7,314	7,767	7,767	7,767	8,249	8,760	8,760
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		4,848	7,314	7,314	7,767	7,767	7,767	8,249	8,760	8,760
Total number of households	5	84,269	256,770	256,770	272,690	272,690	272,690	289,597	307,551	307,551
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		51,888	160,164	160,164	170,094	170,094	170,094	180,640	191,840	191,840
Flush toilet (with septic tank)		1,704	5,112	5,112	5,429	5,429	5,429	5,766	6,123	6,123
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		12,681	36,783	36,783	39,064	39,064	39,064	41,485	44,058	44,058
Other toilet provisions (> min.service level)		3,981	11,943	11,943	12,683	12,683	12,683	13,470	14,305	14,305
<i>Minimum Service Level and Above sub-total</i>		70,254	214,002	214,002	227,270	227,270	227,270	241,361	256,325	256,325
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		14,015	25,870	25,870	27,474	27,474	27,474	29,177	30,986	30,986
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		14,015	25,870	25,870	27,474	27,474	27,474	29,177	30,986	30,986
Total number of households	5	84,269	239,872	239,872	254,744	254,744	254,744	270,538	287,312	287,312
<u>Energy:</u>										
Electricity (at least min.service level)		39,642	39,642	39,642	39,642	39,642	39,642	39,679	39,679	39,679
Electricity - prepaid (min.service level)		2,233	2,233	2,233	2,233	2,233	2,233	465	465	465
<i>Minimum Service Level and Above sub-total</i>		41,875	41,875	41,875	41,875	41,875	41,875	40,344	40,344	40,344
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	41,875	41,875	41,875	41,875	41,875	41,875	40,344	40,344	40,344
<u>Refuse:</u>										
Removed at least once a week		62,872	62,872	62,872	59,199	59,199	59,199	70,910	75,306	75,306
<i>Minimum Service Level and Above sub-total</i>		62,872	62,872	62,872	59,199	59,199	59,199	70,910	75,306	75,306
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	62,872	62,872	62,872	59,199	59,199	59,199	70,910	75,306	75,306
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		14,653	14,653	41,000	19,100	8,000	8,000	9,000	-	-
Sanitation (free minimum level service)		-	-	-	-	8,000	8,000	9,000	-	-
Electricity/other energy (50kwh per household per month)		5,213	5,213	2,500	19,100	8,000	8,000	9,000	-	-
Refuse (removed at least once a week)		28,671,589	28,671,589	20,500	19,100	8,000	8,000	9,000	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	49,060	21,161	15,249	7,000	7,000	7,000	7,378	7,776
Sanitation (free sanitation service to indigent households)		-	22,780	22,269	21,584	10,000	10,000	10,000	10,540	11,109
Electricity/other energy (50kwh per indigent household per month)		-	37,296	3,098	3,581	7,000	7,000	7,000	7,378	7,776
Refuse (removed once a week for indigent households)		-	26,585	30,441	30,441	13,450	13,450	13,450	14,176	14,942
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	135,721	76,969	70,854	37,450	37,450	37,450	39,472	41,604
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (Impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and Impermissible values in excess of section 17 of MPRA		-	23,786	30,062	22,463	27,929	27,929	27,929	29,437	31,026
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	6									
Total revenue cost of subsidised services provided		-	23,786	30,062	22,463	27,929	27,929	27,929	29,437	31,026

References

1. Include services provided by another entity; e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service
9. Reflect the cost to the municipality in terms of 'revenue foregone' of providing free services (note this will not equal 'Revenue Foregone' on SA1)

ANNEXURE E
DRAFT TARIFFS OF CHARGES

NEWCASTLE MUNICIPALITY



Draft
TARIFF OF CHARGES
2019/2020

		Actual 2018/2019 Tariff
	ASSESSMENT RATES	
	Assessment rates be determined as follows:	
I.	In terms of the Municipal Property Rates Act, No. 6 of 2004, the general rate for the financial year is levied as follows:	
(a)	(i) Residential property (Impermissible - R100 000)	1.186 Cents in the Rand
	(ii) Business and commercial	3,142 Cents in the Rand
	(iii) Industrial property	3,142 Cents in the Rand
	(iv) Agricultural property	0.264 Cents in the Rand
	(iv) Public service infrastructure	0.264 Cents in the Rand
	(v) Mining property	3,142 Cents in the Rand
	(vi) Rural communal land	0.264 Cents in the Rand
	(viii) Places of public worship	Exempt
	(ix) Public Benefit Organizations	0.264 Cents in the Rand
	(x) Specialized private non market property	0.264 Cents in the Rand
	(xii) Vacant land.	5,260 Cents in the Rand
(b)	Rebates granted in terms of the Rates Policy:	
	Pensioners	25%
	B&B Accomodation	10%
	Properties effected by disaster	50%
	Commercial Industrial Development with market value of at least R50 million	As per policy
(c)	Indigent accountholders are subsidised	100%
(d)	Public Benefit Organisation who qualify in terms of the policy are exempt from rates	

