



NEWCASTLE MUNICIPALITY



SPECIAL ADJUSTMENTS BUDGET

2020/21 TO 2022/23

"GROWING NEWCASTLE TOGETHER"

**2021/21 SPECIAL ADJUSTMENTS BUDGET: SEPTEMBER 2020 (T 6/1/1-2019/20): BUDGET AND TREASURY
OFFICE: 22 SEPTEMBER 2020**

1. EXECUTIVE SUMMARY

Section 28(1)(2) of the Municipal Finance Management Act 56 of 2003 states that a municipality may revise an approved budget through an adjustment budget. An adjustment budget:

- a. must adjust revenue and expenditure estimates downward if there is material under-collection of revenue during the current year;
- b. may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- c. may, within the prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- d. may authorize utilization of savings in one vote towards spending under another vote;
- e. may authorize spending of funds that were spent at the end of the past financial year where under-spending could not reasonably have been foreseen at the time to include roll-overs when the annual budget for the current year was approved by council;
- f. may correct any errors in the annual budget; and
- g. may provide for additional expenditure within a prescribed framework.

The background against which this adjustments budget is being tabled is provided below. The adjustments budget is made in terms of section 28(1)(2)(b), as it seeks to ensure to appropriate additional funding received votes.

RECOMMENDED:

- (a) that the Special Adjustments Budget for the 2020/21 financial year be approved;
- (b) that Budget and Treasury Office be mandated to effect any further adjustments as may necessary in order to deal with year-end transactions, such that the total budget of the municipality is not exceeded;
- (c) that the Accounting Officer be mandated to submit the adjustments budget to National and Provincial Treasuries as required by section 28(7) of Municipal Finance Management Act No.56 of 2003;
- (d) that it be noted that the Integrated Development Plan (IDP) has been amended in line with the adjustments budget;
- (e) that the KZN Provincial Treasury Feedback Letter on the 2020/21 approved budget be noted;
- (f) That the KZN Provincial Treasury Circular on Adjustments Budget be noted.

2. BACKGROUND

In response to the COVID-19 pandemic, National Treasury has allocated an addition equitable share grant funding to municipalities. Municipalities have been directed by National Treasury municipalities to adopt the Special Adjustments Budgets by not later than 30 September 2030 in order to appropriate the grant into the budget. Newcastle Municipality is also utilising this adjustments budget to address the issue of the Eskom agreement, which was concluded after the budget was approved by Council.

3. OPERATING BUDGET

The operating adjustments budget of the municipality is reflected in Annexure A and table B4 of the B Schedule attached hereto as required by the Municipal Budget and Reporting Regulations.

3.1 Operating revenue

The operating revenue budget has been adjustment upwards by R68.1 million from the budget of R2.120 billion to the adjusted budget of R2.188.

- 3.1.1 Grants and subsidies has been adjusted upwards by R68.1 million to the adjusted budget of R730.9 million due to the additional equitable share allocated by National Treasury to the municipality. This purpose of the allocation is to assist the municipality in dealing with the impact of Covid19, especially on the expected decrease in collections.

3.2 Operating expenditure

The operating expenditure budget of the municipality is reflected in Annexure B and table B4 of the B Schedule as required by the Municipal Budget and Reporting Regulations.

The operating expenditure has been adjustment downwards by R9.3 million from the budget of R2.397 billion to the adjusted budget of R2.388. Adjustments per each expenditure item are explained below.

- 3.2.1 The downward adjustment is required to deal with the Eskom agreement, for which the municipality has committed to pay R69.6 million towards the arrear debt in the current financial year. The municipality had only budgeted R30 million in the approved budget.

4. CAPITAL BUDGET

The capital expenditure of the municipality is reflected in Annexure B and table B5 of the B Schedule as required by the Municipal Budget and Reporting Regulations.

No adjustments have been made in the capital budget, except for the movement of a project from Community Service to Technical Services, which had no impact on the total budget. The capital budget is maintained at R136.9 million.

5. BUDGET DOCUMENTATION

Annexure A	: High Level Operating Budget
Annexure B	: Capital Budget
Annexure C	: B Schedule Tables
Annexure D	: KZN Provincial Treasury Assessment of the Approved Budget 2020/21
Annexure E	: KZN Provincial Treasury Circular on the 2020/21 Adjustments Budget

REPORT SEEN BY:



S M NKOSI
STRATEGIC EXECUTIVE DIRECTOR
BUDGET AND TREASURY OFFICE

DR N N G MAHLABA
PORTFOLIO COUNCILLOR
BUDGET AND TREASURY OFFICE

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	Adjustments Budget Resolutions	
1.3	Executive Summary	
1.4	Adjustments Budget Tables and Related Charts	
2	PART 2 – SUPPORTING DOCUMENTATION	
2.1	Adjustments to budget assumptions	
2.2	Adjustments to budget funding	
2.3	Adjustments to grant allocations and grant programmes	
2.4	Adjustments to allocations and grants made by the municipality	
2.5	Adjustments to Councillor and board member allowances and employee benefits	
2.6	Adjustments to service delivery and budget implementation plans	
2.7	Adjustments to capital expenditure	
2.8	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	MOLELEKO A R M	Technical Services	ANC	12
Executive Committee Member	BAM V V	Corporate Services	IFP	PR
Executive Committee Member	CRONJE E J C	Community Services	DA	2
Executive Committee Member	MDLULI R N	Corporate Services	ANC	13
Executive Committee Member	NZUZA T M	Budget and Treasury Office	IFP	PR
Executive Committee Member	SHABANGU S E	Community Services	ANC	24
Executive Committee Member	SHUNMUGAM M	Planning, Development and Human Settlements	ANC	3
Executive Committee Member	THWALA S M	Technical Services	EFF	PR

