NEWCASTLE MUNICIPALITY

ADJUSTED BUDGET

2023/2024

EXTRACT FROM THE MINUTES OF THE SPECIAL VIRTUAL MEETING OF THE NEWASTLE MUNICIPAL COUNCIL HELD ON WEDNESDAY, 28 FEBRUARY 2024 AT 10:00

PRESENT

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

ABSENT WITH APOLOGY

Councillor	M	E		Buthelezi	:	Network issues
Councillor	S	B		Buthelezi	:	Network issues
Councillor	E	J	C	Cronje	:	Other commitments
Councillor	M	V		Mbatha	:	Network issues
Councillor	N	P		Mthabela	:	Network issues
Councillor	R	B	S	Russell	:	Other commitments
Councillor	S	M		Thwala	:	Other commitments

VACANCIES

Ex – ward Councillor	N	Z	B	Kunene
Ex – ward Councillor	M	P		Mkhwanazi
Ex – ward Councillor	R	M		Molelekoa

TRADITIONAL LEADERS

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

ALSO PRESENT

Magistrate	:	Ms	A	J	Hill
Journalist	:	Mr	Q		Boucher

OFFICIALS PRESENT

Municipal Manager	:	Mr	Z	W	Mcineka
Strategic Executive Director : BTO	:	Mrs	P	H	Kubheka
Strategic Executive Director : Corporate Services	:	Dr	P	D	Thabethe
Strategic Executive Director : Community Services	:	Mr	G	B	Dlamini
Strategic Executive Director : DP&HS	:	Mrs	N		Khathide
Strategic Executive Director : Technical Services	:	Mr	B	P	Mnguni
Director : Administration	:	Mrs	D	R	Molefe
Director : Internal Audit	:	Mr	B	B	Nkosi
Acting Director : Communications	:	Mr	M		Myende
Acting Director : Governance and Support Services	:	Mrs	K	A	Pentz – Coates
Manager : General Administration and Secretariat	:	Mrs	Z		Sibeko
Junior Communications Officer	:	Ms	T		Maphanga
Committee Officer	:	Mr	S	N	Thwala
Committee Clerk	:	Mr	K	S	Mbonane
Secretariat Support	:	Mr	A		Kunene

8 : 2023/24 MID-YEAR ADJUSTMENTS BUDGET : (5/1/1-2023/24)

RESOLVED

(a) That, the operating, and capital mid-year adjustments budget for the year 2023/2024 financial year be approved.

(b) That, the Revised Budget Funding Plan that is aligned to the adjustments budget be approved.

(c) That, the adjustments budget of the uThukela Water, be noted.

(d) That, the Integrated Development Plan (IDP) and Performance Management System (PMS) have been amended in line with the adjustments budget.

(e) That, the adjusted service standards be approved.

(f) That, the accounting officer be mandated to submit the adjustments budget to National and Provincial Treasury as required by section 28 (7) of the *Municipal Finance Management Act, N⁰. 56 of 2003.*

(g) That, the Provincial Treasury's assessment on the mid-year review be noted.

(h) That, it be noted that the EFF and the ANC are not in support of the recommendations.

(i) That, it be noted that during the voting process, 34 votes were for the 2023/2024 mid – year adjustments budget and 20 votes were against the 2023/2024 mid – year adjustments budget. Further it be noted that three (3) Councillors did not vote.

I, the undersigned, **ZAMOKWAKHE WESLEY MCINEKA**, in my capacity as **MUNICIPAL MANAGER** to the Newcastle Municipal Council, hereby certify the above as a true extract from the minutes of the special Council meeting held on 28 February 2024.

Z.W. MCINEKA
MUNICIPAL MANAGER

Newcastle

2023/24 MID-YEAR ADJUSTMENTS BUDGET: (5/1/1-2023/24): BUDGET AND TREASURY OFFICE: FEBRUARY 2024

Ref. No	: 5/1/1 (2023/24)
Author	: MS Ndlovu
1st Level	: Executive Committee
2nd Level	: Council
4th Level	: Provincial and National Treasuries

1. PURPOSE

The purpose of this report is to request council to approve the mid-year adjustments budget in terms of section 28 of the MFMA. The report appraises council on the revisions made on revenue and expenditure projections based on the performance of the first six months of the financial year and the adjusted national and provincial allocations. The report further intends to obtain council approval on the approval of the revised Budget Funding Plan which is aligned to the adjustments budget.

2. LEGISLATIVE FRAMEWORK

This report is prepared in line with MFMA; Section 28, read together with Municipal Budget and Reporting Regulations; 21 -27.

3. BACKGROUND

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. In line with the above mid-year review performance, council resolved that it is necessary to perform an adjustments budget in order to deal with the variances identified at mid-year. Through this process, the municipality will also deal with any unforeseen and unavoidable expenditure that might have been incurred during the year. The aim of this adjustments budget is also to ensure that the municipality is operating within realistic revenue while it continues to provide minimum service delivery through payment of creditors. Section 28 requires that, when tabled, an adjustment budget must provide explanations of how the original budget will be affected.

4. DISCUSSION

This adjustments budget is submitted in terms of section 28 of the MFMA. It seeks to ensure that revenue and expenditure of the municipality is adjusted in line with the mid-year performance and the full-year forecast, while ensuring that the municipality keeps to its commitments of its approved Revised Budget Funding Plan. Budget narratives are further discussed below:

2023/24 MID-YEAR ADJUSTMENTS BUDGET: (5/1/1-2023/24): BUDGET AND TREASURY OFFICE: FEBRUARY 2024

4.1 OPERATING BUDGET

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

Operating revenue

As reflected in table B4, the total operating revenue has been adjustment upwards by R41.5 million from the budget of R2.355 billion to the adjusted budget of R2.397 billion. Major adjustments that attributed to this adjustment are explained below.

- Electricity service has been adjusted to downwards from R882.0 million to R863.9 million, representing a decrease of R18.1 million. The decrease is due to business consumers who has opted for other sources of energy and electricity losses. This is evident in the mid-year performance where electricity underperformed by R17.3 million.

- Property rates have been slightly adjusted downwards from R396.7 million to R396.6 million, representing a decrease of R127 thousand. This is due to the additional indigent that the municipality has extended to the qualifying ratepayers.

- Revenue from waste management has been adjusted downwards from R110.1 million to R109.7 million, representing a decrease of R360 thousand. The decrease is attributed to delays in billing new areas which are still under development.

- Wastewater service charges have been adjusted upwards from R133.6 million to R154.3 million, representing an increase of R20.7 million. The increase attributable to the increase in estimated was consumption as well as new developments in the jurisdiction of Newcastle.

- Sale of goods and rendering of Services has been brought in in order to comply with the data strings and reporting requirements. The budget for operating revenue has been adjusted upwards to R13.5 million upwards based on the mid-year performance of operating revenue.

- Rental of facilities has been adjusted upwards from R8.8 million to R11.0 million, representing a decrease of R2.29 million. The increase is attributable to additional demand for municipal halls and municipal full occupation of municipal flats.

- Interest from receivables (debtors) has been adjusted downwards from R5.8 million to R3.9 million, representing a decrease of R1.9 million. This decrease is attributable to the business debt which has been written-off due to the incentive schemes approved by council.

2023/24 MID-YEAR ADJUSTMENTS BUDGET: (5/1/1-2023/24): BUDGET AND TREASURY OFFICE: FEBRUARY 2024

- Transfers and subsidies – operational have been adjusted to increase from R577.6 million to R604.1 million, representing an increase of R26.5 million. The increase is based on the adjusted National and provincial allocations, as well as the movement of some of the grant-funded expenditure between the operating and capital budgets. The increase is also attributable to grant allocations, roll-overs and the movement of MIG from capital to operational.

- Revenue from gains has been adjusted upwards from R2 million to R5.7 million, representing an increase of R3.7 million. This increase is attributable to the sale of municipal process, the process of which was initiated in the previous financial years.

- Revenue from fines has been adjusted upwards from R4.8 million to R7.2 million, representing an increase of R2.4 million. The increase is attributed to the re-instatement of traffic officials, resulting and more law enforcement in Newcastle. Speed cameras are also now used to strengthen law enforcement.

Operating expenditure

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

The total operating expenditure has been adjustment upwards by R46.4 million from original budget of R2724 billion to the adjusted budget of R2.771 billion. Major adjustments that attributed to this adjustment are explained below.

- Employee costs has been adjusted downwards from R724.6 million to R708.3 million, representing a decrease of R16.2 million. The decrease is due positions that were budgeted for but the process to fill them has not been initiated. The decision to implement the annual increments is also unlikely to be finalized in the current year due to the review processes currently underway. It must further be noted that this item recorded an under-performance of R38.9 million at mid-year.

- Remuneration of councillors has been adjusted downwards from R28.4 million to R26.9 million, representing a decrease of R1.4 million. The original budget included full increments for upper limits of councilor, however the MEC for Cooperative Governance approved only 50% increments on upper limits. The current vacancies of 4 councillors will result in some savings on councillor remuneration budget.

- Bulk electricity purchases have been downwards from R660.9 million to R654.1 million, representing a decrease of R6.8 million. The decrease is attributable to the application submitted to Eskom to reduce the current MVA from 125 to R100, as well as the expected change of consumers from electricity to other alternative energy sources due to load shedding.

2023/24 MID-YEAR ADJUSTMENTS BUDGET: (5/1/1-2023/24): BUDGET AND TREASURY OFFICE: FEBRUARY 2024

- Inventory consumed has been adjusted upwards from R159.8 million to R161.4 million, representing an increase of R1.9 million. The increase is attributed to the additional stores material that has become necessary for the purposes of water provision.

- Water bulk purchases budget, the uThukela Water's budget of R159.9 million has not been adjusted. The entity has made a submission requesting an additional budget of R3.7 million. After due consideration the municipality is advising that such request cannot be accommodated at this stage due to the budget status (unfunded) of the municipality. The department of technical service is currently implementing measures to reduce water losses, which assist in reducing the cost of purchase of bulk water from the entity.

- Debt impairment has been adjusted downwards from R308.1 million to R285.2 million, representing a decrease of R22.9 million. The decrease is linked to the adjusted billing and collection rates based on the mid-year review. Debt impairment is the difference between the billing and the collections.

- No adjustment has been made on depreciation. While the mid-year review recorded the under-performance of R3.3 million (-2%), the municipality is however expecting to capitalize more assets in the last six months of the financial year, which will slightly increase the depreciation expense at year-end.

- Contracted services have been adjusted to upwards from R207.3 million to R267.4 million, representing an increase of R60.4 million. The increase is attributable to projects that have been moved from capital to operational, appropriation of the disaster grant. An additional budget has also been appropriated for the purchase of our own plant and vehicles on a hire-purchase basis.

- Interest on finance charges item has been adjusted upwards from R32.2 million to R32.5 million, representing an increase of R340 thousand. The increase is due to the interest charges on pensions that were not anticipated during the original budget process.

- Irrecoverable debt written-off has been adjusted upwards from R89.3 million to R93.6 million, representing an increase of R4.3 million. This is due to the decision of council to extend the incentives scheme, which will result in more outstanding debts being written off.

- Operational costs have been adjusted upwards from R134.5 million to R161.4 million, representing an increase of R26.8 million. The increase is attributable to movement of funds from capital to operating budget due to the nature of item longer qualifying to be assets.