		Actual 2018/2019 Tariff
	BYLAWS RELATING TO PUBLIC HEALTH	
1.	Removal of dead animals The charge for the removal and disposal of dead animals within the municipality shall be as follows :-	
(a)	For each carcass of a dog or cat	R52.76
(b)	For each carcass of a sheep, calf or pig	R89.30
(c)	For each carcass of a horse, beast or similar large animal	R444.07
(d)	Removal of carcasses on request of societies for the protection of animals	Free
	The aforesaid charges shall be payable in advance or upon demand or otherwise as may be arranged with the Council	R0.00
2.	Vacuum tanker services to and emptying of ventilated improved pit toilets	R0.00
(a)	Per single draw	R96.63
(b)	Stafford Hill and Osizweni Section E and F	R96.63
3.	Septic tank and waste water	R0.00
(a)	Charge for the emptying of septic tanks and removal of waste water in respect of a domestic sewage gulley, industrial sewage gulley, situated within the municipal boundaries per 5000 litre load or part thereof	R827.22
(b)	Removal of blood from the abattoir, per load	R1,042.44
4.	Sewerage conservancy tanker services	R0.00
	The following charges are payable in the Charlestown administrative unit :-	R0.00
(a)	Residential properties, per load	R36.60
(b)	Non-residential properties, per load	R756.94
	All the abovementioned tariffs in respect of services rendered are subject to value added tax as determined from time to time	
	BYLAWS RELATING TO THE KEEPING OF DOGS, ANIMALS, BIRDS AND BEES	
1.	The following license fees are payable annually in respect of dogs kept within the municipal area for which rabies certificates have to be produced :-	
(a)	For a first dog	32.00
(b)	For a second dog	57.00
(c)	For any additional dog and subject to submission of Council authorization for the keeping of additional dogs, per dog	96.00
2.	The following fees are payable in respect of each domestic animal impounded:	
(a)	Pound fees per animal	R 177 , 00
(b)	Sterilization fee	Cost +10%
(c)	Immunisation fee	Cost +10%
3.	The following fees are payable in respect of each other animal impounded :	
(a)	Transport fee	The Kilometre tariff for vehicle which in discretion of the pound keeper, is reasonably necessary to transport the relevant animal to the pound, as determined by the Automobile Association of South Africa (AA) from time to time
(b)	All inclusive pound fees which include:	R 15,00 per day, or part thereof, for any pig, sheep or goat
(1)	Pound fee	R50,00 per day, or part thereof, for any other animal
(2)	Tending fee	R55,00 per day for pigs, sheep and goat
(c)	Dipping or Spraying fees	Cost plus 10% administration fees
(d)	Wound dressing costs and fees, medication costs and fees	Cost plus 10% administration fees
(e)	Veterinarian fees	Cost plus 10% administration fees
	All the abovementioned tariffs in respect of services rendered are subject to value added tax as determined from time to time	
	CLEANSING SERVICES BYLAWS	
1.	Special charges and charges for refuse removal services	
(a)	Builders refuse, dry industrial refuse, bulky refuse - per load of 5 cubic metres (5 tons) or part thereof	R666.33
(b)	Bulky garden refuse from premises within the municipality, for loads not exceeding 5 cubic metres shall be removed at per load or part thereof	R666.33
(c)	Sawdust and wood waste from premises within the municipality, for loads not exceeding 5 cubic metres shall be removed at per load or part thereof	R666.33
(d)	Mixed refuse (garden, domestic, trade, builders rubble) from premises within the municipality, for loads not exceeding 5 cubic metres shall be removed at per load or part thereof	R666.33
(e)	Special Industrial Refuse	Cost +10%
(f)	Charges for domestic and business refuse removal services	
(i)	Residential and non-residential properties in Newcastle West, except where the account holder is registered as indigent - not exceeding one removal per week, per month	R131.32
(ii)	Residential properties in Newcastle East, except where the account holder is registered as indigent - not exceeding one removal per week, per month	R131.32
(iii)	Non-residential properties in Newcastle East - not exceeding one removal per week, per month	R131.32
(iv)	Residential and Non-residential properties in Ingagane/Kilbarchan -not exceeding one removal per week, per month	R131.32
(v)	Residential and Non-residential properties in Charlestown -not exceeding one removal per week, per month	R131.32
(vi)	Registered indigent account holders	R131.32

		Actual 2018/2019 Tariff
1.	Fire and rescue services rendered within Council's area of jurisdiction.	
(a)	Services rendered in respect of fire-fighting and / or rescue services to residents/ratepayers of Newcastle	Free
(b)	Services rendered in respect of fire-fighting tariffs and/or rescue services to non- residents/ratepayers as set out of Newcastle in (2) below	Tariff as set out in (2)
(c)	Services rendered regarding call- out cost for a grass fire on an undeveloped lot, payable by the owner. If more than one lot is involved, the actual cost to be paid pro-rata by the owners	Cost +10%
(d)	Chemical additives used for fire-fighting services, payable by the owner	Cost +10%
2.	Fire and rescue services rendered outside Council's area of jurisdiction, per kilometre	
	1 to 5 kilometres	R42.46
	6 to 15 kilometres	R21.96
	16 to 20 kilometres	R32.21
	21 to 30 kilometres	R26.35
	31 to 50 kilometres	R21.96
	51 + kilometres	R20.50
(a)	Call out cost per officer	R279.64
(b)	Services rendered by officers, per hour or part thereof, per officer	Cost +10%
(c)	Call-out cost per fire-fighter	R247.43
(d)	Services rendered by fire-fighters, per hour or part thereof, per fire-fighter	Cost +10%
(e)	Call-out cost per fire engine	R638.35
(f)	Cost for use or availability, per hour or part thereof	R319.17
(g)	Additional cost for distances travelled, per km	R0.00
	1 to 5 kilometres	R43.92
	6 to 15 kilometres	R39.53
	16 to 20 kilometres	R32.21
	21 to 30 kilometres	R24.89
	31 to 50 kilometres	R21.96
	51 + kilometres	R21.96
(h)	Call-out cost for rescue vehicle	R389.45
(i)	Cost for use or availability, per hour or part thereof	R194.73
(j)	Additional cost for distances travelled, per km	R0.00
	1 to 5 kilometres	R33.67
	6 to 15 kilometres	R30.75
	16 to 20 kilometres	R26.35
	21 to 30 kilometres	R21.96
	31 to 50 kilometres	R17.57
	51 + kilometres	R14.64
(k)	Call-out cost for service vehicle	R250.36
(l)	Cost for use or availability, per hour or part thereof	R124.45
(m)	Cost for use of combination service vehicle and fire fighting trailer	R376.27
(n)	Cost for use or availability per hour or part thereof	R124.45
(o)	Additional cost for distances travelled, per km	R0.00
	1 to 5 kilometres	R4.39
	6 to 15 kilometres	R4.39
	16 to 20 kilometres	R4.39
	21 to 30 kilometres	R4.39
	31 to 50 kilometres	R4.39
	51 + kilometres	R4.39
3.	Services rendered in respect of special services to residents and/or non-residents/ ratepayers of Newcastle	R0.00
(a)	Call-out cost for per service	R279.64
(b)	Services rendered by officers, per hour or part thereof, per officer	Cost +10%
(c)	Call-out cost per fire fighter	R247.43
(d)	Service rendered by fire fighters, per hour or part thereof	Cost +10%
(e)	Call-out cost per fire engine	R638.35
(f)	Cost for use or availability, per hour or part thereof	R325.03
(g)	Call-out cost per portable pump/chainsaw	R124.45
(h)	Cost for use or availability, per hour or part thereof	R120.06
(i)	Cost for use of breathing apparatus compressor, per hour or part thereof	R124.45
	All the abovementioned tariffs in respect of services rendered are subject to value added tax as determined from time to time	
	TRAINING AND SPECIFIC INSPECTIONS	
(a)	Cost of instructor per hour or part thereof	Cost +10%
(b)	Cost of materials/training aids	Cost +10%
(c)	Call-out cost per fire fighter	Cost +10%
(d)	Printing of certificates	Cost +10%
	All the abovementioned tariffs in respect of services rendered are subject to value-added tax as determined from time to time	