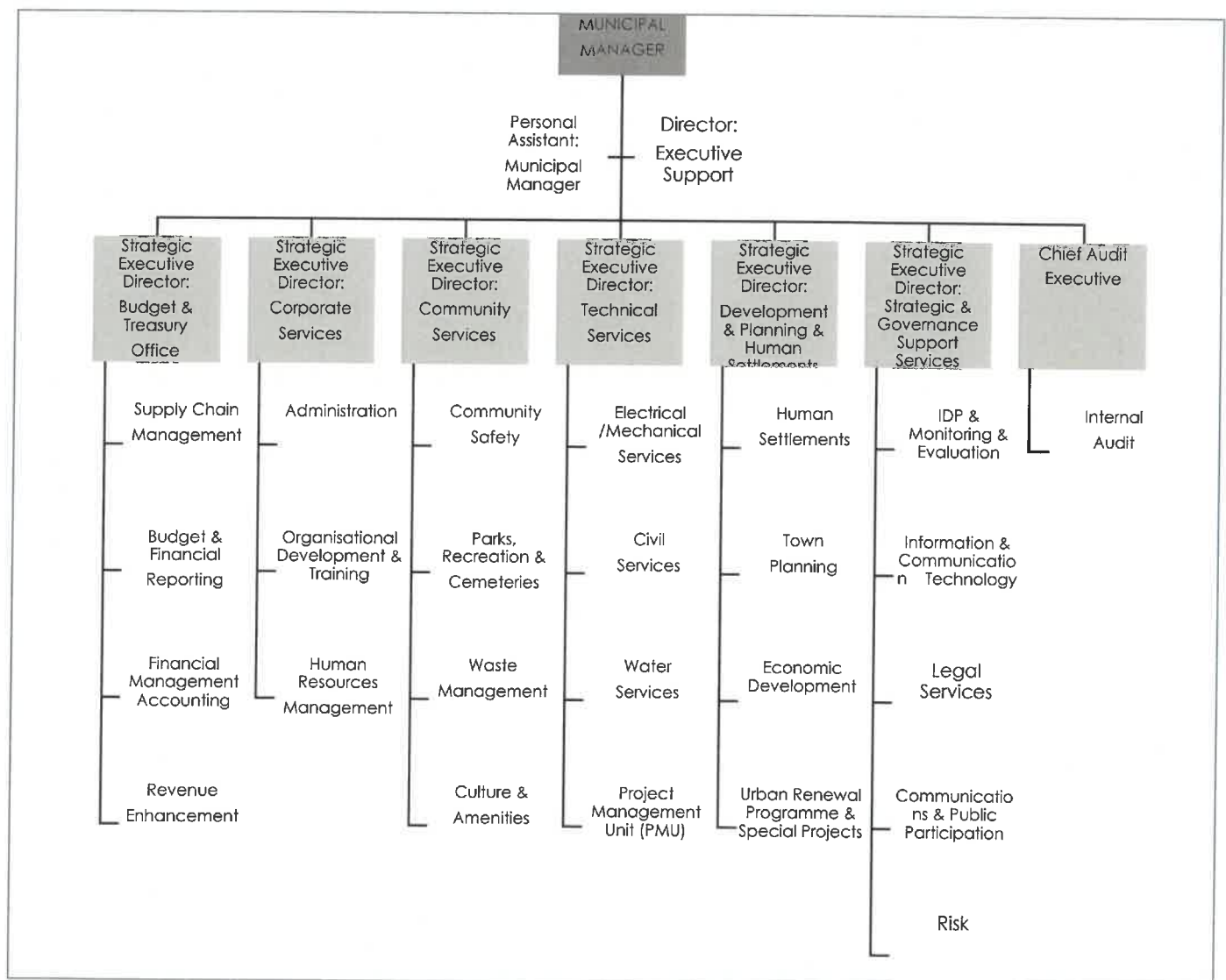
COUNCIL

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

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	MNGOMEZULU S W	ANC	22
Councillor	MNGUNI N G	ANC	18
Councillor	MOKOENA A S	DA	PR
Councillor	MOLEFE M V	ANC	21
Councillor	MSEZANE X M	PRM	PR
Councillor	MTHEMBU M V	ANC	29
Councillor	MWALI PB	INDEP	23
Councillor	MZIMA V P	ANC	PR
Councillor	NDABA T M	ANC	15
Councillor	NDIMA R B	IFP	PR
Councillor	NDLANGAMANDLA S S	ANC	27
Councillor	NDLOVU M S	DA	PR
Councillor	NDLOVU P F	EFF	PR
Councillor	NGCOBO M E	ANC	25
Councillor	NGEMA B C	ANC	9
Councillor	NGEMA D R	ANC	PR
Councillor	NGWENYA D	ANC	16
Councillor	NHLAPHO C L	IFP	PR
Councillor	NHLAPHO S J	ANC	10
Councillor	NKWANAZI J B	DA	PR
Councillor	SIBILWANE D M	ANC	17
Councillor	SIKHOSANE L T	ANC	20
Councillor	SITHOLE J S	ANC	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	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 S Z	ANC	6
Councillor	ZULU T M	IFP	PR
Councillor	ZWANE N A	ANC	PR
Traditional Leader	KHUMALO B D		
Traditional Leader	KUBHEKA C S		
Traditional Leader	RADEBE B S		

SENIOR MANAGERS

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

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

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

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

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

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

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

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

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

In terms of the Human Development Index (HDI – the composite measure of life expectancy, education, and income used to measure human development), Newcastle is currently sitting at 0.57 which is deemed by the United Nations Development Programme as being medium human development index. The Gini Coefficient (the measure of inequalities) in Newcastle assumes a municipality working towards addressing inequalities. In the year 2002 inequality was estimated at 0.65 and in 2012 it was estimated to be 0.62 hence marking a move towards perfect equality. Regarding the levels of poverty, Newcastle has also experienced a decrease from 56.0% in 2002, 51.0% in 2006 and 44.4% in 2012. The annual income per capita of Newcastle Municipality is currently sitting at 29 264 thus meaning that the majority of individuals within Newcastle earn R2 438,66 per month hence falling above the global poverty line of \$1,25 per day based on the dollar – rand exchange rate.

1.1 MAYOR'S REPORT

Madam Speaker, it is my privilege and the obligation as per Section 28 of the Municipal Finance Management Act (MFMA), to submit this adjustments budget.

Speaker, one cannot lose sight of the financial plight our municipality is currently facing. We utilize this adjustment budget as the basis of reflecting a true financial state that we are currently facing. Madam Speaker, it is critical to mention that this Special Adjustments Budget is aimed at addressing three issues. Firstly, the appropriation of the additional equitable share allocated by National Treasury to respond to Covid-19 pandemic, secondly, to deal with the repayment of the Eskom debt which was under-budgeted for, and lastly to respond to the KNZ Provincial Treasury's original budget assessment.

Madam Speaker, National Treasury has allocated an additional R68 million equitable share to assist the municipality to deal with the economic impact of the Covid-19. In particular, the funding will assist the municipality to close the gap anticipated on the lower receipts on rates and services. The municipality will also utilize this adjustments budget to appropriately budget for the arrear Eskom debt. It will be recalled Speaker, that the agreement with Eskom was concluded in June 2020, this after Council had already approved the annual budget. An additional R39.9 million was appropriated into the budget for this purpose.

Speaker, we also take the opportunity of this adjustments budget to address some of the observations that came from the KZN Provincial Treasury's assessment of the approved budget. In the main, the budget was assessed as unfunded due to the extraction of the incorrect mSCOA data-strings. The Municipal Manager has assured me that his team and system partners are working around the clock to rectify this prior to the submission of the adjustments budget to National and Provincial Treasuries. I am confident Speaker that the budget I table before you is funded.

Madam Speaker, the municipality still remains committed to ensure the implementation of the cost containment measures as advocated by National Treasury through regulations. The focus, Madam Speaker, is to cut expenditure with a view to ensure that the municipality operates within a funded budget throughout the MTREF period. The

issues of Eskom debt, crippling local economy and low payment factor in the East, continue to haunt us to keep the municipality afloat. Speaker the operating expenditure has been reduced by R9.3 million to R2.397 billion. On the capital expenditure Madam Speaker, the budget has been adjusted upwards R2.5 million to R139.4 million.