2023/24 MID-YEAR ADJUSTMENTS BUDGET: (5/1/1-2023/24): BUDGET AND TREASURY OFFICE: FEBRUARY 2024

4. 2. CAPITAL BUDGET

The capital expenditure of the municipality is reflected in table B5 of the B Schedule as required by the Municipal Budget and Reporting Regulations. Capital expenditure has been adjusted downwards from R255.3 million in the original budget to R250.9 million during the year, representing a decrease of R4.4 million. The decrease is mainly due to the movement of certain projects from capital to operational budget.

4.3 CASH FLOW BUDGET

The municipality is working on strategies to improve is collection and other cash inflows with a view to improve its financial sustainability. The following changes in table A7/B7 have been made from the original budget and the adjustments budget:

- Receipts from property rates has been adjusted to increase from R299.5 million to R337.1 million, representing an increase of R37.5, This due to the improvement of collection rate from 75.5% to 85%. The assistance of CoGTA on government debt has also assisted to improve the collection rate.

- Receipts from service charges have been adjusted downwards from R1.144 billion to R1.128 billion, representing an decrease of R16.3. In the main, this due to the revision of the electricity collection rate from R96.7% to 95.89%. Electricity is the major component of the service charges accounted for.

- Receipts from government – operation adjusted upwards from R547.2 million to R552.5 million, representing an increase of R4.8 million. The increase is based adjusted national and provincial grant allocations. In the main, the disaster recovery granted is the cause for the increase, which majority of national grants have been reduced.

- Receipts from other revenue has been adjusted upwards from R231.1 million to R278.9 million, representing an increase of R47.7 million. The increase is due to the adjusted revenue figures, as well as VAT receipts expected to be received from collections and SARS.

- Receipts from interest remain unchanged at R5.3 million. The income received from investments has been stagnant due to the cash flow situation of the municipality.

- Supplies and employees have been adjusted upwards from R2.175 billion to R2.252 billion, representing an increase of R77.6 million. The increase is based on the explanation provided under operational expenditure, particularly with regards to contracted services and Operational costs. The impact of VAT payments emanating from the increased expenditure also contributed to the increase.

- Payments on capital assets have been adjusted downwards from R255.3 million to R250.9 million, representing a decrease of R4.4 million. The decrease is mainly due to the movement of projects from the capital to operating budget.

2023/24 MID-YEAR ADJUSTMENTS BUDGET: (5/1/1-2023/24): BUDGET AND TREASURY OFFICE: FEBRUARY 2024

- No adjustment has been made on the repayment of borrowing. The budget will remain at R32.1 million as there if no information to suggest the need for adjustment.

- Cash and cash equivalents and the beginning of the year has been adjusted downwards from R27.4 million to R12.2 million, representing an decrease of R15.2 million. The decrease is based on the figure of cash and cash equivalents as per the 2022/23 audited annual financial statements.

4.4 RESERVES TO BE CASHED BACKED

As the best practice, municipalities must ensure that adequate reserves are generated to cater for any unspent conditional grants, provisions and reserves that are required to be cash backed in terms of GRAP and the municipal policies. However, the assessment conducted by Provincial Treasury has revealed that it not possible at the stage for the Newcastle Municipality to achieve this requirement. Nevertheless, the municipality must still present a very credible state of affairs and adopt a budget funding plan to correct the situation.

The following adjustments in table B8 have been noted from the original budget and the adjustments budget:

- Cash and cash equivalents has adjusted downwards from R19.6 million to R4.6 million, representing an decrease of R15.2 million. The increase is due to the additional operational expenditure and contracted services appropriated into the budget. The slight decrease on the electricity collection rate has had a slight impact, while the balance of cash at the beginning of the year has been adjusted to R12.2 million based on the 2023 audited annual financial statements.

- Unspent conditional grants has been appropriated at R124.4 million as the budget thereof was erroneously omitted during the original budget. The budget is based on the 2023 audited AFS, less the NDPG grant recalled by National Treasury.

- Unspent borrowing has been adjusted downwards from R113.4 million to zero. This budget was erroneously included during the original budget process as the municipality does have borrowings that are unspent. This amount was meant to be included as unspent conditional grants.

- Other working capital requirements has been adjusted downwards from R-165.3 million to -R15.3 million, representing a decrease of R150.0 million. This is based on the increase in the creditors of bulk purchases, with no significant improvement has been recorded in the collection rate.

- Other provisions have been adjusted upwards from R11.1 million to R14.2 million, representing an increase of R3.1 million, the adjustments is based on the 2023 audited AFS.

2023/24 MID-YEAR ADJUSTMENTS BUDGET: (5/1/1-2023/24): BUDGET AND TREASURY OFFICE: FEBRUARY 2024

- Reserved to be backed by cash have been adjusted downwards from R34.5 million to R32.2 million, representing a decrease of R2.2 million. The adjustment is based on the 2023 audited AFS.

5. CONCLUSION

This adjustments budget requires councillors and senior management to tighten their belts, implement all efforts to ensure that the budget funding plan and other strategies are implemented.

7. LEGAL IMPLICATIONS

The submission seeks to comply with section 28 of the Municipal Finance Management Act, No. 56 of 2003, read together with regulations 21- 27 of the Municipal Budget and Reporting Regulations require, inter alia, that the Accounting Officer submit the Adjustments Budget to the Mayor, Provincial and National Treasury by the 28th of February of each year. Failure to have the adjustment budget approved within stipulated timeframe will result in non-compliance with the legislation and unfavourable actions from National and Provincial Treasuries.

8. POLICY IMPLICATIONS

The submission of the Mid-Year Adjustments Budget seeks to ensure compliance with the Budget Policy as adopted by Council.

9. FINANCIAL IMPLICATIONS

No financial implication associated with the approval of the budget. The impact of the budget adjustments are highlighted in the report above.

10. RECOMMENDATIONS

(a) that the operating and capital mid-year adjustments budgets for the 2023/24 financial year be approved:
(b) that the Revised Budget Funding Plan that is aligned to the adjustments budget be approved;
(c) that adjustments budget of the uThukela Water be noted as attached;
(d) that the Integrated Development Plan (IDP) and Performance Management System (PMS) have been amended in line with the adjustments budget;
(e) that the adjusted service standards be approved;

(f) 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;

(g) that the Provincial Treasury's assessment on the Mid-year review be noted.

11. SUPPORTING BUDGET SCHEDULES

The budget documents for the budget are attached hereto as follows:

Annexure A : Adjustment Budget Document
Annexure B : Operational budget
Annexure C : Capital budget
Annexure D : B Schedule budget tables
Annexure E : uThukela Water Adjustments Budget
Annexure F : Revised Budget Funding Plan
Annexure G : Provincial Treasury's Assessment of the Mid-year Budget Assessment

Report prepared by:

Report seen by:

DX DUBE
PORTFOLIO COUNCILLOR
BUDGET AND TREASURY OFFICE

ZW MCINEKA
MUNICIPAL MANAGER

Annexure A : Adjustment Budget Document

NEWCASTLE MUNICIPALITY

ADJUSTMENTS BUDGET

2023/2024

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PART 1 – ADJUSTMENT BUDGET

1. MAYOR'S REPORT

(To be tabled by Mayor at the Council meeting)

2. ADJUSTMENTS BUDGET RESOLUTIONS

It is recommended:

(a) that the operating and capital mid-year adjustments budgets for the 2023/24 financial year be approved;

(b) that the Revised Budget Funding Plan that is aligned to the adjustments budget be approved;

(c) that adjustments budget of the Uthukela Water be noted as attached;

(d) that the Integrated Development Plan (IDP) and Performance Management System (PMS) have been amended in line with the adjustments budget;

(e) 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;

(f) that the Provincial Treasury's assessment on the Mid-year review be noted.

3. EXECUTIVE SUMMARY

3.1 OVERVIEW OF THE MUNICIPALITY

Newcastle Municipality is located in the inland region on the Northwest corner of KwaZulu-Natal, a few kilometres south of the Free State and Gauteng provincial borders, in the foothills of the Drakensberg. The municipality covers an area of 1,855 km², has a population of 332,980 by Census 2001 figures and is made up of 31 wards. The Newcastle municipal area is the most densely populated municipality in the District and constitutes 71% of the total population of the Amajuba District Municipality, and 3.5% of the total population within KwaZulu-Natal. From the 2011 Census figures, Newcastle has a very young population with most being in the 15 to 34 age group. This implies that most are in the active age group and hence planning is required for more employment opportunities. This is a challenge that needs a strategic approach in light of the general economic dynamics of the district as a whole.

The income breakdown of Newcastle further qualifies the fact that there are limited formal employment opportunities in the area. More than 60% of the population has an income of less than R1 500 a month. More than 48% have an income of less than R1000 per month. The number of people with no income has also trebled since the 1996 census. This has seen an increase in the indigent population is current sitting at approximately 10,000 since December 2023. 60% of the population of Newcastle is mainly urban with 59,423 living in formal housing, 6,851 living informal settlements and 4,649 in traditional housing.

Newcastle is a secondary city offering employment opportunities to the surrounding rural hinterland and acts as the district's urban core. It therefore provides employment opportunities to the whole district. The greatest challenge is to provide housing accommodation and the essential services to meet the increasing demand especially around the urban core where a lot of informal settlements are sprouting up.

The following are the statistics for Newcastle drawn from the Census 2011 information presented by the Statistics South Africa.

Criteria	Newcastle %
Unemployment rate	54%
Population employed	27%
Population unemployed	32%
Population not economically active	40%
Access to electricity for lighting	84%
Access to refuse removal	71%
Piped Water inside dwelling	58%
Age group below 19	50%
Population with toilet connected to sewer	56%

The district as a whole is facing decline in GGP in all sectors. The economy of the district has experienced a change from a dominant manufacturing base to a services base.

There has been some growth in the trade, construction and community services sectors. The economy of Newcastle is however dominated by clothing and textiles, chemicals and metals. Although the district as a whole has a number of challenges due to the declining economy a lot of initiatives are underway to revive the economy.