		Actual 2018/2019 Tariff
	(i) Residents	R461.01
	(ii) Non-residents	R1,310.43
(b) Funerals: Per funeral		R0.00
	(i) Residents	R154.88
	(ii) Non-residents	R508.20
8.	The grave number is engraved on the tombstone at the family's cost	
	NOTE: Permanent residence in relation to any person means a ratepayer or consumer of municipal services and their immediate families where such person has been resident in the Council's area of jurisdiction for a continuous period exceeding 3 months. The submission of a current consumer account will serve as proof of permanent residence.	
	PUBLIC SWIMMING POOL BYLAWS	
1.	Entrance fee	
(a)	Scholars, per day	R7.26
	(b) Adults, per day	R14.52
2.	Season tickets	R0.00
(a)	Per child under 18 years	R211.75
(b)	Per adult	R424.71
(c)	Parents who cannot afford the prescribed tariffs may apply in writing to the Director: Culture and Amenities who, after due consideration, may decide to issue a free season ticket for the aforementioned school-going children	R0.00
3.	Monthly tickets	R0.00
(a)	Per child under 18 years	R61.71
(b)	Per adult	R89.54
4.	Pensioners are exempted provided application has been made for pensioners' entrance ticket concessions	R0.00
5.	Hire of Newcastle swimming pools	R0.00
(a)	10:00 - 14:00 (or part thereof)	R194.81
(b)	14:00 - 18:00 (or part thereof)	R160.93
(c)	18:00 - 24:00 (or part thereof)	R243.21
(d)	Galas : Newcastle swimming pool	R1,062.38
(e)	Instructors making use of municipal swimming pools for their own account shall pay R5,00 per lane per hour and shall further be required to purchase a season or monthly ticket	R0.00
(f)	Parents of members of swimming clubs during practice sessions, with proof of identity to the satisfaction of the Director : Culture and Amenities , excluding the personal use of the swimming pool facilities	Free
(g)	The tariff of charges per floodlight standard for the use of floodlights at the Newcastle swimming pool shall be determined according to the formula $[(T+N) \times Z.T = \text{tariff of charge, } N = \text{maintenance costs, } Z = \text{percentage increase or decrease in } T \text{ and } N \text{ as determined by Council from time to time}]$	
6.	Hire of Newcastle swimming pool hall	
	Monday to Thursday	
(a)	Hire for commercial purposes, per hour	
	(i) Hall	R194.81
	(ii) Side room	R98.01
	(iii) Kitchen	R98.01
(b)	Hire for meetings, weddings, anniversaries, children's parties & sports functions, per hour	R0.00
	(i) Hall	R136.73
	(ii) Side room	R68.97
	(iii) Kitchen	R68.97
(c)	Hire for exhibitions, per hour	R0.00
	(i) Hall	R164.56
	(ii) Side room	R82.28
	(iii) Kitchen	R82.28
(d)	Hire for non-profit organisations, per hour	R0.00
	(i) Hall	R94.38
	(ii) Side room	R39.93
	(iii) Kitchen	R39.93
(e)	Preparation for functions contemplated in (a)-(d) above, per hour	R53.24
(f)	Hire for sport and recreational activities by member groups of the Recreation Centre residing in Newcastle – Monday to Sundays	R0.00
(g)	Hire for sport and recreational activities by member groups of which more than 50% of the group members are non-residents of Newcastle and not owning any fixed member-property in the town - Mondays to Saturdays	R0.00
7.	Hire of public-address system, per day or part thereof	R181.50
8.	Hire of tuck shop per day or part thereof	R158.51
9.	Fridays and Saturdays the tariff to hire the Newcastle swimming pool hall and tuck shop	Normal tariff in 5(a) to (e) above + 25%
10.	Sundays and public holidays the tariff to hire the Newcastle swimming pool hall and tuck shop	Normal tariff in 5(a) to (e) above + 25%
11.	Hire of hall and facilities by non-residents	Normal rate + 25%
12.	Refundable deposit per function, meeting, etc.	R2,815.07
13.	School utilizing a municipal swimming pool during the swimming season for physical exercise for all their pupils, per season	R735.68
	NEWCASTLE RECREATION CENTRE	
	The tariffs of charges set out below shall be applicable to the hire of the hall or any of the facilities in connection therewith and shall be payable in advance together with a refundable deposit. The hall and all facilities and services shall, in the discretion of Council, be made available free of charge for civic mayoral receptions, functions and meetings held by Council, municipal elections, functions specially approved by Council.	
	Mondays to Thursdays	
1.	Hire for commercial purposes, dances, banquets, performances, concerts, film shows, bazaars, boxing and wrestling matches, beer festivals, weddings, anniversaries and children's parties, per hour	R235.71
2.	Hire for political, per hour	R188.76

		Actual 2018/2019 Tariff
(d)	Erven from 4,000m ² to 10,000m ²	R9,002.75
(e)	Erven in excess of 10,000m ²	R11,146.19
	(Payments to be receipted against cost centre/item 403034)	