Speaker, in the item serving before Council, I herewith formally table Special Adjustments Budget for 2020/21 for approval.

By Dr NNG Mahlaba

Mayor: Newcastle Municipality

1.2 ADJUSTMENTS BUDGET RESOLUTIONS

- (a) That the Special Adjustments Budget for the 2020/21 financial year be approved;
- (b) That Budget and Treasury Office be mandated to effect any further adjustments as may necessary in order to deal with year-end transactions, such that the total budget of the municipality is not exceeded;
- (c) That the Accounting Officer be mandated to submit the adjustments budget to National and Provincial Treasuries as required by section 28(7) of Municipal Finance Management Act No.56 of 2003;
- (d) That it be noted that the Integrated Development Plan (IDP) has been amended in line with the adjustments budget;
- (e) That the KZN Provincial Treasury Feedback Letter on the 2020/21 approved budget be noted;
- (f) That the KZN Provincial Treasury Circular on Adjustments Budget be noted.

1.3 EXECUTIVE SUMMARY

1.3.1 INTRODUCTION

Section 28(1)(2) of the Municipal Finance Management Act 56 of 2003 states that a municipality may revise an approved budget through an adjustment budget. An adjustment budget:

- a. must adjust revenue and expenditure estimates downward if there is material under-collection of revenue during the current year;
- b. may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- c. may, within the prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- d. may authorize utilization of savings in one vote towards spending under another vote;
- e. may authorize spending of funds that were spent at the end of the past financial year where under-spending could not reasonably have been foreseen at the time to include roll-overs when the annual budget for the current year was approved by council;
- f. may correct any errors in the annual budget; and
- g. may provide for additional expenditure within a prescribed framework.

The background against which this adjustments budget is being tabled is provided below. The adjustments budget is made in terms of section 28(1)(2)(b), as it seeks to ensure to appropriate additional funding received votes.

1.3.2 OVERVIEW OF THE 2020/2021 ADJUSTMENTS BUDGET

OPERATING EXPENDITURE

The operating expenditure has been adjustment downwards by R9.3 million from the budget of R2.397 billion to the adjusted budget of R2.388. This is due to the reduction on the other expenditure required in order to address the issue of Eskom debt.

The downward adjustment is required to deal with the Eskom agreement, for which the municipality has committed to pay R69.6 million towards the arrear debt in the current financial year. The municipality had only budgeted R30 million in the approved budget.

OPERATING REVENUE

The operating revenue budget has been adjustment upwards by R68.1 million from the budget of R2.120 billion to the adjusted budget of R2.188.

Grants and subsidies has been adjusted upwards by R68.1 million to the adjusted budget of R730.9 million due to the additional equitable share allocated by National Treasury to the municipality. This purpose of the allocation is to assist the municipality in dealing with the impact of Covid19, especially on the expected decrease in collection rates due to lockdown and the economy not fully opened. It is anticipated that some of the consumers will be affected and that the collection rate of the municipality will accordingly decline.

OPERATING SURPLUS/DEFICIT

The operational deficit is projected to improve by R77.4 million from R276.7 million to R199.3 million. The improvement is attributable to additional grant revenue and the reduction in the operating expenditure. The municipality has also reduced non-core expenditure items in the outer year in order to ensure that it remains within a funded budget position.

CAPITAL EXPENDITURE

Capital expenditure has been adjusted upwards by R2.5 million from R136.9 million to R139.4 million.

The adjustment relates to the funding for the upgrading of the Human Resource Development building in order to accommodate Unisa. A movement of R1.5 million from Community Services to Technical Services has also been made, however this does not result to the additional budget on the total budget.

1.4 ADJUSTMENTS BUDGET TABLES AND RELATED CHARTS

Refer to A Schedule tables

PART 2 – SUPPORTING DOCUMENTATION

PART 2 – SUPPORTING DOCUMENTATION

2.1 ADJUSTMENTS TO BUDGET ASSUMPTIONS

Budget assumptions and parameters are determined in advance of the adjustment budget process to allow budgets to be constructed to support achievement of the long-term financial and strategic targets. The assumptions and principles applied in the development of this budget are mainly based upon the guidelines from National Treasury and other external bodies such as NERSA, SALGA, Government Departments and the major service providers. A number of assumptions that guide growth parameters have been built around the projected increase in the inflation (CPI), being 4.6% for the 2019/20 financial year.

OPERATIONAL ADJUSTMENTS BUDGET

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

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

Revenue source	2020/2021	2021/2022	2022/2023
Property rates	5%	5%	5%
Electricity	6.22%	8%	8%
Water	5%	5%	5%
Sanitation	5%	5%	5%
Waste/Refuse	5%	5%	5%
General Sources of Revenue	5%	5%	5%

Over the years, the municipality has been increase tariffs for rates, service charges and sundry services for more than 7%. Guided by the National Treasury and the current economic climate, the tariffs for 2020/21 for 5% for rates, water, sewer, refuse and sundry services. The tariff increase of 6.22% for electricity is based on the NERSA approval of the Municipal Tariff increase guideline.

The projected increases in the expenditure items are as follows:

Revenue source	2020/2021	2021/2022	2022/2023
Employee related costs	6.25%	6.30%	6.30%
Remuneration of councillors	6%	5%	5%
Electricity budget purchases	6.9%	8%	8%

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 6% estimated increase during the 2020/21 financial year. The tariff increase of 6.9% is based on the NERSA's approval of the tariff hike increase for ESKOM bulk electricity purchases. Where there are significant changes from what is been projected, the municipality may consider tabling an adjustment budget or accordingly correct in the final budget is still practical.

Expenditure in respect of repairs and maintenance, 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 than what is projected, the municipality will however employ stringent budget monitoring and control measures to ensure that the municipality operates with the approved budget on these items. Also, the municipality has been very effective in ensuring that expenditure is prioritised and reallocated on service delivery functions, such as the repairs and maintenance.

CAPITAL EXPENDITURE

The municipality's capital expenditure has been funded from a mix of government grants and internally generated funds. About R90.5 million is expected to be received from government grants and the balance of R48.9 million from internally funds. Based on DORA and the provincial gazette, it is expected that all grants appropriated in the medium term budget will made available by the National and Provincial governments. Where grants are withheld or additional grants made available during the budget year, such will be addressed by way of an adjustment budget. Internally

generated funds are expected to be realised from refunds which will be claimed from the SARS capital VAT input as well as from the disposal of the municipal land or properties.

2.2 ADJUSTMENTS TO BUDGET FUNDING

FISCAL OVERVIEW

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

- Funded budget to be generated during the budget and the MTREF periods. Currently no reserves are available to supplement funding of both operating and capital budgets.
- Measures will be made 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 ADJUSTMENTS BUDGET

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

The municipality has appropriated R90.5 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. R48.9 million worth of projects will be funded from internal funds to be generated through Vat refunded on conditional grants as per Circular 58 of the MFMA, and the sale of municipal properties.