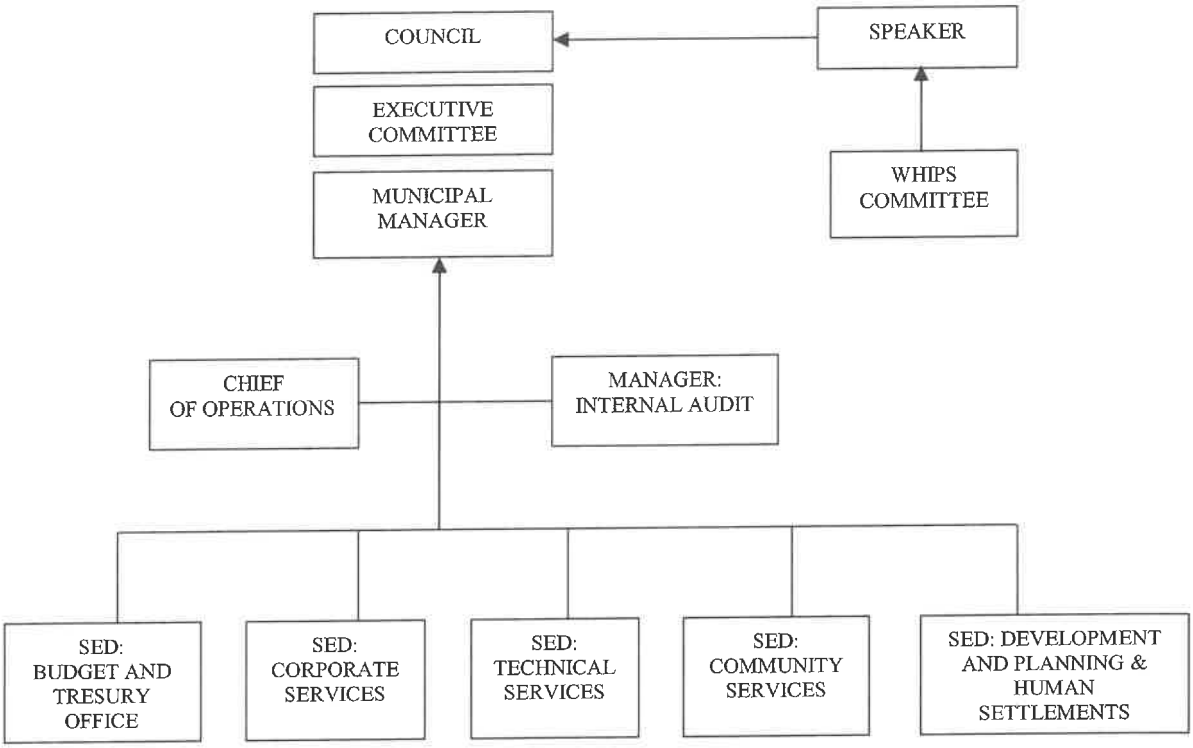
Institutional Arrangements

The Municipality has a staff compliment of approximately 1600 people, servicing areas of Newcastle, Madadeni, Osizweni, Blaauwbosch, Ngagane, Kilbarchan, and Charlestown. The Newcastle Organogram (illustrated below), and as approved by Council, makes provision for a Municipal Manager, a Chief of Operations, Internal Audit and five Departments each headed by a Strategic Executive Director. The five Departments of the municipality are:

- Budget and Treasury Office
- Corporate Services
- Technical Services
- Electrical Services
- Community Services
- Development, Planning and Human Settlement

It should be noted that Council is still in the process of revising the structure in line with Task Grading system.

3.2 NEWCASTLE MUNICIPALITY: ORGANOGRAM



3.4 COUNCILLORS, EXECUTIVE COMMITTEE AND OFFICIALS

EXECUTIVE COMMITTEE

DESIGNATION	SURNAME & INITIALS	PORTFOLIO COUNCILLOR	POLITICAL PARTY	WARD
Mayor	DUBE D X	Budget & Treasury	IFP	18
Deputy Mayor	THWALA SM	Technical Services	TSSA	28
Exco Member	HLATSHWAYO ME	Community Services	IFP	6
Exco Member	KUBHEKA CB	Corporate Services	IFP	PR
Exco Member	MEIRING AP	Planning, Development and Human Settlements	DA	4
Exco Member	VACANT	Technical Services		
Exco Member	SITHEBE LC	Corporate Services	EFF	PR
Exco Member	CASSIM F	Planning, Development and Human Settlements	ASA	PR
Exco Member	YENDE SA	Budget & Treasury O	ANC	PR
Exco Member	ZONDO VG	Community Services	ANC	27

COUNCIL

DESIGNATION	SURNAME & INITIALS	POLITICAL PARTY	WARD
Speaker	ZULU TM	IFP	PR
Mayor	DUBE DX	IFP	18
Deputy Mayor	THWALA SM	TSSA	28
Councillor	ALLY YA	PA	PR
Councillor	BAM VV	IFP	PR
Councillor	BUTHELEZI ME	IFP	33
Councillor	BUTHELEZI SB	EFF	PR
Councillor	CASSIM F	ASA	PR
Councillor	CRONJE EJC	DA	2
Councillor	VACANT		11
Councillor	DLAMINI TN	EFF	PR
Councillor	DUBE NC	DA	PR
Councillor	DUMA FL	NFP	PR
Councillor	HADEBE VF	TSSA	PR
Councillor	HARIRAM P	DA	3
Councillor	HLATSHWAYO MME	ANC	17
Councillor	HLATSHWAYO ME	IFP	6
Councillor	KHUMALO HN	ANC	5
Councillor	KHUMALO LM	IFP	PR
Councillor	KHUMALO NR	TSSA	31
Councillor	KUBHEKA CB	IFP	PR
Councillor	VACANT		19
Councillor	LETHEA MT	ANC	10
Councillor	LUI C	IFP	PR
Councillor	MADI BG	ANC	8
Councillor	MADI ZE	IFP	PR
Councillor	MAKHOBA MTD	ANC	21
Councillor	MAKHUBO XM	ANC	29
Councillor	MALINGA FA	IFP	PR
Councillor	MASEKO NP	TSSA	PR
Councillor	MASONDO NSF	TSSA	PR
Councillor	MASUKU SP	IFP	PR
Councillor	MATHE LI	EFF	PR
Councillor	MATHUNJWA BD	ANC	20
Councillor	MAZIBUKO LP	IFP	9
Councillor	MBATHA MV	ASA	PR
Councillor	MEIRING AP	DA	4
Councillor	MKHWANAZI AE	EFF	PR
Councillor	VACANT		23
Councillor	MNGOMEZULU SW	ANC	22
Councillor	MNISI PF	ANC	15
Councillor	MOLELEKOA RM	ANC	12
Councillor	MTHABELA NP	EFF	PR

Councillor	MTHEMBU TE	IFP	PR
Councillor	NDEBELE LP	ANC	7
Councillor	NDLOVU MO	ANC	13
Councillor	NGCOBO CS	TSSA	PR
Councillor	NGCOBO RN	DA	34
Councillor	NKOSI AT	TSSA	PR
Councillor	NKOSI SE	EFF	PR
Councillor	NKOSI WP	ANC	26
Councillor	NTSELE S	IFP	16
Councillor	NTSHANGASE MJ	EFF	PR
Councillor	RUSSEL RBS	VFP	PR
Councillor	SHABALALA NP	ANC	1
Councillor	SHABANGU	ANC	24
Councillor	SIBEKO VN	IFP	32
Councillor	SINGH S	ASA	25
Councillor	SITHEBE LC	EFF	PR
Councillor	SITHOLE	IFP	PR
Councillor	THUSI BR	ATM	PR
Councillor	XIMBA LP	ANC	14
Councillor	YENDE SA	ANC	PR
Councillor	ZONDO VG	ANC	27
Councillor	ZULU NS	IFP	PR
Councillor	ZWANE ZE	ANC	30
Traditional Leader	KHUMALO DO		
Traditional Leader	RADEBE B S		

SENIOR MANAGERS

DESIGNATION	**SURNAME & INITIALS**
Municipal Manager	Mcineka ZW
Strategic Executive Director: Budget and Treasury Office	Kubheka PHZ
Strategic Executive Director: Corporate Services	Thabede PD
Strategic Executive Director: Technical Services	Mnguni B
Strategic Executive Director: Community Services	Dlamini B
Strategic Executive Director: Development, Planning and Human Settlements	Khathide NP

3.5 INTRODUCTION

Section 28 of the Municipal Financial Management Act provides that the municipality may perform an adjustments budget within the prescripts. 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.

In line with the above provisions of the Act, the municipality has considered that it is necessary to perform an adjustments budget. The aim of this adjustment budget is to ensure that the municipality is operating within realistic revenue and expenditure and that very minimal variances between the actual outcomes and the budget are achieved at the end of the financial year. When tabled, an adjustment budget must provide explanations of how the original budget will be affected. The adjustments budget should be guided by the mid-year budget review performance as prepared in terms of section 72 of the MFMA. It is important to note that municipal tariffs may not be increased as a result of an adjustment budget process.

3.6 FINANCIAL PERFORMANCE

This adjustments budget is submitted in terms of section 28 of the MFMA. It seeks to ensure that revenue and expenditure of the municipality is adjusted in line with the mid-year performance and the full-year forecast, while ensuring that the municipality keeps to its commitments of its approved Budget Funding Plan.

3.6.1 OPERATING BUDGET

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

Operating revenue

As reflected in table B4, the total operating revenue has been adjustment upwards by R41.5 million from the budget of R2.355 billion to the adjusted budget of R2.397 billion. Major adjustments that attributed to this adjustment are explained below.

- Electricity service has been adjusted to downwards from R882.0 million to R863.9 million, representing a decrease of R18.1 million. The decrease is due to business consumers who has opted for other sources of energy and electricity losses. This is evident in the mid-year performance where electricity under-performed by R17.3 million.

- Property rates has been slightly adjusted downwards from R396.7 million to R396.6 million, representing a decrease of R127 thousand. This is due to the additional indigent that the municipality has extended to the qualifying ratepayers.

- Revenue from waste management has been adjusted downwards from R110.1 million to R109.7 million, representing a decrease of R360 thousand. The decrease is attributed to delays in billing new areas which are still under development.

- Wastewater service charges has been adjusted upwards from R133.6 million to R154.3 million, representing an increase of R20.7 million. The increase attributable to the increase in estimated was consumption as well as new developments in the jurisdiction of Newcastle.

- Sale of goods and rendering of Services has been brought in in order to comply with the data strings and reporting requirements. The budget for operating revenue has been adjusted upwards to R13.5 million upwards based on the mid-year performance on operating revenue.

- Rental of facilities has been adjusted upwards from R8.8 million to R11.0 million, representing a decrease of R2.29 million. The increase is attributable to additional demand for municipal halls and municipal full occupation of municipal flats.

- Interest from receivables (debtors) has been adjusted downwards from R5.8 million to R3.9 million, representing a decrease of R1.9 million. This decrease is attributable to the business debt which has been written-off due to the incentive schemes approved y council.

- Transfers and subsidies – operational have been adjusted to increase from R577.6 million to R604.1 million, representing an increase of R26.5 million. The increase is based on the adjusted National and provincial allocations, as well as the movement of some of the grant-funded expenditure between the operating and capital budgets. The increase is also attributable to grant allocations, roll-overs and the movement of MIG from capital to operational.

- Revenue from gains has been adjusted upwards from R2 million to R5.7 million, representing an increase of R3.7 million. This increase is attributable to the sale of municipal process, the process of which was initiated in the previous financial years.

- Revenue from fines has been adjusted upwards from R4.8 million to R7.2 million, representing an increase of R2.4 million. The increase is attributed to the re-instatement of traffic officials, resulting and more law enforcement in Newcastle. Speed cameras are also now used to strengthen law enforcement.

Operating expenditure

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

The total operating expenditure has been adjustment upwards by R46.4 million from original budget of R2.724 billion to the adjusted budget of R2.771 billion. Major adjustments that attributed to this adjustment are explained below.

- Employee costs has been adjusted downwards from R724.6 million to R708.3 million, representing a decrease of R16.2 million. The decrease is due positions that were budgeted for but the process to fill them has not been initiated. The decision to implement the annual increments is also unlikely to be finalized in the current year due to the review processes currently underway. It must further be noted that this item recorded an under-performance of R38.9 million at mid-year.