		Actual 2018/2019 Tariff
C.	RICHVIEW CIVIC CENTRE	
	Mondays to Thursdays	
1.	Hire for commercial purposes, dances, banquets, performances, concerts, film shows, bazaars and beer festivals, per hour or part thereof	R312.40
2.	Hire for weddings, anniversaries and children's parties, per hour or part thereof	R253.00
3.	Hire for political meetings, per hour or part thereof	R253.00
4.	Hire for religious purposes, exhibitions of arts and crafts, art exhibitions, industrial and commercial exhibitions where the hall is required for one day only or part thereof, per hour	R272.80
5.	Hire for religious purposes, exhibitions of arts and crafts, art exhibitions, industrial and commercial exhibitions where the hall is required for longer than one day, per day or part thereof	R711.70
6.	Hire for non-profit organisations, per hour or part thereof	R192.50
7.	Preparation for functions contemplated in 1 to 6, per hour or part thereof	R80.30
8.	Rehearsals, per day or part thereof	R159.50
9.	Hire for religious purposes, per hour or part thereof	R80.30
10.	Hire of cooking area, per hour or part thereof (including gas)	R292.60
11.	Hire of public-address system, per day or part thereof	R226.60
12.	Hire of hall for sport purposes, per hour or part thereof	R266.20
13.	Hire of hall and facilities by non-residents	Normal rate + 25%
14.	Fridays and Saturdays: The tariff to hire the Richview Civic Centre	Normal tariff for hire mentioned in 1-13 above + 25 %
15.	Sundays and Public Holidays: - The tariff to hire the Richview Civic Centre	Normal tariff for hire mentioned in 1-13 above + 50 %
16.	Refundable deposit per function, meeting, etc.	R2,369.40
17.	Municipal Councillors utilizing the halls with special written consent from the Municipal Manager, for the purpose of ward meetings, information sessions to the public, e.g. crime aids etc.	Free of charge
18.	Municipal Councillors and Municipal officials for private use (payment due immediately with booking of facility)	Tariffs as applicable to private persons
D.	FAIRLEIGH COMMUNITY HALL	
	Mondays to Thursdays	
1.	Hire for commercial purposes, dances, banquets, performances, concerts, film shows, bazaars and beer festivals per hour or part thereof	R253.00
2.	Hire for weddings, anniversaries and children's parties, per hour or part thereof	R213.40
3.	Hire for political meetings, per hour or part thereof	R213.40
4.	Hire for exhibitions of arts and crafts, art exhibitions, industrial and commercial exhibitions where the hall is required for one day only or part thereof, per hour	R226.60
5.	Hire for exhibitions of arts and crafts, art exhibitions, industrial and commercial exhibitions where the hall is required for longer than one day, per day or part thereof	R558.80
6.	Hire for non-profit organisations, per hour or part thereof	R159.50
7.	Preparation for functions contemplated in 1 - 6, per hour	R73.70
8.	Rehearsals, per day or part thereof	R159.50
9.	Hire for religious purposes, per hour or part thereof	R93.50
10.	For the purpose of conducting playgroups by any organisations referred to in 6 above, during week days: For every group of 30 children or part thereof, per month	R213.40
11.	Hire of public-address system, per day or part thereof	R226.60
12.	Hire of hall for sport purposes, per hour or part thereof	R266.20
13.	Hire of hall and facilities by non-residents	Normal rate + 25%
14.	Fridays and Saturdays: - The tariff to hire the Fairleigh Community Hall	Normal tariff for hire mentioned in 1-13 above + 25%
15.	Sundays and Public Holidays: The tariff to hire the Fairleigh Community Hall	Normal tariff for hire mentioned in 1-13 above + 50%
16.	Refundable deposit per function, meeting, etc.	R1,883.20
17.	Municipal Councillors utilizing the halls with special written consent from the Municipal Manager, for the purpose of ward meetings, information sessions to the public, e.g. crime aids etc.	Free of charge
18.	Municipal Councillors and Municipal officials for private use (payment due immediately with booking of facility)	Tariffs as applicable to private persons
E.	NEWCASTLE SHOW HALL	
	Monday to Thursday	
1.	Hire for commercial purposes, dances, banquets, performances, concerts, film shows, bazaars and beer festivals, per hour or part thereof	R332.20
2.	Hire for weddings, anniversaries and children's parties, per hour or part thereof	R259.60
3.	Hire for political meetings, per hour or part thereof	R259.60
4.	Hire for exhibitions of arts and crafts, art exhibitions, industrial and commercial exhibitions where the hall is required for one day only or part thereof, per hour	R272.80
5.	Hire for exhibitions of arts and crafts, art exhibitions, industrial and commercial exhibitions where the hall is required for longer than one day, per day or part thereof	R885.50
6.	Hire for non-profit organization, per hour or part thereof	R213.40
7.	Hire for religious purposes, per hour or part thereof	R179.30
8.	Preparation for functions contemplated in 1 to 7 above, per hour or part thereof	R113.30
9.	Rehearsals, per day or part thereof	R192.50
10.	Hire of toilet facilities, per day or part thereof	R213.40
11.	Hire of the kitchen, per hour or part thereof	R179.30
12.	Hire of public-address system, per day or part thereof	R466.40
13.	Cost of operator for public-address system	Costs + 10%
14.	Use of air-conditioner per hour or part thereof	R412.50
15.	Hire of hall for sport purposes, per hour or part thereof	R266.20
16.	Hire of hall and facilities by non-residents	Normal rate + 25%
17.	Fridays and Saturdays: -The tariff to hire the Show Hall	Normal tariff for hire mentioned in 1-16 above + 25%
18.	Sundays and Public Holidays: The tariff to hire the Show Hall	Normal tariff for hire mentioned in 1-16 above + 50%
19.	Refundable deposit per function, meeting, etc.	R2,781.90