FUNDING OF OPERATING ADJUSTMENTS BUDGET

Funding of operational adjustments budget will be achieved through various sources of revenue, the major ones being service charges of electricity, water, sanitation, refuse, property rates as well as grants and subsidies from National and Provincial governments. The municipality is expecting to collect R277.5 million from property rates, R839.5 million from services charges, R730.9 million

from operating grants, R2.4 million from interest income, R27 million from other revenue. These collections will assist with the payment of expenditure which is expected to be raised during 2020/21. The municipality is also expecting to collect R18 million through the sale of properties.

It is anticipated that the above funding sources for operating and capital expenditure will be adequate to fully fund the budget.

COLLECTION RATES FOR EACH REVENUE SOURCE

In accordance with the relevant legislation and national directives, the municipality's projected revenue collection rates are 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 total average collection rate is projected at an average of at least 79% and is based on the combination of actual collection rates achieved to date, and is the average for the past three years. It is expected that the collection rate will improve gradually to 81% and 83% in 2021/22 and 2022/23 financial years respectively as the economic improves.

2.3 ADJUSTMENTS TO 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 2020 Adjusted Division of Revenue Act have been included in the adjustments budget.

National allocations

Grant Name	Draft Budget 2020/2021 '000	Draft Budget 2021/2022 '000	Draft Budget 2022/2023 '000
Equitable Share	471 963	435 540	466 146
Finance Management Grant	1 700	1 700	1 900
Expanded Public Works Programme	2 895	-	-
Municipal Infrastructure Grant	111 804	121 815	129 141
Water Service Infrastructure Grant	35 000	40 000	45 400
Electrification	12 000	10 000	10 000
Energy Efficiency and Demand Mgmt	-	4 000	4 000
Municipal System Improvement Grant	1 500	1 500	500
TOTAL	536 863	614 555	657 087

Provincial allocations

Grant Name	Draft Budget 2020/2021 '000	Draft Budget 2021/2022 '000	Draft Budget 2022/2023 '000
Accreditation Grant (Operational)	3 839	3 839	3 839
Accreditation Grant (Capital) Housing Projects	170 140	124 462	100 843
Title Deed	3 000	-	-
Spatial Development	1 500	1 000	-
Art & culture Museum	407	429	449
Art & Culture Provincialisation of libraries	6 729	6 757	6 992
Art & culture Community library	2 312	2 475	2 595
TOTAL	187 927	138 962	114 718

2.4 ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY 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.

2.5 ADJUSTMENTS TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Please refer to tables SA22 and SA24 of Schedule A

2.6 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN – INTERNAL DEPARTMENTS

The SDBIP will be submitted separately.

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2.7 ADJUSTEMENTS TO CAPITAL EXPENDITURE

Please refer to Annexure A5 of Schedule A

ANNEXURE C: B SCHEDULE TABLES

KZN252 Newcastle - Table B1 Adjustments Budget Summary -

Description	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	396,522	-	-	-	-	-	-	-	396,522	420,314	445,532
Service charges	1,015,136	-	-	-	-	-	-	-	1,015,136	1,088,404	1,160,382
Investment revenue	2,497	-	-	-	-	-	-	-	2,497	2,647	2,806
Transfers recognised - operational	662,833	-	-	-	-	68,118	-	68,118	730,951	579,227	584,669
Other own revenue	43,701	-	-	-	-	-	-	-	43,701	46,299	49,077
Total Revenue (excluding capital transfers and contributions)	2,120,688	-	-	-	-	68,118	-	68,118	2,188,806	2,136,890	2,242,466
Employee costs	594,312	-	-	-	-	1,975	-	1,975	596,287	626,101	665,546
Remuneration of councillors	28,456	-	-	-	-	-	-	-	28,456	30,163	31,973
Depreciation & asset impairment	420,387	-	-	-	-	-	-	-	420,387	445,611	472,347
Finance charges	42,882	-	-	-	-	-	-	-	42,882	45,114	42,088
Materials and bulk purchases	665,230	-	-	-	-	-	-	-	665,230	714,196	780,135
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	646,208	-	-	-	-	(2,613)	(8,680)	(11,293)	634,914	561,989	559,387
Total Expenditure	2,397,474	-	-	-	-	(638)	(8,680)	(9,318)	2,388,156	2,423,173	2,551,476
Surplus/(Deficit)	(276,785)	-	-	-	-	68,756	8,680	77,436	(199,349)	(286,284)	(309,010)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	90,548	-	-	-	-	-	-	-	90,548	174,290	187,136
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(186,237)	-	-	-	-	68,756	8,680	77,436	(108,801)	(111,994)	(121,874)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(186,237)	-	-	-	-	68,756	8,680	77,436	(108,801)	(111,994)	(121,874)
Capital expenditure & funds sources											
Capital expenditure	125,548	-	-	-	-	-	13,931	13,931	139,479	129,815	135,127
Transfers recognised - capital	90,548	-	-	-	-	-	-	-	90,548	118,815	402,303
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	35,000	-	-	-	-	-	13,931	13,931	48,931	11,000	10,000
Total sources of capital funds	125,548	-	-	-	-	-	13,931	13,931	139,479	129,815	412,303
Financial position											
Total current assets	499,966	-	-	-	-	-	208,752	208,752	708,718	821,842	936,098
Total non current assets	7,212,080	-	-	-	-	-	29,284	29,284	7,241,364	7,619,087	8,051,379
Total current liabilities	429,185	-	-	-	-	-	109,902	109,902	539,088	647,048	694,860
Total non current liabilities	583,382	-	-	-	-	-	208,116	208,116	791,498	726,010	663,514
Community wealth/Equity	6,384,024	-	-	-	-	68,756	9,611	78,367	6,462,391	6,898,668	7,360,935
Cash flows											
Net cash from (used) operating	150,288	-	-	-	-	-	(34,423)	(34,423)	115,865	154,799	185,143
Net cash from (used) investing	(107,548)	-	-	-	-	-	(13,931)	(13,931)	(121,479)	(109,815)	(115,127)
Net cash from (used) financing	(26,757)	-	-	-	-	-	-	-	(26,757)	(29,884)	(30,106)
Cash/cash equivalents at the year end	44,043	-	-	-	-	-	(40,170)	(40,170)	3,873	18,973	58,883
Cash backing/surplus reconciliation											
Cash and investments available	72,553	-	-	-	-	-	(68,680)	(68,680)	3,873	18,973	58,883
Application of cash and investments	36,449	-	-	-	-	-	(124,523)	(124,523)	(88,075)	(81,265)	(97,149)
Balance - surplus (shortfall)	36,105	-	-	-	-	-	55,843	55,843	91,948	100,237	156,031
Asset Management											
Asset register summary (WDV)	6,638,512	-	-	-	-	-	-	-	6,638,512	7,036,823	7,459,032
Depreciation & asset impairment	420,387	-	-	-	-	-	-	-	420,387	-	-
Renewal and Upgrading of Existing Assets	83,477	-	-	-	-	-	2,500	2,500	85,977	18,000	16,400
Repairs and Maintenance	96,637	-	-	-	-	-	-	-	96,637	-	-
Free services											
Cost of Free Basic Services provided	35,967	-	-	-	-	-	-	-	35,967	38,125	40,413
Revenue cost of free services provided	76,214	-	-	-	-	-	-	-	76,214	80,787	85,634
Households below minimum service level											
Water:	307	-	-	-	-	-	-	-	307	324	341
Sanitation/sewerage:	31	-	-	-	-	-	-	-	31	33	34
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	31	-	-	-	-	-	-	-	31	32	34