- Remuneration of councillors has been adjusted downwards from R28.4 million to R26.9 million, representing a decrease of R1.4 million. The original budget included full increments for upper limits of councilor, however the MEC for Cooperative Governance approved only 50% increments on upper limits. The current vacancies of 4 councillors will ensure result in some savings on councillor remuneration budget.

- Bulk electricity purchases have been downwards from R660.9 million to R654.1 million, representing a decrease of R6.8 million. The decrease is attributable to the application submitted to Eskom to reduce the current MVA from 125 to R100, as well as the expected change of consumers from electricity to other alternative energy sources due to load shedding.

- Inventory consumed has been adjusted upwards from R159.8 million to R161.4 million, representing an increase of R1.9 million. The increase is attributed to the additional stores material that have become necessary for the purposes of water provision.

- Water bulk purchases budget, the Uthukela Water's budget of R159.9 million has not been adjusted. The entity has made a submission requesting an additional budget of R3.7 million. After due consideration the municipality is advising that such request cannot be accommodated at this stage due to the budget status (unfunded) of the municipality. The department of technical service is currently implementing measure to reduce water losses, which assist in reducing the cost of purchase of bulk water from the entity.

- Debt impairment has been adjusted downwards from R308.1 million to R285.2 million, representing a decrease of R22.9 million. The decrease is linked to the adjusted billing and collection rates based on the mid-year review. Debt impairment is the difference between the billing and the collections.

- No adjustment has been made on depreciation. While the mid-year review recorded the under-performance of R3.3 million (-2%), the municipality is however expecting to capitalized more assets in the last six months of the financial year, which will slightly increase the depreciation expense at year-end.

- Contracted services has been adjusted to upwards from R207.3 million to R267.4 million, representing an increase of R60.4 million. The increase is attributable to projects that have been moved from capital to operational, appropriation of the disaster grant. Additional budget has also been appropriated for the purchase of own plant and vehicles on a hire-purchase basis.

- Interest on finance charges item has been adjusted upwards R32.2 million to R32.5 million, representing an increase of R340 thousand. The increase is due to the interest charges on pensions that was not anticipated during the original budget process.

- Irrecoverable debt written-off has been adjusted upwards from R89.3 million to R93.6 million, representing an increase of R4.3 million. This is due to the decision of council to extend the incentives scheme, which will result in more outstanding debts being written-off.

- Operational costs have been adjusted upwards from R134.5 million to R161.4 million, representing an increase of R26.8 million. The increase is attributable to movement of funds from capital to operating budget due to the nature of item longer qualifying to be assets.

3.6. 2. CAPITAL BUDGET

The capital expenditure of the municipality is reflected in table B5 of the B Schedule as required by the Municipal Budget and Reporting Regulations. Capital expenditure has been adjusted downwards from R255.3 million in the original budget to R250.9 million during the year, representing a decrease of R4.4 million. The decrease is mainly due to the movement of certain projects from capital to operational budget.

3.6.3 CASH FLOW BUDGET

The municipality is working on strategies to improve is collection and other cash inflows with a view to improve its financial sustainability. The following changes in table A7/B7 have been made from the original budget and the adjustments budget:

- Receipts from property rates has been adjusted to increase from R299.5 million to R337.1 million, representing an increase of R37.5, This due to the improvement of collection rate from 75.5% to 85%. The assistance of CoGTA on government debt has also assisted to improve the collection rate.

- Receipts from service charges have been adjusted downwards from R1.144 billion to R1.128 billion, representing a decrease of R16.3. In the main, this due to the revision of the electricity collection rate from R96.7% to 95.89%. Electricity is the major component of the service charges accounted for.

- Receipts from government – operation has adjusted upwards from R547.2 million to R552.5 million, representing an increase of R4.8 million. The increase is based adjusted national

and provincial grant allocations. In the main, the disaster recovery granted is the cause for the increase, which majority of national grants have been reduced.

- Receipts from other revenue has been adjusted upwards from R231.1 million to R278.9 million, representing an increase of R47.7 million. The increase is due to the adjusted revenue figures, as well as VAT receipts expected to be received from collections and SARS.

- Receipts from interest remains unchanged at R5.3 million. The income received from investments has been stagnant due to the cash flow situation of the municipality.

- Supplies and employees has been adjusted upwards from R2.175 billion to R2.252 billion, representing an increase of R77.6 million. The increase is based on the explanation provided under operational expenditure, particularly with regards to contracted services and Operational costs. The impact of VAT payments emanating from the increased expenditure also contributed to the increase.

- Payments on capital assets have been adjusted downwards from R255.3 million to R250.9 million, representing an decrease of R4.4 million. The decrease is mainly due to the movement of projects from the capital to operating budget.

- No adjustment has been made on the repayment of borrowing. The budget will remain at R32.1 million as there if no information to suggest the need for adjustment.

- Cash and cash equivalents and the beginning of the year has been adjusted downwards from R27.4 million to R12.2 million, representing an decrease of R15.2 million. The decrease is based on the figure of cash and cash equivalents as per the 2021/22 audited annual financial statements.

3.6.4 RESERVES TO BE CASHED BACKED

As the best practice, municipalities must to ensure that adequate reserves are generated to cater for any unspent conditional grants, provisions and reserves that are required to be cash backed in terms

of GRAP and the municipal policies. However, the assessment conducted by Provincial Treasury has revealed that it not possible at the stage for the Newcastle Municipality to achieve this requirement. Nevertheless, the municipality must still present a very credible state of affairs and adopt a budget funding plan to correct the situation.

The following adjustments in table B8 have been noted from the original budget and the adjustments budget:

- Cash and cash equivalents has adjusted downwards from R19.6 million to R4.6 million, representing an decrease of R15.2 million. The increase is due to the additional operational expenditure and contracted services appropriated into the budget. The slight decrease on the electricity collection rate has had a slight impact, while the balance of cash at the beginning of the year has been adjusted to R12.2 million based on the 2023 audited annual financial statements.

- Unspent conditional grants has been appropriated at R124.4 million as the budget thereof was erroneously omitted during the original budget. The budget is based on the 2023 audited AFS, less the NDPG grant recalled by National Treasury.

- Unspent borrowing has been adjusted downwards from R113.4 million to zero. This budget was erroneously included during the original budget process as the municipality does have borrowings that are unspent. This amount was meant to be included as unspent conditional grants.

- Other working capital requirements has been adjusted downwards from R-165.3 million to -R15.3 million, representing an decrease of R150.0 million. This is based on the increase in the creditors of bulk purchases, with no significant improvement has been recorded in the collection rate.

- Other provisions have been been adjusted upwards from R11.1 million to R14.2 million, representing an increase of R3.1 million, The adjustments is based on the 2023 audited AFS.

- Reserved to be backed by cash have been adjusted downwards from R34.5 million to R32.2 million, representing a decrease of R2.2 million. The adjustment is based on the 2023 audited AFS.

3.9 COMPLIANCE WITH MUNICIPAL BUDGET REPORTING REGULATIONS

The municipal adjustment budget has been prepared in compliance with the Municipal Budget Reporting Regulations format and all other requirements. Schedule B consisting of all required tables is attached as Annexure D for this purpose.

3.10 MUNICIPAL STANDARD CHART OF ACCOUNTS REGULATIONS (mSCOA)

As all municipalities were required by National Treasury to be fully mSCOA compliant as of 01 July 2017, Newcastle municipality has made stride in ensuring compliance. The implementation of mSCOA is an ongoing process and the adjustment budget has been prepared in compliance with the regulations. Line items and projects have been unbundled in order to reflect the correct item and function as required by the mSCOA. While these are important towards achieving full compliance, it must however be noted that the municipality is still struggling with systems integration. The integration systems should assist the municipality to prepare its budget systematically and to generate budget schedules directly from the system. This integration will go a long way in ensuring alignment between the adjustments budget approved by Council and the adjustment budget and data strings submitted to National Treasury for verification.

3.11 COST CONTAINMENT MEASURES

In line with S62(1)(a) of the Municipal Finance Management Act No.5 of 2003 which requires the accounting officer to be responsible for managing financial administration of a municipality, the Minister of Finance in his budget speech on 24 February 2016 announced cost containment measures for the entire public sector. The Minister emphasised the need to reduce excessive and wasteful expenditure, and that action be taken to manage unnecessary expenditure. The municipality is already implementing a number of measures in this regard. These measures have mainly been driven by the Municipal Manager's and the Budget and Treasury Offices. The municipality already adopted the Cost Containment Policy, which focuses on certain cost drivers that must be contained and curtailed.

3.12 SERVICE LEVEL STANDARDS

All municipalities are required to formulate their own service level standards in line with MFMA Circulars No. 66 and 78. In line with Circular 66, the municipality has appropriately reflected infrastructure expenditure as the main driver of capital expenditure to comply with the local government priorities. The municipality is however in the process of formulating its own service level standards and this process will only be finalised during the current financial year. The municipality will be updating National and Provincial Treasuries with regards to the implementation progress of this requirement.

4. ADJUSTMENTS BUDGET TABLES

The Schedule B is attached and consists of the following major budget tables:

(a) Table B1 : Adjustment Budget Summary

(b) Table B2 : Adjustment Budget Financial Performance (standard classification)

(c) Table B3 : Adjustment Budget Financial Performance (municipal vote)

(d) Table B4 : Adjustment Budget Financial Performance (revenue and expenditure)

(e) Table B5 : Adjustment Capital Expenditure by vote and funding

(f) Table B6 : Adjustments Budget Financial Position

(g) Table B7 : Adjustments Budget Cash Flows

(h) Table B8 : Cash backed reserves/accumulated surplus reconciliation

(i) Table B9 : Asset Management

(j) Table B10 : Basic service delivery measurement

PART 2 – SUPPORTING DOCUMENTATION

5. ADJUSTMENTS TO BUDGET ASSUMPTIONS

General Inflation Outlooks and its Impact

The economic outlook faces a range of risks, including weaker-than-expected global growth, further disruptions to global supply chains and renewed inflationary pressures from the war in Ukraine, continued power cuts and a deterioration in port and rail infrastructure, widespread criminal activity, disasters and any deterioration of the fiscal outlook, to name a few.

Government is taking urgent measures to reduce load-shedding in the short term and transform the sector through market reforms to achieve long-term energy security. Several reforms are under way to improve the performance of the transport sector, specifically freight rail and to improve the capability of the state. This means that our government will be challenged to revise some of the grant allocations to provincial and local government. The main risks to the economic outlook are slowdown in economic growth. Based on the economic challenges highlighted, the National Treasury is projecting the inflation rate as follows:

Table 1: Macroeconomic performance and projections, 2021 - 2026

Fiscal year	2022/23	2023/24	2024/25	2025/26	2026/27
	Estimate	**Forecast**			
CPI Inflation	6.9%	5.3%	4.9%	4.7%	5.7%

Source: Budget Review 2023.

Municipalities have been advised to take these inflation targets into consideration when preparing their MTREF budgets. As a result, circular 123 emphasis that the 2024/25 draft budget should mainly focus on revenue collection, maintaining infrastructure and eliminating wasteful & non-core spending. Core functions as mentioned in the circular include water, sanitation, electricity, and refuse. The Budget Office will also be emphasizing these functions as directed by National Treasury when assessing the budget submissions. Elimination of wasteful and fruitless will also be done taking into consideration the Cost Containment policy read together with MFMA Circular 82

& 97 and its regulations. It is imperative that the Adjustment and Draft Budgets be aligned to the Budget Funding Plan.