		Actual 2018/2019 Tariff
17	Municipal Councillors utilizing the halls with special written consent from the Municipal Manager, for the purpose of ward meetings, information sessions to the public, e.g. crime aids etc.	Free of charge
18	Municipal Councillors and Municipal officials for private use (payment due immediately with booking of facility)	Tariffs as applicable to private persons
I	JBC HALL	
	Mondays to Thursdays	
1.	Hire for commercial purposes, dances, banquets, performances, concerts, film shows, bazaars and beer festivals per hour or part thereof	R253.00
2.	Hire for weddings, anniversaries and children's parties, per hour or part thereof	R213.40
3.	Hire for political meetings, per hour or part thereof	R213.40
4.	Hire for exhibitions of arts and crafts, art exhibitions, industrial and commercial exhibitions where the hall is required for one day only or part thereof, per hour	R226.60
5.	Hire for exhibitions of arts and crafts, art exhibitions, industrial and commercial exhibitions where the hall is required for longer than one day, per day or part thereof	R558.80
6.	Hire for non-profit organisations, per hour or part thereof	R159.50
7.	Preparation for functions contemplated in 1 - 6, per hour	R73.70
8.	Rehearsals, per day or part thereof	R159.50
9.	Hire for religious purposes, per hour or part thereof	R93.50
10.	For the purpose of conducting playgroups by any organisations referred to in 6 above, during week days: For every group of 30 children or part thereof, per month	R210.10
11.	Hire of public-address system, per day or part thereof	R226.60
12.	Hire of hall for sport purposes, per hour or part thereof	R266.20
13.	Hire of hall and facilities by non-residents	Normal rate + 25%
14.	Fridays and Saturdays: - The tariff to hire the Fairleigh Community Hall	Normal tariff for hire mentioned in 1-13 above + 25%
15.	Sundays and Public Holidays: The tariff to hire the Fairleigh Community Hall	Normal tariff for hire mentioned in 1-13 above + 50%
16.	Refundable deposit per function, meeting, etc.	R1,797.40
17.	Municipal Councillors utilizing the halls with special written consent from the Municipal Manager, for the purpose of ward meetings, information sessions to the public, e.g. crime aids etc.	Free of charge
18.	Municipal Councillors and Municipal officials for private use (payment due immediately with booking of facility)	Tariffs as applicable to private persons
J	OSIZWENI ARTS CENTRE	
	General	
	The tariffs of charges shall be payable in advance. No reservation will be made or date will be reserved unless the amount for the hired accommodation together with a refundable deposit, has been paid in full.	
	The full rental amount, excluding the deposit, will be forfeited to Council when the hirer cancels or postpones a reservation, unless Council is notified in writing at least 30 days prior to the reserved date about the cancellation	
	The facility, shall, at the discretion of Council, be made available free of charge for civic mayoral functions, functions and meetings held by Council, and functions specially approved by Council.	
	A hirer shall re-arrange and clean the premises and exterior surrounding of the facility within the time permitted by the Caretaker, failing which he/she shall forfeit the deposit paid. The Director: Culture and Amenities may, if required, increase the minimum deposit.	
	Mondays to Thursdays	
1	Hire for commercial purposes, performances, concerts, film shows, per hour or part thereof	R213.40
2	Hire for exhibitions of arts and crafts, where the Arts Centre is required for one day only or part thereof, per hour	R213.40
3	Hire for exhibitions of arts and crafts, where the Arts Centre is required for longer than one day, per day or part thereof	R711.70
4	Hire for religious purposes, per hour or part thereof	R73.70
5	Hire for non-profit organisations, per hour or part thereof	R146.30
6	Preparation for functions contemplated in 1 to 6 above, per hour or part thereof	R146.30
7	Rehearsals, per day or part thereof	R106.70
8	Hire of hall and facilities by non-residents	Normal rate + 25%
9	Fridays and Saturdays: The tariff to hire the Arts Centre	Normal tariff for hire mentioned in 1-8 above + 25%
10	Sundays and Public Holidays: The tariff to hire the Arts Centre	Normal tariff for hire mentioned in 1-8 above + 50%
11	Refundable deposit per function, meeting, etc	R1,950.30

		Actual 2018/2019 Tariff
	Any group activity room and all facilities and services shall, at the discretion of the Council, be made available free of charge for civic mayoral functions, functions and meetings held by the Council and functions specially approved by the Council	
1	Cultural and/or educational purposes organised/arranged by the Directorate Culture and Amenities	Free of Charge
2	Where the group activity room is required for one day only or part thereof, per hour	R 148.50
3 (a)	Use of group activity room where it is required for periods longer than one day, per day or part thereof (normal office hours 08h00 - 17h00 only)	R 1,001.00
	(b) Thereafter normal hourly tariffs apply	
4	Refundable deposit per function, meeting, etc.	R 467.50
5	Municipal Councillors and Municipal Officials for private use (payment due immediately with booking of facility)	Approved tariffs as applicable to private persons apply