KZN252 Newcastle - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Revenue - Functional												
<i>Governance and administration</i>		515,968	-	-	-	-	68,899	-	68,899	584,867	495,441	548,477
Executive and council		8,310	-	-	-	-	68,899	-	68,899	77,209	8,891	9,165
Finance and administration		507,658	-	-	-	-	-	-	-	507,658	486,551	539,312
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		202,896	-	-	-	-	(781)	-	(781)	202,115	140,769	148,320
Community and social services		9,917	-	-	-	-	-	-	-	9,917	10,097	10,265
Sport and recreation		697	-	-	-	-	-	-	-	697	738	783
Public safety		14,176	-	-	-	-	-	-	-	14,176	15,027	15,929
Housing		178,045	-	-	-	-	(781)	-	(781)	177,264	114,842	121,275
Health		61	-	-	-	-	-	-	-	61	64	68
<i>Economic and environmental services</i>		73,475	-	-	-	-	-	-	-	73,475	71,677	87,671
Planning and development		42,324	-	-	-	-	-	-	-	42,324	33,477	46,971
Road transport		31,151	-	-	-	-	-	-	-	31,151	38,200	40,700
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,418,730	-	-	-	-	-	-	-	1,418,730	1,603,116	1,651,621
Energy sources		698,157	-	-	-	-	-	-	-	698,157	818,864	831,781
Water management		347,971	-	-	-	-	-	-	-	347,971	384,863	399,797
Waste water management		237,307	-	-	-	-	-	-	-	237,307	255,172	269,719
Waste management		135,295	-	-	-	-	-	-	-	135,295	144,217	150,324
<i>Other</i>		167	-	-	-	-	-	-	-	167	177	187
Total Revenue - Functional	2	2,211,236	-	-	-	-	68,118	-	68,118	2,279,354	2,311,180	2,436,276
Expenditure - Functional												
<i>Governance and administration</i>		472,252	-	-	-	-	87	-	87	472,338	485,368	511,144
Executive and council		70,540	-	-	-	-	-	-	-	70,540	95,682	102,549
Finance and administration		393,755	-	-	-	-	87	-	87	393,842	387,576	406,318
Internal audit		7,956	-	-	-	-	-	-	-	7,956	2,110	2,278
<i>Community and public safety</i>		300,685	-	-	-	-	(473)	-	(473)	300,212	346,802	373,363
Community and social services		38,388	-	-	-	-	-	-	-	38,388	37,920	41,096
Sport and recreation		73,485	-	-	-	-	-	-	-	73,485	85,861	92,905
Public safety		63,029	-	-	-	-	-	-	-	63,029	88,683	96,218
Housing		117,341	-	-	-	-	(473)	-	(473)	116,868	126,205	134,351
Health		8,442	-	-	-	-	-	-	-	8,442	8,133	8,793
<i>Economic and environmental services</i>		342,130	-	-	-	-	1,535	-	1,535	343,665	378,589	415,710
Planning and development		102,357	-	-	-	-	-	-	-	102,357	118,416	138,967
Road transport		239,763	-	-	-	-	1,535	-	1,535	241,298	260,163	276,731
Environmental protection		10	-	-	-	-	-	-	-	10	11	11
<i>Trading services</i>		1,280,641	-	-	-	-	(1,787)	(8,680)	(10,467)	1,270,175	1,268,317	1,275,819
Energy sources		680,599	-	-	-	-	-	(8,680)	(8,680)	671,919	649,102	619,559
Water management		495,718	-	-	-	-	-	-	-	495,718	524,744	555,576
Waste water management		53,129	-	-	-	-	(1,787)	-	(1,787)	51,342	47,190	49,542
Waste management		51,196	-	-	-	-	-	-	-	51,196	47,282	51,143
<i>Other</i>		1,766	-	-	-	-	-	-	-	1,766	1,988	2,108
Total Expenditure - Functional	3	2,397,474	-	-	-	-	(638)	(8,680)	(9,318)	2,388,156	2,481,065	2,578,144
Surplus/ (Deficit) for the year		(186,237)	-	-	-	-	68,756	8,680	77,436	(108,801)	(169,886)	(141,868)

KZN252 Newcastle - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

Budget Year 2020/21													Budget Year +1 2021/22	Budget Year +2 2022/23
Vote Description	Ref	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget		
[insert departmental structure etc]			3	4	5	6	7	8	9	10				
R thousands		A	A1	B	C	D	E	F	G	H				
Revenue by Vote	1													
Vote 1 - CORPORATE SERVICES		78,201	-	-	-	-	68,899	-	68,899	147,100	84,402	84,694		
Vote 2 - COMMUNITY SERVICES		160,511	-	-	-	-	-	-	-	160,511	170,144	177,368		
Vote 3 - BUDGET AND TREASURY		436,267	-	-	-	-	-	-	-	436,267	409,540	463,283		
Vote 4 - MUNICIPAL MANAGER		1,500	-	-	-	-	-	-	-	1,500	1,500	500		
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENT		187,341	-	-	-	-	(781)	-	(781)	186,560	124,695	131,720		
Vote 6 - TECHNICAL SERVICES		649,259	-	-	-	-	-	-	-	649,259	702,034	746,930		
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		698,157	-	-	-	-	-	-	-	698,157	818,864	831,781		
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	2,211,236	-	-	-	-	68,118	-	68,118	2,279,354	2,311,180	2,436,276		
Expenditure by Vote	1													
Vote 1 - CORPORATE SERVICES		152,785	-	-	-	-	-	-	-	152,785	155,399	165,826		
Vote 2 - COMMUNITY SERVICES		271,386	-	-	-	-	-	-	-	271,386	318,731	344,822		
Vote 3 - BUDGET AND TREASURY		176,376	-	-	-	-	87	-	87	176,463	164,799	170,240		
Vote 4 - MUNICIPAL MANAGER		82,435	-	-	-	-	-	-	-	82,435	88,625	94,019		
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENT		150,587	-	-	-	-	(473)	-	(473)	150,114	170,310	173,935		
Vote 6 - TECHNICAL SERVICES		859,324	-	-	-	-	(252)	-	(252)	859,072	908,237	982,213		
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		704,582	-	-	-	-	-	(8,680)	(8,680)	695,902	674,964	647,089		
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	2,397,474	-	-	-	-	(638)	(8,680)	(9,318)	2,388,156	2,481,065	2,578,144		
Surplus/ (Deficit) for the year	2	(186,237)	-	-	-	-	68,756	8,680	77,436	(108,801)	(169,886)	(141,868)		