1. National Budget in perspective

The annual Division of Revenue Bill will be published in February 2024 after the Minister of Finance's budget speech. The Bill will specify grant allocations and municipalities must reconcile their budgets to the grant allocations published herein. The guidelines provided are based on the inflation rates as per Circular 123 and the 2023-2024 DORA allocations. Grants will also be revised when we receive the Adjusted DORA. Municipalities are advised by National Treasury to use the indicative numbers presented in the 2023 Division of Revenue Act to compile their 2024/25 MTREF. In terms of the outer year allocations (2025/26 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as presented in the 2023 Division of Revenue Act for 2023/24.

Municipalities are under pressure to generate and collect revenue for service delivered. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2023/24 MTREF budgets:

- Improving the effectiveness of revenue management processes and procedures.
- Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities as highlighted in the Municipal Cost Containment Regulations read with MFMA Circular No. 82, 97 and it's regulations.
- Ensuring value for money through the procurement process.
- The affordability of providing free basic services to all households.
- Not taking on unfunded mandates.
- Strictly control the use of costly water tankers and fix the water infrastructure to enable the sustainable provision of water.
- Automate business services where possible to increase efficiencies and lower customer

costs.

- Prioritise the filling of critical vacant posts, especially linked to the delivery of basic services; and
- Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

6. ADJUSTMENTS TO BUDGET FUNDING

Operational Budget

The operational adjustments budget of Newcastle Municipality for the 2023/24 financial year will be funded from rates, service tariffs, fines, interest of investments, interest on outstanding debtors, sundry tariffs and grants and subsidies. Property rates and electricity are expected to generate R396.6 million and R863.9 million respectively, while water, sewer and refuse are expected to generate R220.0, R154.2 and R109.7 million respectively. All these tariffs are expected to generate the operating revenue of R1.744 billion (73%) to the municipality's total revenue.

As required by MFMA, no amendments we done to the tariffs during the year, except for electricity which had to be aligned to NERSA's approval. In order to generate required revenue, the following tariffs apply to fund the operational adjustments budget:

		Annual	Adjusted
➢ Rates	:	6%	6%
➢ Electricity	:	6%	6%
➢ Refuse removal services	:	6%	6%
➢ Water	:	6%	6%
➢ Sanitation	:	6%	6%

Individual tariffs applicable to the above services are detailed in the tariff of charges, together with other proposed sundry tariffs. Sundry tariffs are expected to generate only about R48.2 million including interest revenue, which is about 2% of the total operational revenue. Grants and Subsidies included in the operational revenue budget amount to R604.1 million, which is 25% of the total budget.

Capital Budget

In line with section 18 of the MFMA, the capital budget has been funded from the following funding sources:

Government grants	R 232.0 million
Asset financing reserve	R 18.8 million

National and Provincial Government Transfers

The National and Provincial grants allocation will be used to fund larger portion of the operating expenditure as well as the capital expenditure. These have been based on gazetted 2024 Adjusted Division of Revenue Act and the Provincial Gazette.

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7. ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Grants and subsidies from National and Provincial governments, as reported in the 2024 Adjustments Division of Revenue Act have been included the 2023/24 adjustments budget and each allocation will utilised for the purpose as described below.

National Grant Allocations

Equitable Share

The equitable share is an unconditional grant and as such can be regarded as general revenue, however, it is a matter of co-operative governance that municipalities should prioritise its expenditure budget towards poor households and national priorities like free basic services.

Municipal Infrastructural Grant (MIG)

The Municipal Infrastructural Grant (MIG) is entering its seventeenth year of implementation in the 2023/24 financial year. It resulted from the consolidation of various capital grants for municipal infrastructure (CMIP, Water Services Projects, CBPWP, LEDF, BSRP and the Urban Transport Fund) into a new funding arrangement. The Municipal Infrastructural Grant is a conditional grant which gives effect to national objectives to:

- Expand the delivery of basic services to all households, including the delivery of free basic services to poor households and other poverty alleviating objectives.
- Stimulate local economic development and job creation over the medium term.

The MIG funding will be utilised for the construction and upgrading roads and sewer projects in areas falling within Newcastle Municipality. It should be noted that Council is required to counter fund some of the projects.

Finance Management Grant

The Finance Management Grant is a capacity building grant provided by National Treasury to assist municipalities in building management planning, technical and financial management skills and capacity for effective service delivery. It will be utilised for the upgrading of skills and capacity of Newcastle Finance officials for workshops and training programmes, funding financial programmes with a view to capacitate financial systems, as well as for the remuneration of the interns currently employed by the municipality and cover costs of their training and its facilities.

There are currently four interns employed, and the activities are in place to appoint the fifth one, as per National Treasury guidelines.

Water Service Infrastructure Grant

The Water Operating Subsidy is the capital grant provided by the Department of Water Affairs and Forestry to subsidise water schemes owned and/or operated by the department or other agencies on behalf of the department. Projects funded through this grant are implemented by the municipality.

Neighbouring Development Partnership

This grant was established by National Treasury to support neighbouring development projects that provide community infrastructure and create the platform for other public and private sector development, towards improving the quality of life of residents in targeted underserved neighbourhoods, generally townships. The Technical Assistance Grant aims at supporting the development of township development plans. This is an indirect grant and not be transferred directly to Newcastle Municipality. The Capital Grant aims at supporting nodal investment into the construction or upgrading of community facilities, which may attract private sector investment. This is an indirect allocation which will be transferred by National Treasury directly to the service provider or the implementing agent.

National Electrification Programme (Municipal)

The National Electrification Programme grant is transferred by the Department of Minerals and Energy directly to the municipality to implement integrated electrification programmes by addressing electrification backlogs of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure.

Provincial Grant Allocations

Museum subsidy

The funding is made available by KZN Premier's office to provide strategic financial support to municipalities with a focus on the development and maintenance of museums and care and preservation of cultural heritage.

Library provincialisation

The subsidy is provided to improve library services.

8. ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY NEWCASTLE MUNICIPALITY

Provision for indigent benefits has not been adjusted and will remain at R74.1 million. No provisions and adjustments have been made by the municipality for allocations of other organs.

9. ADJUSTMNTS TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Adjustments to councillors' allowances and employee benefits are as reflected in Table B1 and Table B4 of the Attached Schedule B.

10. ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

Revisions to the Service Delivery and Budget Implementation Plan which aligns to the adjustment budget will be submitted in a separate report.

11. ADJUSTMENTS TO CAPITAL EXPENDITURE

Adjustment to the capital expenditure are as reflected in Annexure B and Table B5 of the attached Schedule B.

12. OTHER SUPPORTING DOCUMENTS

Budget table are attached as Schedule B of the Annexure D attached hereto.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, Z W Mcineka, the Municipal Manager of **Newcastle Municipality**, hereby certify that the Adjustment budget and supporting documentation of 2023 /2024 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 21-26 of the Municipal Budget and Reporting Regulations.

Print Name : **ZAMOKWAKHE WESLEY MCINEKA**

Municipal Manager : **NEWCASTLE MUNICIPALITY**

Signature : .....

Date : 27/02/2024

Province: Municipality(KZN252) - Adjusted Schedule of Service Delivery Standards Table 2023/24

Description Standard	Ref	2020/21 Actual Outcome	2021/22 Actual Outcome	2022/23 Actual Outcome	Current year 2023/24 Original Budget 2023/24	Adjusted Budget 2023/24	Full Year Forecast 2023/24	Service Level
Solid Waste Removal								
Premise based removal (Residential Frequency)		Weekly	100,779,878	70,910,000	70,910,000	70,910,000	70,910,000	
Premise based removal (Business Frequency)		Daily	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	
Bulk Removal (Frequency)		Daily	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	
Removal Bags provided(Yes/No)		Yes	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	
Garden refuse removal Included (Yes/No)		Yes	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	
Street Cleaning Frequency in CBD		Daily	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	
Street Cleaning Frequency in areas excluding CBD		Weekly	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	
How soon are public areas cleaned after events (24hours/48hours/longer)		24 hours	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	
Clearing of illegal dumping (24hours/48hours/longer)		Longer	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	
Recycling or environmentally friendly practices(Yes/No)		Yes	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	
Licenced landfill site(Yes/No)		Yes	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	All inclusive in above	
Water Service								
Water Quality rating (Blue/Green/Brown/N0 drop)		Blue drop	Blue drop	Blue drop	Blue drop	Blue drop	Blue drop	
Is free water available to all? (All/only to the indigent consumers)		Only indigent	Only indigent	Only indigent	Only indigent	Only indigent	Only indigent	
Frequency of meter reading? (per month, per year)		Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	
Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)								
On average for how long does the municipality use estimates before reverting back to actual readings? (months)								
Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)								
One service connection affected (number of hours)								
Up to 5 service connection affected (number of hours)								
Up to 20 service connection affected (number of hours)								
Feeder pipe larger than 800mm (number of hours)								
What is the average minimum water flow in your municipality?		29,994	31,302	31,300	31,300	31,300	31,300	
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)								
How long does it take to replace faulty water meters? (days)								
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)								
Electricity Service								
What is your electricity availability percentage on average per month?		98	99	100	100	100	100	
Do your municipality have a ripple control in place that is operational? (Yes/No)		yes	yes	yes	yes	yes	yes	
How much do you estimate is the cost saving in utilizing the ripple control system?								
What is the frequency of meters being read? (per month, per year)		month	month	month	month	month	month	
Are estimated consumption calculated at consumption over (two month's/three month's/longer period)		three month	three month	three month	three month	three month	three month	
On average for how long does the municipality use estimates before reverting back to actual readings? (months)								
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)		immediately	immediately	immediately	immediately	immediately	immediately	
Are accounts normally calculated on actual readings? (Yes/no)		yes	yes	yes	yes	yes	yes	
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)		no	no	no	no	no	no	
How long does it take to replace faulty meters? (days)		1 day	2 day	3 day	3 day	3 day	3 day	
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)		no	no	no	no	no	no	
How effective is the action plan in curbing line losses? (Good/Bad)								
How soon does the municipality provide a quotation to a customer upon a written request? (days)		18 day	18 day	18 day	18 day	18 day	18 day	
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)		18 day	18 day	18 day	18 day	18 day	18 day	
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)		1 day	1 day	1 day	1 day	1 day	1 day	
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)		18 day	18 day	18 day	18 day	18 day	18 day	
Sewerage Service								
Are your purification system effective enough to put water back in to the system after purification?		No	No	No	No	No	No	
To what extend do you subsidize your indigent consumers?		100%	100%	100%	100%	100%	100%	
How long does it take to restore sewerage breakages on average								
Severe overflow? (hours)		6hrs	6hrs	6hrs	6hrs	6hrs	6hrs	
Sewer blocked pipes: Large pipes? (Hours)		>24hrs	>24hrs	>24hrs	>24hrs	>24hrs	>24hrs	
Sewer blocked pipes: Small pipes? (Hours)		>24hrs	>24hrs	>24hrs	>24hrs	>24hrs	>24hrs	
Spillage clean-up? (hours)		>24hrs	>24hrs	>24hrs	>24hrs	>24hrs	>24hrs	
Replacement of manhole covers? (Hours)		>24hrs	>24hrs	>24hrs	>24hrs	>24hrs	>24hrs	
Road Infrastructure Services								
Time taken to repair a single pothole on a major road? (Hours)		2	2	2	2	2	2	
Time taken to repair a single pothole on a minor road? (Hours)		1	1	1	1	1	1	
Time taken to repair a road following an open trench service crossing? (Hours)		4	4	4	4	4	4	
Time taken to repair walkways? (Hours)		2	2	2	2	2	2	