		Actual 2018/2019 Tariff
(f)	Rate-rebalancing levy (Only applicable on the Time-of-Use tariff) Applied to the total active energy consumption, per kilowatt hour	3,10 Cents
8.	Scale 6 : Special agreement The Council reserves the right to negotiate special agreements and the applicable tariff with consumers where the notified maximum demand is 4 500 kVA and higher supplied at medium or high voltage.	
9.	Scale 7 : Departmental All electrical services used by Council shall be considered an exempt charge. This applies to the consumption and availability charges.	Tariffs per Tariff of Charges
10.	Sundry Charges	
(a)	Replacing the existing standard single-phase meter with a time-of-use meter / pre-payment meter	R5,184.99
(b)	Replacing the existing standard three phase meter with:-	
(i)	A time of use meter	R22,025.07
(ii)	A pre-payment meter	R9,559.24
(c)	Replacing the existing billing programme in an electronic electricity energy meter to accommodate a change in tariff	R1,085.30
(d)	Any electrical service connection up to 1500 amperes as described in scale 1, 2, 3, 4, 5 and 7 shall comprise of the basic charge as indicated in schedule A, B and C as well as the metering required as indicated in schedule D. All costs are fixed excluding VAT	
	SCHEDULE 'A'	
	SINGLE-PHASE DOMESTIC SCALE 1, 2 & 3	
	AMPERE kVA	
	60 13.8	R6,623.91
	80 18.4	R9,002.94
	100 23.0	R11,031.22
	SCHEDULE 'B'	
	BUSINESS, INDUSTRIAL SINGLE- PHASE	
	AMPERE kVA	
	60 13.8	R13,647.44
	80 18.4	R20,170.72
	100 23.0	R24,796.53
	SCHEDULE 'C'	
	THREE-PHASE: SCALE 3, 4, 5 & 7	
	AMPERE kVA	
	60 40	R52,225.09
	80 55	R69,647.34
	100 70	R87,046.60
	125 87	R126,240.93
	150 100	R155,545.40
	175 120	R180,944.23
	200 138	R201,196.89
	225 155	R247,571.43
	250 173	R322,594.95
	300 207	R446,489.13
	350 242	R478,188.18
	450 315	R506,122.33
	600 415	R611,880.35
	700 485	R687,210.84
	900 624	R820,241.77
	1200 831	R848,050.47
	1500 1040	R990,049.98
	SCHEDULE 'D'	
	METERING AND CIRCUIT BREAKER (PER ONE SET)	
	Single-Phase kWh standard tariff/prepayment/time of use tariff	R3,950.20
	Three Phase kWh standard tariff	R7,045.09
	Three Phase kWh time of use tariff	R15,700.16
	Three Phase kVA/kWh standard or time of use tariff	R36,089.37
(e)	The tariffs contained in Schedule E shall be payable for circuit breaker replacements when requested by the consumer for a reduction in supply	
	SCHEDULE 'E'	
	CIRCUIT BREAKER REPLACEMENT	
	Single-Phase to a maximum 30 amperes for scale 1 consumer	R1,197.42
	Single-phase to a maximum 100 amperes	R1,517.98
	Three-phase to a maximum 100 amperes	R3,132.27
(f)	All service connections above 1500 amperes as described in Scale 5, 6 and 7 are based on cost plus 10% plus extra metering costs as indicated above in Schedule E as determined by the Director: Technical Services (Electrical/Mechanical Services)	
(g)	Any alterations to existing service connections shall be charged at cost plus 10% which shall include the contribution to the additional transformer capacity requirements. The minimum amount payable when only a circuit breaker change is required for the upgrade, shall be the difference between the old and new scale as indicated in schedule A, B and C unless the client is within the capacity originally applied and paid for, or as determined by the Director: Technical Services (Electrical/Mechanical Services). Domestic premises requiring additional or three phase electricity shall be charged the appropriate scale as indicated in schedule C and D.	
	The existing service connection or 65 kVA, the greater of the two, shall be deducted from the transformer capacity costs where after the consumer will be liable for payment, per kVA (VAT not applicable) for increased requirements in transformer capacity.	R517.49
	Where the consumer has originally contributed in full for the total transformer capacity or a larger transformer is installed against the consumer's project, no kVA installation charge will be levied.	
	Store stock material which is re-usable shall be returned to the municipal stores. The consumer will be credited 50% of the current store stock value of these materials. When a service connection is reduced the consumer shall bear the full cost of all the material, transport and labour and no refund of any monies on material will be allowed.	
	More than one supply or metering point per domestic premises shall be charged for as per three phase supply, Schedule C, plus metering as required.	
	Upgrades from single phase to three phase supply shall be charged for as indicated in schedule C and D.	
	Individual domestic units in a group and cluster complex shall have separate metering.	
(h)	The following shall apply to the upgrade of service connections and service connections above 1500 amperes.	

		Actual 2018/2019 Tariff
	SCHEDULE 'F'	
	Single-Phase	
	AMPERE	
	20	R35.94
	40	R63.25
	60	R103.50
	80	R126.50
	100	R162.44
	Three-Phase	
	AMPERE	
	20	R106.37
	40	R195.50
	60	R294.68
	80	R372.31
	100	R474.37
	No refund will be allowed after disconnection of any temporary electricity connections.	
(t)	Floodlighting for security purposes shall be supplied on the following conditions :-	
	(i) A consumer requiring floodlighting for security purposes shall be responsible for the total installation costs thereof. The installation shall be performed by Council.	
	(ii) Fixed amount payable on a monthly basis for electricity consumed as indicated below :-	
	125-watt	R66.12
	250-watt	R135.12
	400-watt	R182.56
	(iii) Luminaire(s) shall be removed upon request, however, payment of rental shall terminate at the end of the month following the date of removal thereof.	
	(iv) Removal of the luminaire(s) shall be free of charge, however, all luminaires and associated equipment shall remain the property of Council.	
	(v) Repair costs shall be the responsibility of the consumer in the event of vandalism. Repairs shall be performed by the Council.	
	(vi) Amount payable for the supply and installation of floodlights, per floodlight:	
	125 mercury vapour fitting	R5,169.18
	250 high-pressure sodium fitting	R6,928.65
	400 high-pressure sodium fitting	R7,364.21
	(vii) Amount payable for the installation of a floodlight fitting supplied by the client. Only floodlight fittings approved by the Director: Technical Services (Electrical/ Mechanical Services) shall be accepted	R1,888.85
	(viii) Amount payable to plant a streetlight pole for the mounting of a floodlight	R41,040.05
(u)	Fees payable for the repositioning of streetlight poles:-	
	(i) 3 metre mounting height	R7,091.09
	(ii) 7.5 and 10 metre mounting height	R8,285.63
(v)	Temporary floodlights installed on existing streetlight poles only:	
	Installation and removal:	
	400 W	R1,703.41
	250 W	R1,703.41
	125 W	R1,703.41
	Hiring and electricity consumption per 24 hour period:	
	400 W	R106.37
	250 W	R70.44
	125 W	R35.94
(w)	The following shall apply to illuminated signs supplied with electricity from streetlights circuits:	
	(i) the installation costs shall be as per schedule B or C	
	(ii) Monthly fee payable, per 100W or portion thereof. Payment shall terminate at the end of the month following the date of removal thereof	R35.94
(x)	Demand control relays shall be installed prior to the energizing of electricity supplies.	
	The electrical contractor appointed by the property owner shall install the demand control relay at no cost to Council and according to the requirements of the Director: Technical Services (Electrical/Mechanical Services). The said relays shall remain the property of Council.	
	Demand control relays are obtainable from the offices of the Director: Technical Services (Electrical/Mechanical Services).	
	Domestic consumers on the standard tariff shall have a demand control relay installed controlling geysers.	
	Domestic consumers on the time-of-use tariff may have the demand control relay removed in which instance the relay shall be returned to the Director: Technical Services (Electrical/Mechanical Services).	
(y)	The Director: Technical Services (Electrical/Mechanical Services) will provide, free of charge, such technical assistance which may be required to comply with the regulations as set out in the Occupational Health and Safety Act No. 85 of 1993	
(z)	Bid documents will be charged R250,00 per document	R395.31
(aa)	The reticulation cost for a sub division of an existing residential property will be	R5,657.92
(ab)	Where an electrical supply is found to have been tampered with or the meter bypassed, the following tampering fee shall apply:	
	Tampering fee	R5,869.23
	Meter replacement fee as per Item 10, Sundry Charges (d), Schedule D, which depends on the type of meter used	
	Sundry charges as per (f) above	
	Electricity consumption as per the "Official Gazette of the Province of Natal: 11 - Estimating Consumption".	
(ac)	Damages to Traffic Control Equipment, in cases of an accident, inclusive of damages to any electrical equipment :	R7,187.40
	All the abovementioned tariffs in respect of services rendered are subject to value added tax as determined from time to time	
	DRAINAGE BYLAWS	
	The following fees shall be paid for blocked sewers and sewer connections:-	
1.	Fee for clearing private sewer blockages:-	
	(a) During normal office hours, per blockage	R991.20
	(b) After normal working hours, per blockage	R686.66
2.	Fee for providing sewer connection:-	