KZN252 Newcastle - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	396,522	-	-	-	-	-	-	-	396,522	420,314	445,532
Service charges - electricity revenue	2	609,866	-	-	-	-	-	-	-	609,866	658,818	705,022
Service charges - water revenue	2	190,579	-	-	-	-	-	-	-	190,579	202,014	214,134
Service charges - sanitation revenue	2	118,793	-	-	-	-	-	-	-	118,793	125,921	133,476
Service charges - refuse revenue	2	95,898	-	-	-	-	-	-	-	95,898	101,651	107,750
Rental of facilities and equipment		8,495							-	8,495	8,981	9,519
Interest earned - external investments		2,497							-	2,497	2,647	2,806
Interest earned - outstanding debtors		6,325							-	6,325	6,704	7,106
Dividends received		-							-	-	-	-
Fines, penalties and forfeits		13,114							-	13,114	13,901	14,735
Licences and permits		38							-	38	40	43
Agency services		-							-	-	-	-
Transfers and subsidies		662,833					68,118		68,118	730,951	579,227	584,669
Other revenue	2	15,729	-	-	-	-	-	-	-	15,729	16,672	17,673
Gains									-	-		
Total Revenue (excluding capital transfers and contributions)		2,120,688	-	-	-	-	68,118	-	68,118	2,188,806	2,136,890	2,242,466
Expenditure By Type												
Employee related costs		594,312	-	-	-	-	1,975	-	1,975	596,287	626,101	665,546
Remuneration of councillors		28,456							-	28,456	30,163	31,973
Debt impairment		184,700							-	184,700	195,782	207,529
Depreciation & asset impairment		420,387	-	-	-	-	-	-	-	420,387	445,611	472,347
Finance charges		42,882							-	42,882	45,114	42,088
Bulk purchases		660,671	-	-	-	-	-	-	-	660,671	711,000	776,748
Other materials		4,559							-	4,559	3,195	3,387
Contracted services		337,719	-	-	-	-	(2,600)	90	(2,510)	335,209	260,720	249,782
Transfers and subsidies		-							-	-	-	-
Other expenditure		123,788	-	-	-	-	(13)	(8,770)	(8,783)	115,005	105,486	102,076
Losses		1							-	1	1	1
Total Expenditure		2,397,474	-	-	-	-	(638)	(8,680)	(9,318)	2,388,156	2,423,173	2,551,476
Surplus/(Deficit)		(276,785)	-	-	-	-	68,756	8,680	77,436	(199,349)	(286,284)	(309,010)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		90,548							-	90,548	174,290	187,136
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)									-	-		
Transfers and subsidies - capital (in-kind - all)									-	-		
Surplus/(Deficit) before taxation		(186,237)	-	-	-	-	68,756	8,680	77,436	(108,801)	(111,994)	(121,874)
Taxation									-	-		
Surplus/(Deficit) after taxation		(186,237)	-	-	-	-	68,756	8,680	77,436	(108,801)	(111,994)	(121,874)
Attributable to minorities									-	-		
Surplus/(Deficit) attributable to municipality		(186,237)	-	-	-	-	68,756	8,680	77,436	(108,801)	(111,994)	(121,874)
Share of surplus/ (deficit) of associate									-	-		
Surplus/ (Deficit) for the year		(186,237)	-	-	-	-	68,756	8,680	77,436	(108,801)	(111,994)	(121,874)

KZN252 Newcastle - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description		Ref	Budget Year 2020/21									Budget Year	Budget Year	
												+1 2021/22	+2 2022/23	
			Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands			A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H			
Capital expenditure - Vote		2												
Multi-year expenditure to be adjusted														
Vote 1 - CORPORATE SERVICES			-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES			-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET AND TREASURY			-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - MUNICIPAL MANAGER			-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENT			-	-	-	-	-	-	-	-	-	-	-	-
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		3	-	-	-	-	-	-	-	-	-	-	-	
Single-year expenditure to be adjusted		2												
Vote 1 - CORPORATE SERVICES			-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES			1,865	-	-	-	-	-	-	4,434	4,434	6,299	-	-
Vote 3 - BUDGET AND TREASURY			1,000	-	-	-	-	-	-	2,404	2,404	3,404	1,000	1,000
Vote 4 - MUNICIPAL MANAGER			-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENT			18,000	-	-	-	-	-	-	3,722	3,722	21,722	-	-
Vote 6 - TECHNICAL SERVICES			104,683	-	-	-	-	-	-	3,371	3,371	108,054	128,815	134,127
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 single-year expenditure sub-total			125,548	-	-	-	-	-	13,931	13,931	139,479	129,815	135,127	
Total Capital Expenditure - Vote			125,548	-	-	-	-	-	13,931	13,931	139,479	129,815	135,127	
Capital Expenditure - Functional														
Governance and administration			1,000	-	-	-	-	-	2,404	2,404	3,404	1,000	1,000	
Executive and council			-								-			
Finance and administration			1,000						2,404	2,404	3,404	1,000	1,000	
Internal audit			-								-			
Community and public safety			1,865	-	-	-	-	-	5,006	5,006	6,871	-	-	
Community and social services			365						3,617	3,617	3,982			
Sport and recreation			1,500						(1,302)	(1,302)	198			
Public safety			-						1,969	1,969	1,969			
Housing			-						722	722	722			
Health			-								-			
Economic and environmental services			63,683	-	-	-	-	-	4,871	4,871	68,554	48,200	49,700	
Planning and development			18,000						3,000	3,000	21,000	-	-	
Road transport			45,683						1,871	1,871	47,554	48,200	49,700	
Environmental protection			-								-			
Trading services			59,000	-	-	-	-	-	1,650	1,650	60,650	80,615	84,427	
Energy sources			-								-			
Water management			43,000								43,000	63,201	74,700	
Waste water management			16,000						1,500	1,500	17,500	17,414	9,727	
Waste management			-						150	150	150			
Other			-								-			
Total Capital Expenditure - Functional		3	125,548	-	-	-	-	-	13,931	13,931	139,479	129,815	135,127	
Funded by:														
National Government			90,183							-	90,183	118,815	125,127	
Provincial Government			365								365		138,588	
District Municipality			-								-		139,479	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)													(891)	
Transfers recognised - capital		4	90,548	-	-	-	-	-	-	-	90,548	118,815	402,303	
Borrowing														
Internally generated funds			35,000							13,931	13,931	48,931	11,000	10,000
Total Capital Funding			125,548	-	-	-	-	-	13,931	13,931	139,479	129,815	412,303	