Standard		Actual Outcome	Actual Outcome	Actual Outcome	Original Budget 2023/24	Adjusted Budget 2023/24	Full Year Forecast 2023/24	Service Level
Property valuations								
How long does it take on average from completion to the first account being issued? (one month/three months or longer)		Three months	Three months	Three months	Three months	Three months	Three months	
Do you have any special rating properties? (Yes/No)		No	No	No	No	No	No	
Financial Management								
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)		Increase	Decrease	Decrease	Decrease	Decrease	Decrease	
Are the financial statement outsources? (Yes/No)		No	No	No	No	No	No	
Are there Council adopted business process tsructuring the flow and managemet of documentation feeding to Trial Balalnce?								
How long does it take for an Tax/Invoice to be paid from the date it has been received?		30 Days	30 Days	30 Days	30 Days	30 Days	30 Days	
Is there advance planning from SCM unit linking all departmental plans quaterly and annualy including for the next two to three years procurement plans?		Partially	Partially	Partially	Partially	Partially	Partially	
Administration								
Reaction time on enquiries and requests?		immediately	immediately	immediately	immediately	immediately	immediately	
Time to respond to a verbal customer enquiry or request? (working days)		immediately	immediately	immediately	immediately	immediately	immediately	
Time to respond to a written customer enquiry or request? (working days)		3days	3days	3days	3days	3days	3days	
Time to resolve a customer enquiry or request? (working days)		48hrs	48hrs	48hrs	48hrs	48hrs	48hrs	
What percentage of calls are not answered? (5%,10% or more)		>5%	>5%	>5%	>5%	>5%	>5%	
How long does it take to respond to voice mails? (hours)		immediately	immediately	immediately	immediately	immediately	immediately	
Does the municipality have control over locked enquiries? (Yes/No)		Yes	Yes	Yes	Yes	Yes	Yes	
Is there a reduction in the number of complaints or not? (Yes/No)		No	No	No	No	No	No	
How long does in take to open an account to a new customer? (1 day/ 2 days/ a week or longer)								
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?								
Community safety and licensing services								
How long does it take to register a vehicle? (minutes)								
How long does it take to renew a vehicle license? (minutes)								
How long does it take to issue a duplicate registration certificate vehicle? (minutes)								
How long does it take to de-register a vehicle? (minutes)								
How long does it take to renew a drivers license? (minutes)								
What is the average reaction time of the fire service to an incident? (minutes)								
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)								
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)								
Economic development								
How many economic development projects does the municipality drive?								
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?								
What percentage of the projects have created sustainable job security?								
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)								
Other Service delivery and communication								
Is a information package handed to the new customer? (Yes/No)								
Does the municipality have training or information sessions to inform the community? (Yes/No)								
Are customers treated in a professional and humanly manner? (Yes/No)								

Annexure D : B Schedule budget tables

KZN252 Newcastle - Table B1 Adjustments Budget Summary -

Description	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
	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
		1	2	3	4	5	6	7	8		
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	396,741	–	–	–	–	–	(127)	(127)	396,614	420,545	445,778
Service charges	1,345,737	–	–	–	–	–	2,319	2,319	1,348,056	1,492,846	1,649,294
Investment revenue	5,330	–	–	–	–	–	–	–	5,330	5,650	5,989
Transfers recognised - operational	577,623	–	–	–	–	26,529	–	26,529	604,152	633,815	672,889
Other own revenue	30,037	–	–	–	–	–	12,843	12,843	42,880	29,719	31,502
Total Revenue (excluding capital transfers and contributions)	**2,355,468**	**–**	**–**	**–**	**–**	**26,529**	**15,035**	**41,564**	**2,397,032**	**2,582,576**	**2,805,452**
Employee costs	724,604	–	–	–	–	(1,170)	(15,068)	(16,238)	708,366	776,222	831,852
Remuneration of councillors	28,443	–	–	–	–	–	–	–	28,443	–	–
Depreciation & asset impairment	687,284	–	–	–	–	–	(22,938)	(22,938)	664,346	732,053	773,580
Finance charges	32,205	–	–	–	–	–	340	340	32,545	30,525	28,549
Inventory consumed and bulk purchases	820,786	–	–	–	–	135	(5,029)	(4,895)	815,891	917,095	1,022,283
Transfers and subsidies	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	431,267	–	–	–	–	30,611	59,580	90,191	521,458	421,401	454,938
Total Expenditure	**2,724,589**	**–**	**–**	**–**	**–**	**29,576**	**16,884**	**46,460**	**2,771,049**	**2,877,296**	**3,111,202**
Surplus/(Deficit)	(369,121)	–	–	–	–	(3,047)	(1,849)	(4,896)	(374,017)	(294,721)	(305,750)
Transfers and subsidies - capital (monetary allocations)	240,770	–	–	–	–	(8,735)	–	(8,735)	232,035	274,013	212,234
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	**(128,351)**	**–**	**–**	**–**	**–**	**(11,782)**	**(1,849)**	**(13,631)**	**(141,982)**	**(20,708)**	**(93,517)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	**(128,351)**	**–**	**–**	**–**	**–**	**(11,782)**	**(1,849)**	**(13,631)**	**(141,982)**	**(20,708)**	**(93,517)**
Capital expenditure & funds sources											
Capital expenditure	255,338	–	–	–	–	(8,735)	4,299	(4,436)	250,902	284,413	222,634
Transfers recognised - capital	240,770	–	–	–	–	(8,735)	–	(8,735)	232,035	274,013	212,234
Borrowing	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	14,568	–	–	–	–	–	4,299	4,299	18,867	10,400	10,400
Total sources of capital funds	**255,338**	**–**	**–**	**–**	**–**	**(8,735)**	**4,299**	**(4,436)**	**250,902**	**284,413**	**222,634**
Financial position											
Total current assets	1,210,352	–	–	–	–	135	(13,234)	(13,100)	1,197,252	1,285,501	1,569,089
Total non current assets	5,915,689	–	–	–	–	–	(110,954)	(110,954)	5,804,735	5,921,180	5,754,856
Total current liabilities	766,659	–	–	–	–	–	124,410	124,410	891,069	664,373	530,142
Total non current liabilities	614,410	–	–	–	–	–	–	–	614,410	469,248	443,006
Community wealth/Equity	**5,744,972**	**–**	**–**	**–**	**–**	**(11,782)**	**(236,681)**	**(248,463)**	**5,496,509**	**6,073,061**	**6,350,797**
Cash flows											
Net cash from (used) operating	261,626	–	–	–	–	4,882	(9,067)	(4,186)	257,440	351,193	264,926
Net cash from (used) investing	(235,338)	–	–	–	–	8,735	(4,299)	4,436	(230,902)	(274,413)	(222,634)
Net cash from (used) financing	(34,082)	–	–	–	–	–	–	–	(34,082)	(35,156)	–
Cash/cash equivalents at the year end	**19,688**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19,688**	**46,308**	**50,075**
Cash backing/surplus reconciliation											
Cash and investments available	19,688	–	–	–	–	13,617	(28,622)	(15,005)	4,684	46,308	50,075
Application of cash and investments	175,990	–	–	–	–	–	6,647	6,647	182,637	42,238	7,348
Balance - surplus (shortfall)	**(156,302)**	**–**	**–**	**–**	**–**	**13,617**	**(35,269)**	**(21,652)**	**(177,954)**	**4,070**	**42,727**
Asset Management											
Asset register summary (WDV)	7,646,421	–	–	–	–	–	(663,238)	(663,238)	6,983,183	8,021,096	8,398,087
Depreciation	379,139	–	–	–	–	–	–	–	379,139	397,716	416,409
Renewal and Upgrading of Existing Assets	92,255	–	–	–	–	1,213	(6,598)	(5,385)	86,870	139,595	95,987
Repairs and Maintenance	44,492	–	–	–	–	–	–	–	44,492	29,749	40,968
Free services											
Cost of Free Basic Services provided	57,245	–	–	–	–	–	(5,385)	(5,385)	51,860	69,498	67,051
Revenue cost of free services provided	84,710	–	–	–	–	–	127	127	84,836	89,792	95,180
Households below minimum service level											
Water:	–	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–	–

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

Standard Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		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
			5	6	7	8	9	10	11	12		
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Functional												
Governance and administration		565,717	–	–	–	–	1,000	3,761	4,761	570,478	600,551	634,254
Executive and council		15,251	–	–	–	–	–	–	–	15,251	15,251	17,150
Finance and administration		550,466	–	–	–	–	1,000	3,761	4,761	555,226	584,300	617,104
Internal audit		–	–	–	–	–	–	–	–	–	–	–
Community and public safety		77,025	–	–	–	–	1,480	7,150	8,629	85,655	85,572	76,894
Community and social services		11,656	–	–	–	–	346	115	461	12,117	12,195	13,044
Sport and recreation		12,086	–	–	–	–	834	–	834	12,919	20,157	10,166
Public safety		4,757	–	–	–	–	–	–	–	4,757	5,043	5,345
Housing		48,522	–	–	–	–	300	7,035	7,335	55,857	48,173	48,333
Health		4	–	–	–	–	–	–	–	4	4	5
Economic and environmental services		171,944	–	–	–	–	16,314	–	16,314	188,258	213,763	172,466
Planning and development		28,876	–	–	–	–	928	–	928	29,804	24,438	24,517
Road transport		143,068	–	–	–	–	15,386	–	15,386	158,454	189,325	147,949
Environmental protection		–	–	–	–	–	–	–	–	–	–	–
Trading services		1,781,356	–	–	–	–	(1,000)	4,125	3,125	1,784,481	1,956,496	2,133,852
Energy sources		994,494	–	–	–	–	(1,000)	(18,115)	(19,115)	975,379	1,116,162	1,248,245
Water management		366,795	–	–	–	–	–	990	990	367,785	392,729	413,976
Waste water management		263,058	–	–	–	–	–	21,010	21,010	284,068	281,152	295,943
Waste management		157,009	–	–	–	–	–	240	240	157,249	166,453	175,689
Other		195	–	–	–	–	–	–	–	195	207	220
Total Revenue - Functional	2	2,596,238	–	–	–	–	17,793	15,035	32,829	2,629,067	2,856,588	3,017,686
Expenditure - Functional												
Governance and administration		526,515	–	–	–	–	–	(8,988)	(8,988)	517,527	540,328	569,438
Executive and council		87,849	–	–	–	–	–	(684)	(684)	87,165	88,080	94,121
Finance and administration		431,359	–	–	–	–	–	(8,304)	(8,304)	423,054	444,394	466,920
Internal audit		7,308	–	–	–	–	–	–	–	7,308	7,854	8,397
Community and public safety		305,267	–	–	–	–	7,650	(9,543)	(1,893)	303,374	281,381	299,334
Community and social services		46,305	–	–	–	–	115	(1,169)	(1,054)	45,251	49,150	52,336
Sport and recreation		81,375	–	–	–	–	–	(9,863)	(9,863)	71,513	86,258	91,195
Public safety		94,712	–	–	–	–	–	1,306	1,306	96,017	100,991	108,088
Housing		72,572	–	–	–	–	7,535	180	7,715	80,287	35,270	37,315
Health		10,303	–	–	–	–	–	3	3	10,306	9,712	10,400
Economic and environmental services		276,739	–	–	–	–	3,156	(32,625)	(29,469)	247,270	292,606	319,050
Planning and development		86,004	–	–	–	–	4,326	(718)	3,608	89,611	95,063	101,039
Road transport		190,732	–	–	–	–	(1,170)	(31,906)	(33,076)	157,656	197,540	218,008
Environmental protection		3	–	–	–	–	–	–	–	3	4	4
Trading services		1,613,058	–	–	–	–	18,770	68,548	87,318	1,700,376	1,759,738	1,919,985
Energy sources		811,505	–	–	–	–	–	(17,743)	(17,743)	793,762	901,982	1,007,973
Water management		612,122	–	–	–	–	–	78,668	78,668	690,790	619,995	657,752
Waste water management		62,470	–	–	–	–	18,770	20,894	39,664	102,134	103,479	110,474
Waste management		126,961	–	–	–	–	–	(13,271)	(13,271)	113,690	134,283	143,787
Other		3,010	–	–	–	–	–	(509)	(509)	2,501	3,243	3,395
Total Expenditure - Functional	3	2,724,589	–	–	–	–	29,576	16,884	46,460	2,771,049	2,877,296	3,111,202
Surplus/ (Deficit) for the year		(128,351)	–	–	–	–	(11,782)	(1,849)	(13,631)	(141,982)	(20,708)	(93,517)