		Actual 2018/2019 Tariff
	Availability levy	
	(i) Residential having water borne sewer, excluding body corporate unit, payable by owner monthly	R224.57
	(ii) Body corporate unit, payable by owner monthly	R112.94
	(ii) Residential other than water borne sewer, payable by owner monthly	R93.24
	(iii) Business and Industry, per kilolitre of water consumed, payable monthly	R3.93
	The Lessee will be responsible for the availability levy charged against any State owned improved property which is administrated by the Provincial Department of Public Works	
	Indigent households will be fully subsidised	
C.	MUNICIPAL OWN USE	
	All water and sewerage services used by Council shall be considered an exempt charge. This also applies to the availability and fixed charges.	Tariffs per Tariff of Charges
D.	GENERAL	
1.	A security deposit shall be payable by all consumers as determined by Council from time to time. When the application for the provision of services is made by a corporate body/legal person, a natural person together with the corporate body/legal person, shall be accountable for the payment of all levies due to Council for services rendered. Deposits may be recalculated to cover an estimated two and a half months supply as determined by Council from time to time	
2.	Charges for providing service connections are as follows:-	
	(i) 20mm connection - All areas except Blaauwbosch, Dicks Halt and Manzana	R7,458.67
	(ii) 20mm connection - Blaauwbosch, Dicks Halt and Manzana	R990.97
	(iii) Connections in excess of 20 mm	Cost + 10%
3.	Charge for the testing of meters up to 50mm	R610.68
4.	Charge for the testing of meters in excess of 50mm	Cost + 10%
5.	Closing or opening of control valve, per visit	Cost + 10%
6.	Disconnection or restricted flow fee and reconnection or removing of restrictor fee for default payment, per visit	
	(i) During normal office hours	R662.04
	(ii) After normal office hours	R1,107.56
	All the abovementioned tariffs in respect of services rendered are subject to value added tax as determined from time to time	
	MISCELLANEOUS SERVICES	
1.	For executing the following services or hiring out of plant or equipment for the purpose envisaged in section 222 of the Local Authorities Ordinance, 1974, the following charges shall be levied and paid, provided that prior to these services being undertaken or the plant or equipment being hired out, arrangements to the satisfaction of the Strategic Executive Director: Budget and Treasury Office shall be made for the payment of the amount involved, except where it is specifically stated that the fees shall be paid in advance	
(a)	Hardening of footpaths, including reinstatements of existing footpaths	Cost + 10%
(b)	Special drainage. Connecting storm water drains and channels from private property to open channels adjoining kerb	Cost + 10%
(c)	Reinstatement of road surfaces	Cost + 10%
(d)	Hire of machinery (including operator during normal working hours)	Cost + 10%
2.	Altering storm water culverts, channels, sewers, kerbs or footpaths to permit the erection of veranda columns or other structures	Cost + 10%
3.	Construction of gutter bridges or kerb entrances across street drains	
(a)	When constructed simultaneously with the laying of any street drain, one vehicle entrance	No charge
(b)	Additional vehicle entrance	Cost + 10%
(c)	When constructed after the street drain has been completed	Cost + 10%
	All the abovementioned tariffs in respect of services rendered are subject to value added tax as determined from time to time	