KZN252 Newcastle - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
ASSETS												
Current assets												
Cash		44,043						(40,170)	(40,170)	3,873	18,973	58,883
Call investment deposits	1	28,510	-	-	-	-	-	(28,510)	(28,510)	-	-	-
Consumer debtors	1	377,278	-	-	-	-	-	314,052	314,052	691,330	788,909	882,626
Other debtors		36,838						(36,838)	(36,838)	-		
Current portion of long-term receivables		1								1	1	1
Inventory		13,296						219	219	13,514	13,960	14,589
Total current assets		499,966	-	-	-	-	-	208,752	208,752	708,718	821,842	936,098
Non current assets												
Long-term receivables									-	-		
Investments		-							-	-		
Investment property		355,564							-	355,564	373,342	392,009
Investment in Associate		204,693						30,235	30,235	234,928	194,946	185,663
Property, plant and equipment	1	6,638,512	-	-	-	-	-	-	-	6,638,512	7,036,823	7,459,032
Biological		-							-	-		
Intangible		1,823						(1,133)	(1,133)	690	1,914	2,010
Other non-current assets		11,488						182	182	11,670	12,063	12,666
Total non current assets		7,212,080	-	-	-	-	-	29,284	29,284	7,241,364	7,619,087	8,051,379
TOTAL ASSETS		7,712,046	-	-	-	-	-	238,036	238,036	7,950,082	8,440,929	8,987,478
LIABILITIES												
Current liabilities												
Bank overdraft		-							-	-		
Borrowing		28,757	-	-	-	-	-	-	-	28,757	31,884	32,106
Consumer deposits		24,738						176	176	24,914	26,738	28,738
Trade and other payables		367,022	-	-	-	-	-	108,643	108,643	475,665	579,324	624,460
Provisions		8,668						1,084	1,084	9,752	9,101	9,556
Total current liabilities		429,185	-	-	-	-	-	109,902	109,902	539,088	647,048	694,860
Non current liabilities												
Borrowing	1	375,896	-	-	-	-	-	208,116	208,116	584,012	506,076	430,383
Provisions	1	207,485	-	-	-	-	-	-	-	207,485	219,934	233,130
Total non current liabilities		583,382	-	-	-	-	-	208,116	208,116	791,498	726,010	663,514
TOTAL LIABILITIES		1,012,567	-	-	-	-	-	318,018	318,018	1,330,585	1,373,058	1,358,374
NET ASSETS	2	6,699,479	-	-	-	-	-	(79,982)	(79,982)	6,619,496	7,067,871	7,629,104
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		6,355,514	-	-	-	-	68,756	8,680	77,436	6,432,951	6,868,447	7,328,901
Reserves		28,510	-	-	-	-	-	931	931	29,441	30,221	32,034
TOTAL COMMUNITY WEALTH/EQUITY		6,384,024	-	-	-	-	68,756	9,611	78,367	6,462,391	6,898,668	7,360,935

KZN252 Newcastle - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		318,058						(40,799)	(40,799)	277,259	340,454	369,792
Service charges		832,349						7,157	7,157	839,506	881,607	963,117
Other revenue		27,620						150	150	27,771	39,496	41,865
Transfers and Subsidies - Operational	1	662,833						68,118	68,118	730,951	579,227	584,669
Transfers and Subsidies - Capital	1	90,548								90,548	174,290	187,136
Interest		2,497								2,497	2,747	3,021
Dividends		-								-		
Payments												
Suppliers and employees		(1,740,736)						(69,049)	(69,049)	(1,809,786)	(1,824,267)	(1,929,112)
Finance charges		(42,882)								(42,882)	(38,754)	(35,346)
Transfers and Grants	1	-								-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		150,288	-	-	-	-	-	(34,423)	(34,423)	115,865	154,799	185,143
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		18,000							-	18,000	20,000	20,000
Decrease (increase) in non-current receivables		-							-	-		
Decrease (increase) in non-current investments		-							-	-		
Payments												
Capital assets		(125,548)						(13,931)	(13,931)	(139,479)	(129,815)	(135,127)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(107,548)	-	-	-	-	-	(13,931)	(13,931)	(121,479)	(109,815)	(115,127)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-							-	-		
Borrowing long term/refinancing		-							-	-		
Increase (decrease) in consumer deposits		2,000							-	2,000	2,000	2,000
Payments												
Repayment of borrowing		(28,757)							-	(28,757)	(31,884)	(32,106)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(26,757)	-	-	-	-	-	-	-	(26,757)	(29,884)	(30,106)
NET INCREASE/ (DECREASE) IN CASH HELD		15,983	-	-	-	-	-	(48,354)	(48,354)	(32,372)	15,100	39,910
Cash/cash equivalents at the year begin:	2	28,060						8,184	8,184	36,244	3,873	18,973
Cash/cash equivalents at the year end:	2	44,043						(40,170)	(40,170)	3,873	18,973	58,883

KZN252 Newcastle - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
Cash and investments available												
Cash/cash equivalents at the year end	1	44,043	-	-	-	-	-	(40,170)	(40,170)	3,873	18,973	58,883
Other current investments > 90 days		28,510	-	-	-	-	-	(28,510)	(28,510)	(0)	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		72,553	-	-	-	-	-	(68,680)	(68,680)	3,873	18,973	58,883
Applications of cash and investments												
Unspent conditional transfers		33,439	-	-	-	-	-	8,577	8,577	42,016	35,445	37,572
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		(34,175)	-	-	-	-	-	(34,569)	(34,569)	(68,744)	(71,182)	(58,696)
Other working capital requirements	2	(1,620)	-	-	-	-	-	(108,413)	(108,413)	(110,033)	(96,149)	(129,682)
Other provisions		10,294	-	-	-	-	-	8,951	8,951	19,245	20,400	21,624
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		28,510	-	-	-	-	-	931	931	29,441	30,221	32,034
Total Application of cash and investments:		36,449	-	-	-	-	-	(124,523)	(124,523)	(68,075)	(61,265)	(97,149)
Surplus(shortfall)		36,105	-	-	-	-	-	55,843	55,843	91,948	100,237	156,031

Description	Ref	Budget Year 2020/21									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		A	7	8	9	10	11	12	13	14		
		A	A1	B	C	D	E	F	G	H		
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	42,071	-	-	-	-	-	-	-	42,071	49,200	66,700
Roads Infrastructure		24,752	-	-	-	-	-	-	-	24,752	34,000	44,000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		10,000	-	-	-	-	-	-	-	10,000	12,000	19,000
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		34,752	-	-	-	-	-	-	-	34,752	46,000	63,000
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		350	-	-	-	-	-	-	-	350	-	-
Revenue Generating		3,254	-	-	-	-	-	-	-	3,254	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		3,254	-	-	-	-	-	-	-	3,254	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		1,200	-	-	-	-	-	-	-	1,200	1,200	1,700
Machinery and Equipment		2,515	-	-	-	-	-	-	-	2,515	2,000	2,000
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted	2	32,746	-	-	-	-	-	-	-	32,746	18,000	16,400
Roads Infrastructure		26,746	-	-	-	-	-	-	-	26,746	12,000	12,000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		6,000	-	-	-	-	-	-	-	6,000	6,000	4,400
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		32,746	-	-	-	-	-	-	-	32,746	18,000	16,400
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
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 Upgrading of Existing Assets to be adjusted	2a	50,731	-	-	-	-	-	2,500	2,500	53,231	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		30,000	-	-	-	-	-	-	-	30,000	-	-
Sanitation Infrastructure		20,731	-	-	-	-	-	-	-	20,731	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-

[illegible]

TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	6,638,512	-	-	-	-	-	-	-	6,638,512	7,036,823	7,459,032
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		420,387	-	-	-	-	-	-	-	420,387	-	-
Repairs and Maintenance by asset class	3	96,637	-	-	-	-	-	-	-	96,637	-	-
Roads Infrastructure		28,873	-	-	-	-	-	-	-	28,873	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		6,254	-	-	-	-	-	-	-	6,254	-	-
Water Supply Infrastructure		19,010	-	-	-	-	-	-	-	19,010	-	-
Sanitation Infrastructure		27,274	-	-	-	-	-	-	-	27,274	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		81,411	-	-	-	-	-	-	-	81,411	-	-
Community Facilities		954	-	-	-	-	-	-	-	954	-	-
Sport and Recreation Facilities		298	-	-	-	-	-	-	-	298	-	-
Community Assets		1,252	-	-	-	-	-	-	-	1,252	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		233	-	-	-	-	-	-	-	233	-	-
Other Assets		233	-	-	-	-	-	-	-	233	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		3,739	-	-	-	-	-	-	-	3,739	-	-
Intangible Assets		3,739	-	-	-	-	-	-	-	3,739	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		10,001	-	-	-	-	-	-	-	10,001	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	6	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		517,024	-	-	-	-	-	-	-	517,024	-	-
Renewal and upgrading of Existing Assets as % of total capital		66.5%	0.0%							67.1%	26.8%	19.7%
Renewal and upgrading of Existing Assets as % of deprecn"		19.9%	0.0%							20.5%	0.0%	0.0%
R&M as a % of PPE		1.5%	0.0%							1.5%	0.0%	0.0%
Renewal and upgrading and R&M as a % of PPE		2.7%	0.0%							2.8%	0.3%	0.2%

KZN252 Newcastle - Table B10 Basic service delivery measurement -

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:												
Piped water inside dwelling		151,090							-	151	159249.2138	167948.6714
Piped water inside yard (but not in dwelling)		114,439							-	114	120619.1733	127132.6087
Using public tap (at least min.service level)	2	30,636							-	31	32290.61611	34034.30938
Other water supply (at least min.service level)		2,062							-	2	2	2
Minimum Service Level and Above sub-total		298	-	-	-	-	-	-	-	298	314	331
Using public tap (< min.service level)	3	298,226							-	298	314332.6282	331306.5902
Other water supply (< min.service level)	3,4	-							-	-	0	0
No water supply		8,744							-	9	9216.169757	9713.842924
Below Minimum Service Level sub-total		307	-	-	-	-	-	-	-	307	324	341
Total number of households	5	605	-	-	-	-	-	-	-	605	638	672
Sanitation/sewerage:												
Flush toilet (connected to sewerage)		191,478							-	191,478	201818.2408	212716.4258
Flush toilet (with septic tank)		6,111							-	6,111	6441.490265	6789.330739
Chemical toilet		-							-	-	0	0
Pit toilet (ventilated)		43,975							-	43,975	46349.24421	48852.1034
Other toilet provisions (> min.service level)		14,278							-	14,278	15049.04504	15861.69347
Minimum Service Level and Above sub-total		255,843	-	-	-	-	-	-	-	255,843	269,658	284,220
Bucket toilet		-							-	-	-	-
Other toilet provisions (< min.service level)		30,928							-	30,928	32598.07378	34358.36976
No toilet provisions		-							-	-	-	-
Below Minimum Service Level sub-total		30,928	-	-	-	-	-	-	-	30,928	32,598	34,358
Total number of households	5	286,770	-	-	-	-	-	-	-	286,770	302,256	318,578
Energy:												
Electricity (at least min. service level)		42,272							-	42,272	44554.41396	46960.35231
Electricity - prepaid (> min.service level)		493							-	493	519.5186	547.5704964
Minimum Service Level and Above sub-total		42,765	-	-	-	-	-	-	-	42,765	45,074	47,508
Electricity (< min.service level)		-							-	-	-	-
Electricity - prepaid (< min. service level)		-							-	-	-	-
Other energy sources		-							-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	42,765	-	-	-	-	-	-	-	42,765	45,074	47,508
Refuse:												
Removed at least once a week (min.service)		59,199							-	59,199	62395.746	65765.11628
Minimum Service Level and Above sub-total		59,199	-	-	-	-	-	-	-	59,199	62,396	65,765
Removed less frequently than once a week		2,066							-	2,066	2177.564	2295.152456
Using communal refuse dump		1,451							-	1,451	1529.354	1611.939116
Using own refuse dump		23,805							-	23,805	25090.47	26445.35538
Other rubbish disposal		2,334							-	2,334	2460.036	2592.877944
No rubbish disposal		1,024							-	1,024	1079.296	1137.577984
Below Minimum Service Level sub-total		30,680	-	-	-	-	-	-	-	30,680	32,337	34,083
Total number of households	5	89,879	-	-	-	-	-	-	-	89,879	94,732	99,848
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)		9	-	-	-	-	-	-	-	9	9	9
Sanitation (free minimum level service)		9	-	-	-	-	-	-	-	9	-	-
Electricity/other energy (50kwh per household per month)		9	-	-	-	-	-	-	-	9	9	9
Refuse (removed at least once a week)		9	-	-	-	-	-	-	-	9	9	9
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per indigent household per month)		5,990	-	-	-	-	-	-	-	5,990	6,350	6,731
Sanitation (free sanitation service to indigent households)		10,759	-	-	-	-	-	-	-	10,759	11,405	12,089
Refuse (removed once a week for indigent households)		8,136	-	-	-	-	-	-	-	8,136	8,624	9,142
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		11,082	-	-	-	-	-	-	-	11,082	11,747	12,451
Total cost of FBS provided		35,967	-	-	-	-	-	-	-	35,967	38,125	40,413
Highest level of free service provided												
Property rates (R'000 value threshold)		479							-	479	479.19472	479.19472
Water (kilolitres per household per month)		6							-	6	6	6
Sanitation (kilolitres per household per month)		6							-	6	6	6
Sanitation (Rand per household per month)		225							-	225	224.56256	224.56256
Electricity (kw per household per month)		50							-	50	50	50
Refuse (average litres per week)		1							-	1	1	1
Revenue cost of free services provided (R'000)	17											
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)		76,214	-	-	-	-	-	-	-	76,214	80,787	85,634
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)		-	-	-	-	-	-	-	-	-	-	-
households)		-	-	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	76,214	-	-	-	-	-	-	-	76,214	80,787	85,634

MUNICIPAL MANAGER'S QUALITY CERTIFICATE



I, **MJ Mayisela**, the Acting Municipal Manager of **Newcastle Municipality**, hereby certify that the Adjustment budget and supporting documentation of 2020/2021 Operating and Capital Budget have been prepared in accordance with Section 28 2(a) of the Municipal Finance Management Act No56 of 2003;and Regulation 26(1) of the Municipal Budget and Reporting Regulations.

Print Name : **MUZI JUSTICE MAYISELA**

Acting Municipal Manager : **NEWCASTLE MUNICIPALITY**

Signature :

Date : 29/9/2020