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

Vote Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		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		124,961	–	–	–	–	1,000	–	1,000	125,961	135,078	141,316
Vote 2 - COMMUNITY SERVICES		185,534	–	–	–	–	1,180	355	1,534	187,068	203,874	204,272
Vote 3 - BUDGET AND TREASURY		440,756	–	–	–	–	–	3,761	3,761	444,516	465,472	492,938
Vote 4 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–	–
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENT		74,467	–	–	–	–	1,402	7,035	8,437	82,904	69,690	69,941
Vote 6 - TECHNICAL SERVICES		776,027	–	–	–	–	15,212	22,000	37,212	813,239	868,313	860,974
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		994,494	–	–	–	–	(1,000)	(18,115)	(19,115)	975,379	1,116,161	1,248,245
Vote 8 - GOVERNANCE UNIT		–	–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**2,596,238**	**–**	**–**	**–**	**–**	**17,793**	**15,035**	**32,829**	**2,629,067**	**2,856,588**	**3,017,686**
Expenditure by Vote	1											
Vote 1 - CORPORATE SERVICES		110,707	–	–	–	–	–	(1,663)	(1,663)	109,044	117,342	124,958
Vote 2 - COMMUNITY SERVICES		425,983	–	–	–	–	115	(10,710)	(10,596)	415,387	450,494	479,851
Vote 3 - BUDGET AND TREASURY		238,236	–	–	–	–	–	(12,293)	(12,293)	225,943	248,712	260,116
Vote 4 - MUNICIPAL MANAGER		100,353	–	–	–	–	–	2,463	2,463	102,816	93,431	99,073
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENT		98,555	–	–	–	–	7,535	(1,052)	6,483	105,038	66,863	70,949
Vote 6 - TECHNICAL SERVICES		920,360	–	–	–	–	21,926	66,938	88,864	1,009,224	978,968	1,048,141
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		830,394	–	–	–	–	–	(26,799)	(26,799)	803,596	921,485	1,028,115
Vote 8 - GOVERNANCE UNIT		–	–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**2,724,589**	**–**	**–**	**–**	**–**	**29,576**	**16,884**	**46,460**	**2,771,049**	**2,877,296**	**3,111,202**
Surplus/ (Deficit) for the year	2	**(128,351)**	**–**	**–**	**–**	**–**	**(11,782)**	**(1,849)**	**(13,631)**	**(141,982)**	**(20,708)**	**(93,517)**

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

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		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
			3	4	5	6	7	8	9	10		
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	882,022	–	–	–	–	–	(18,115)	(18,115)	863,907	998,162	1,124,928
Service charges - Water	2	219,986	–	–	–	–	–	84	84	220,070	237,144	251,373
Service charges - Waste Water Management	2	133,580	–	–	–	–	–	20,710	20,710	154,290	141,595	150,091
Service charges - Waste Management	2	110,148	–	–	–	–	–	(360)	(360)	109,788	115,945	122,902
Sale of Goods and Rendering of Services		–						13,505	13,505	13,505		
Agency services		–							–	–	–	–
Interest		–							–	–		
Interest earned from Receivables		5,877						(1,930)	(1,930)	3,947	6,230	6,603
Interest earned from Current and Non Current Assets		5,330						–	–	5,330	5,650	5,989
Dividends									–	–	–	–
Rent on Land		–							–	–	–	–
Rental from Fixed Assets		8,804						2,295	2,295	11,099	9,333	9,893
Licence and permits									–	–	–	–
Operational Revenue		8,490						(7,199)	(7,199)	1,292	9,000	9,540
Non-Exchange Revenue												
Property rates	2	396,741	–	–	–	–	–	(127)	(127)	396,614	420,545	445,778
Surcharges and Taxes									–	–		
Fines, penalties and forfeits		4,831						2,415	2,415	7,246	5,121	5,428
Licences or permits		34							–	34	36	38
Transfer and subsidies - Operational		577,623					26,529	–	26,529	604,152	633,815	672,889
Interest									–	–	–	–
Fuel Levy									–	–	–	–
Operational Revenue									–	–	–	–
Gains on disposal of Assets									–	–	–	–
Other Gains		2,000						3,757	3,757	5,757	–	–
Discontinued Operations									–	–		
Total Revenue (excluding capital transfers and contributions)		**2,355,468**	**–**	**–**	**–**	**–**	**26,529**	**15,035**	**41,564**	**2,397,032**	**2,582,576**	**2,805,452**
Expenditure By Type												
Employee related costs		724,604	–	–	–	–	(1,170)	(15,068)	(16,238)	708,366	776,222	831,852
Remuneration of councillors		28,443						(1,456)	(1,456)	26,987	29,580	31,710
Bulk purchases - electricity		660,933	–	–	–	–	–	(6,800)	(6,800)	654,133	749,379	844,550
Inventory consumed		159,854	–	–	–	–	135	1,771	1,905	161,759	167,716	177,733
Debt impairment		308,145						(22,938)	(22,938)	285,207	334,337	357,171
Depreciation and amortisation		379,139							–	379,139	397,716	416,409
Interest		32,205						340	340	32,545	30,525	28,549
Contracted services		207,361	–	–	–	–	30,823	29,657	60,480	267,841	162,106	180,483
Transfers and subsidies									–	–		
Irrecoverable debts written off		89,312						4,347	4,347	93,659	94,671	100,351
Operational costs		134,594					(212)	27,032	26,820	161,413	135,044	142,394
Losses on disposal of Assets		–							–	–	–	–
Other Losses		–							–	–	–	–
Total Expenditure		**2,724,589**	**–**	**–**	**–**	**–**	**29,576**	**16,884**	**46,460**	**2,771,049**	**2,877,296**	**3,111,202**
Surplus/(Deficit)		**(369,121)**	**–**	**–**	**–**	**–**	**(3,047)**	**(1,849)**	**(4,896)**	**(374,017)**	**(294,721)**	**(305,750)**
Transfers and subsidies - capital (monetary allocations)		240,770					(8,735)		(8,735)	232,035	274,013	212,234
Transfers and subsidies - capital (in-kind - all)									–	–		
Surplus/(Deficit) before taxation		**(128,351)**	**–**	**–**	**–**	**–**	**(11,782)**	**(1,849)**	**(13,631)**	**(141,982)**	**(20,708)**	**(93,517)**
Income Tax									–	–	–	–
Surplus/(Deficit) after taxation		**(128,351)**	**–**	**–**	**–**	**–**	**(11,782)**	**(1,849)**	**(13,631)**	**(141,982)**	**(20,708)**	**(93,517)**
Share of Surplus/Deficit attributable to Joint Venture												
Share of Surplus/Deficit attributable to Minorities									–	–		
Surplus/(Deficit) attributable to municipality		**(128,351)**	**–**	**–**	**–**	**–**	**(11,782)**	**(1,849)**	**(13,631)**	**(141,982)**	**(20,708)**	**(93,517)**
Share of Surplus/Deficit attributable to Associate												
Intercompany/Parent subsidiary transactions									–	–		
Surplus/ (Deficit) for the year	1	**(128,351)**	**–**	**–**	**–**	**–**	**(11,782)**	**(1,849)**	**(13,631)**	**(141,982)**	**(20,708)**	**(93,517)**

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

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		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
			5	6	7	8	9	10	11	12		
R thousands		A	A1	B	C	D	E	F	G	H		
Single-year expenditure *to be adjusted*	2											
Vote 1 - CORPORATE SERVICES		–	–	–	–	–	700	–	700	700	–	–
Vote 2 - COMMUNITY SERVICES		13,326	–	–	–	–	6,038	(53)	5,985	19,311	20,283	10,271
Vote 3 - BUDGET AND TREASURY		3,900	–	–	–	–	–	173	173	4,073	2,400	2,400
Vote 4 - MUNICIPAL MANAGER		800	–	–	–	–	–	2,296	2,296	3,096	–	–
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		500	–	–	–	–	1,402	411	1,813	2,313	–	–
Vote 6 - TECHNICAL SERVICES		215,262	–	–	–	–	(15,876)	(5,413)	(21,289)	193,973	241,730	189,066
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		21,550	–	–	–	–	(1,000)	6,886	5,886	27,436	20,000	20,897
Vote 8 - GOVERNANCE UNIT		–	–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**255,338**	**–**	**–**	**–**	**–**	**(8,735)**	**4,299**	**(4,436)**	**250,902**	**284,413**	**222,634**
Total Capital Expenditure - Vote		**255,338**	**–**	**–**	**–**	**–**	**(8,735)**	**4,299**	**(4,436)**	**250,902**	**284,413**	**222,634**
Capital Expenditure - Functional												
Governance and administration		**4,700**	**–**	**–**	**–**	**–**	**700**	**2,468**	**3,168**	**7,868**	**2,400**	**2,400**
Executive and council		–						2,296	2,296	2,296	–	–
Finance and administration		4,700					700	173	873	5,573	2,400	2,400
Internal audit									–	–	–	–
Community and public safety		**37,334**	**–**	**–**	**–**	**–**	**5,505**	**397**	**5,902**	**43,236**	**50,283**	**45,271**
Community and social services		858					346	24	370	1,228	183	171
Sport and recreation		35,977					4,859	373	5,231	41,208	50,100	45,100
Public safety		–							–	–	–	–
Housing		500					300	–	300	800	–	–
Health									–	–		
Economic and environmental services		**54,635**	**–**	**–**	**–**	**–**	**822**	**(5,548)**	**(4,727)**	**49,908**	**76,030**	**78,080**
Planning and development		–					1,102	411	1,513	1,513	–	–
Road transport		54,635					(281)	(5,959)	(6,240)	48,395	76,030	78,080
Environmental protection		–							–	–	–	–
Trading services		**158,669**	**–**	**–**	**–**	**–**	**(15,761)**	**6,982**	**(8,779)**	**149,889**	**155,700**	**96,883**
Energy sources		21,550					(1,000)	6,886	5,886	27,436	20,000	20,896
Water management		108,185					(8,595)	202	(8,393)	99,792	82,700	57,987
Waste water management		28,484					(7,000)	344	(6,656)	21,828	53,000	18,000
Waste management		450					834	(450)	384	834	–	–
Other									–	–		
Total Capital Expenditure - Functional	3	**255,338**	**–**	**–**	**–**	**–**	**(8,735)**	**4,299**	**(4,436)**	**250,902**	**284,413**	**222,634**
Funded by:												
National Government		228,012					(14,831)		(14,831)	213,181	253,730	201,963
Provincial Government		12,758					6,096		6,096	18,854	20,283	10,271
District Municipality									–	–		
Transfers and subsidies - capital (in-kind)									–	–		
Transfers recognised - capital	4	**240,770**	**–**	**–**	**–**	**–**	**(8,735)**	**–**	**(8,735)**	**232,035**	**274,013**	**212,234**
Borrowing									–	–		
Internally generated funds		14,568						4,299	4,299	18,867	10,400	10,400
Total Capital Funding		**255,338**	**–**	**–**	**–**	**–**	**(8,735)**	**4,299**	**(4,436)**	**250,902**	**284,413**	**222,634**