	Actual 2018/2019 Tariff
400-409m²	R3,720.00
410-419m²	R3,809.00
420-429m²	R3,907.00
430-439m²	R4,004.00
440-449m²	R4,092.00
450-459m²	R4,164.00
460-469m²	R4,252.00
470-479m²	R4,340.00
480-489m²	R4,446.00
490-499m²	R4,518.00
500-509m²	R4,606.00
510-519m²	R4,705.00
520-529m²	R4,792.00
530-539m²	R4,882.00
540-549m²	R4,970.00
550-559m²	R5,060.00
560-569m²	R5,137.00
570-579m²	R5,236.00
580-589m²	R5,324.00
590-599m²	R5,413.00
600-609m²	R5,500.00
610-619m²	R5,570.00
620-629m²	R5,678.00
630-639m²	R5,809.00
640-649m²	R5,864.00
650-659m²	R5,953.00
660-669m²	R6,040.00
670-679m²	R6,130.00
680-689m²	R6,218.00
690-699m²	R6,325.00
700-709m²	R6,395.00
710-719m²	R6,475.00
720-729m²	R6,572.00
730-739m²	R6,662.00
740-749m²	R6,732.00
750-759m²	R6,838.00
760-769m²	R6,918.00
770-779m²	R7,016.00
780-789m²	R7,104.00
790-799m²	R7,193.00
800-809m²	R7,290.00
810-819m²	R7,370.00
820-829m²	R7,458.00
830-839m²	R7,556.00
840-849m²	R7,635.00
850-859m²	R7,733.00
860-869m²	R7,812.00
870-879m²	R7,900.00
880-889m²	R7,998.00
890-899m²	R8,078.00
900-909m²	R8,166.00
910-919m²	R8,256.00
920-929m²	R8,344.00
930-939m²	R8,434.00
940-949m²	R8,520.00
950-959m²	R8,611.00
960-969m²	R8,706.00
970-979m²	R8,797.00
980-989m²	R8,892.00
990-999m²	R8,974.00
1000-1009m²	R9,062.00
1010-1019m²	R9,151.00
1020-1029m²	R9,239.00
1030-1039m²	R9,328.00
1040-1049m²	R9,416.00
1050-1059m²	R9,505.00
1060-1069m²	R9,593.00
1070-1079m²	R9,682.00
1080-1089m²	R9,761.00
1090-1099m²	R9,868.00
1100-1109m²	R9,956.00
1110-1119m²	R10,045.00
1120-1129m²	R10,124.00
1130-1139m²	R10,222.00
1140-1149m²	R10,310.00
1150-1159m²	R10,400.00
1160-1169m²	R10,479.00
1170-1179m²	R10,577.00
1180-1189m²	R10,665.00
1190-1199m²	R10,736.00
1200-1209m²	R10,842.00
1210-1219m²	R10,922.00
1220-1229m²	R11,019.00
1230-1239m²	R11,108.00
1240-1249m²	R11,187.00
1250-1259m²	R11,285.00
1260-1269m²	R11,364.00
1270-1279m²	R11,470.00
1280-1289m²	R11,559.00
1290-1299m²	R11,639.00
1300-1309m²	R11,736.00
1310-1319m²	R11,816.00

	Actual 2018/2019 Tariff
Failing to comply with a notice to remove surplus material and matter from the site or land or Public Street or place arising from building or demolition work	R 4,000.00
Permitting sewerage to enter a street, stormwater drain or stormwater system	R 4,000.00
Permitting storm water to enter any sewer installation	R 4,000.00
Failing to control access to a swimming pool	R 4,000.00
Hindering or obstructing a building inspector (Authorized by the Council) in the exercise of his powers	R 4,000.00
Hindering or obstructing a building inspector intent with to cause bodily harm	R 4,000.00
Obstructing an Officer causing R15 000 bodily harm or inflicting injury	R 1,500.00
ADVERTISING SIGN BYLAWS	
A1 OUTDOOR ADVERTISING	
All applications shall be in accordance with the Newcastle Municipality's Outdoor Advertising Policy and By-laws	
(a) Temporal Advertising Signs	
(i) In respect of general advertisements of a of a commercial nature (events):	
(aa) Up to 100 posters, or part thereof	R2,900.00
(bb) Each poster thereafter, an additional	R30.00
(cc) Refundable deposit (refer to note below)	R800.00
(dd) Stickers for each poster	R17.00
(ii) In respect of general advertisements for awareness campaigns with commercial content logo:	
(aa) Up to 100 posters, or part thereof	R2,415.00
(bb) Each poster thereafter, an addition	R25.00
(cc) Refundable deposit (refer to note below)	R800.00
(dd) Stickers for each poster	R12.00
(iii) In respect of general advertisement for non-profit organisations (subject to submission of a NPO Certificate from the relevant authority- eg government)	
(aa) Up to 100 posters, or part thereof	R1,157.00
(bb) Each poster thereafter, an addition	R12.00
(cc) Refundable deposit (refer to note below)	R480.00
(dd) Stickers for each poster	R9.00
(iv) In respect of election advertisements, per party/ per candidate:	
(aa) Posters (unlimited number)	R2,416.00
(bb) Refundable deposit (refer to note below)	R4,832.00
(v) Banners:	
(aa) Per Banner	R600.00
(bb) Refundable deposit (refer to note below)	R480.00
(cc) Sticker for each banner	R17.00
Removal of posters, should Council be required to remove any poster (per poster)	R97.00
(b) Aerial Advertisements	
(i) Application Fee	R770.00
(ii) Annual display fee per sign	R1,940.00
(c) Advertising Vehicles	
(i) Application Fee	R565.00
(ii) Annual display fee per sign	R5,000.00
(d) Building attachment Signs	
(i) Application Fee	R403.00
(ii) Annual display fee per sign	R967.00
(e) Electric and Illuminated Signs	
(i) Application Fee	R483.00
(ii) A rental rate per m ² /month for electronic advertising signs irrespective of whether the sign is erected on private or Council property	R5,000.00
(f) Ground Signs(excluding billboards)	
(i) Application Fee	
(ii) Encroachment fee (Council land) per square metre for each sign type	R3,000.00
(iii) Annual display fee per sign	R1,500.00
(g) Projecting Signs	
(i) Application Fee	
(ii) Annual display fee per sign	R483.00
(iii) Encroachment fee (Council land) per square metre for each sign type	R1,940.00
(h) Estate Agents Boards	
(i) Registration fee(per Agency)	
(ii) Advertising Deposit (per Agent)- non refundable	R800.00
(iii) Annual display fee	R3,900.00
(i) Portable Boards	
(i) Application Fee	
(ii) Annual display fee per sign	R3,900.00
(j) Veranda/Under Canopy Signs	
(i) Application Fee	
(ii) Annual display fee per sign	R482.90
(k) Wall Signs/ Fascia Signs	
(i) Application Fee	
(ii) Annual display fee per sign	R483.00
(l) Street Furniture Signs	
(i) Application Fee	
(ii) Annual display fee per sign	R1,130.00
(m) Street light/ Street Pole Signs, etc	
(i) Application Fee	
(ii) Annual display fee per pole	R1,130.00
(n) Billboards	
(i) Application Fee	R1,612.00
(ii) Annual display fee per sign-Private property	R8,052.00
(iii) Annual display fee per sign-Council property	R15,000.00
(o) Headline Poster	
(i) Application Fee	R2,416.00
(ii) Advertising deposit	