KZN252 Newcastle - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		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
			3	4	5	6	7	8	9	10		
R thousands		A	A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
[illegible]		19,688						(15,005)	(15,005)	4,684	46,308	50,075
Trade and other receivables from exchange transactions	1	951,655	–	–	–	–	–	–	–	951,655	848,032	953,920
Receivables from non-exchange transactions	1	83,155	–	–	–	–	–	(83,155)	(83,155)	–	–	–
Current portion of non-current receivables	2	–						83,155	83,155	83,155	69,686	69,886
Inventory		155,854	–	–	–	–	135	1,771	1,905	157,759	321,475	495,208
VAT		–							–	–		
Other current assets		–							–	–		
Total current assets		**1,210,352**	**–**	**–**	**–**	**–**	**135**	**(13,234)**	**(13,100)**	**1,197,252**	**1,285,501**	**1,569,089**
Non current assets												
Investments		110,954						(110,954)	(110,954)	–	–	–
Investment property		352,224							–	352,224	332,224	365,446
Property, plant and equipment	3	5,440,429	–	–	–	–	–	–	–	5,440,429	5,576,473	5,376,527
Biological assets									–	–	–	–
Living and non-living resources									–	–	–	–
Heritage assets		11,883							–	11,883	11,983	12,083
Intangible assets		200							–	200	500	800
Trade and other receivables from exchange transactions		–							–	–	–	–
Non-current receivables from non-exchange transactions		–							–	–	–	–
Other non-current assets		–							–	–	–	–
Total non current assets		**5,915,689**	**–**	**–**	**–**	**–**	**–**	**(110,954)**	**(110,954)**	**5,804,735**	**5,921,180**	**5,754,856**
TOTAL ASSETS		**7,126,041**	**–**	**–**	**–**	**–**	**135**	**(124,188)**	**(124,054)**	**7,001,988**	**7,206,681**	**7,323,945**
LIABILITIES												
Current liabilities												
Bank overdraft									–	–		
[illegible]		34,082	–	–	–	–	–	–	–	34,082	35,156	38,526
Consumer deposits		35,649							–	35,649	37,149	38,649
Trade and other payables from exchange transactions		571,301	–	–	–	–	–	–	–	571,301	430,506	370,522
Trade and other payables from non-exchange transactions		–	–	–	–	–	–	124,410	124,410	124,410	75,115	35,115
Provisions		10,513							–	10,513	11,333	12,217
VAT									–	–	–	–
Other current liabilities		115,115							–	115,115	75,115	35,115
Total current liabilities		**766,659**	**–**	**–**	**–**	**–**	**–**	**124,410**	**124,410**	**891,069**	**664,373**	**530,142**
Non current liabilities												
Borrowing	1	321,905	–	–	–	–	–	–	–	321,905	223,584	185,059
Provisions	1	229,340	–	–	–	–	–	–	–	229,340	245,664	257,947
Long term portion of trade payables		63,165							–	63,165		
Other non-current liabilities									–	–		
Total non current liabilities		**614,410**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**614,410**	**469,248**	**443,006**
TOTAL LIABILITIES		**1,381,069**	**–**	**–**	**–**	**–**	**–**	**124,410**	**124,410**	**1,505,479**	**1,133,621**	**973,148**
NET ASSETS	2	**5,744,972**	**–**	**–**	**–**	**–**	**135**	**(248,598)**	**(248,463)**	**5,496,509**	**6,073,061**	**6,350,797**
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		5,710,118	–	–	–	–	(11,782)	(234,459)	(246,242)	5,463,876	6,035,732	6,310,818
Funds and Reserves		34,854	–	–	–	–	–	(2,221)	(2,221)	32,633	37,329	39,979
Other									–	–		
TOTAL COMMUNITY WEALTH/EQUITY		**5,744,972**	**–**	**–**	**–**	**–**	**(11,782)**	**(236,681)**	**(248,463)**	**5,496,509**	**6,073,061**	**6,350,797**

KZN252 Newcastle - Table B7 Adjustments Budget Cash Flows -

3A	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		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
			3	4	5	6	7	8	9	10		
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		299,539						37,583	37,583	337,122	328,685	348,406
Service charges		1,144,535						(16,398)	(16,398)	1,128,137	1,210,696	1,300,441
Other revenue		231,189						47,742	47,742	278,932	224,208	257,178
Transfers and Subsidies - Operational	1	547,623					4,882		4,882	552,505	603,815	642,889
Transfers and Subsidies - Capital	1	240,770							–	240,770	274,013	212,234
Interest		5,330							–	5,330	5,650	5,989
Dividends		–						–	–	–	–	–
Payments												
Suppliers and employees		(2,175,156)						(77,655)	(77,655)	(2,252,811)	(2,265,349)	(2,473,661)
Finance charges		(32,205)						(340)	(340)	(32,545)	(30,525)	(28,549)
Transfers and Subsidies	1	–							–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		261,626	–	–	–	–	4,882	(9,067)	(4,186)	257,440	351,193	264,926
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		20,000							–	20,000	10,000	–
Decrease (increase) in non-current receivables		–							–	–		
Decrease (increase) in non-current investments		–							–	–		
Payments												
Capital assets		(255,338)					8,735	(4,299)	4,436	(250,902)	(284,413)	(222,634)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(235,338)	–	–	–	–	8,735	(4,299)	4,436	(230,902)	(274,413)	(222,634)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		–							–	–	–	–
Borrowing long term/refinancing		–							–	–	–	–
Increase (decrease) in consumer deposits		–							–	–	–	–
Payments												
Repayment of borrowing		(34,082)							–	(34,082)	(35,156)	(38,526)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(34,082)	–	–	–	–	–	–	–	(34,082)	(35,156)	(38,526)
NET INCREASE/ (DECREASE) IN CASH HELD		(7,794)	–	–	–	–	13,617	(13,367)	250	(7,543)	41,625	3,767
Cash/cash equivalents at the year begin:	2	27,482						(15,255)	(15,255)	12,227	4,684	46,308
Cash/cash equivalents at the year end:	2	19,688	–	–	–	–	13,617	(28,622)	(15,005)	4,684	46,308	50,075

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

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		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
			3	4	5	6	7	8	9	10		
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	19,688	–	–	–	–	13,617	(28,622)	(15,005)	4,684	46,308	50,075
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–	–
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		**19,688**	**–**	**–**	**–**	**–**	**13,617**	**(28,622)**	**(15,005)**	**4,684**	**46,308**	**50,075**
Applications of cash and investments												
Unspent conditional transfers		–	–	–	–	–	–	124,410	124,410	124,410	83,479	53,479
Unspent borrowing		113,479						(113,479)	(113,479)	–	–	–
Statutory requirements		26,978							–	26,978	32,078	35,480
Other working capital requirements	2	(5,459)	–					(8,845)	(8,845)	(15,304)	(117,410)	(127,907)
Other provisions		11,105						3,156	3,156	14,261	11,660	12,243
Long term investments committed		–	–					–	–	–	–	–
Reserves to be backed by cash/investments		30,887	–					1,405	1,405	32,292	32,431	34,053
Total Application of cash and investments:		**175,990**	**–**	**–**	**–**	**–**	**–**	**6,647**	**6,647**	**182,637**	**42,238**	**7,348**
Surplus(shortfall)		**(156,302)**	**–**	**–**	**–**	**–**	**13,617**	**(35,269)**	**(21,652)**	**(177,954)**	**4,070**	**42,727**

KZN252 Newcastle - Table B9 Asset Management -

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unforc. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			7	8	9	10	11	12	13	14		
R thousands		A	A1	B	C	D	E	F	G	H		
CAPITAL EXPENDITURE												
Total New Assets *to be adjusted*	1	163,083	–	–	–	–	(848)	11,036	82,512	173,270	138,738	126,647
Roads Infrastructure		44,065	–	–	–	–	(6,887)	8,002	(885)	43,180	43,975	66,619
Storm water Infrastructure		–	–	–	–	–	–	–	10,876	–	–	–
Electrical Infrastructure		21,550	–	–	–	–	1,000	6,800	14,199	29,350	20,000	20,896
Water Supply Infrastructure		58,185	–	–	–	–	–	(8,185)	4,145	50,000	32,000	5,000
Sanitation Infrastructure		21,484	–	–	–	–	–	–	5,471	21,484	20,000	18,000
Solid Waste Infrastructure		–	–	–	–	–	–	–	12,123	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	14,367	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	10,758	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Infrastructure		145,284	–	–	–	–	(7,887)	6,617	71,055	144,014	115,975	110,515
Community Facilities		–	–	–	–	–	4,859	–	4,859	4,859	–	171
Sport and Recreation Facilities		11,938	–	–	–	–	–	–	–	11,938	20,000	10,000
Community Assets		11,938	–	–	–	–	4,859	–	4,859	16,797	20,000	10,171
Heritage Assets		270	–	–	–	–	145	(80)	65	335	283	100
Revenue Generating		–	–	–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–
Other Assets	6	–	–	–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	800	800	800	–	3,381
Intangible Assets		–	–	–	–	–	–	800	800	800	–	3,381
Computer Equipment		2,000	–	–	–	–	68	24	92	2,092	2,000	2,000
Furniture and Office Equipment		931	–	–	–	–	850	94	944	1,935	380	380
Machinery and Equipment		2,100	–	–	–	–	1,116	1,785	2,902	5,002	100	100
Transport Assets		500	–	–	–	–	–	1,796	1,796	2,296	–	–
Land		–	–	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–	–	–
Mature		–	–	–	–	–	–	–	–	–	–	–
Immature		–	–	–	–	–	–	–	–	–	–	–
Living Resources		–	–	–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets *to be adjusted*	2	11,296	–	–	–	–	10,515	(6,080)	4,435	15,731	1,920	8,000
Roads Infrastructure		9,879	–	–	–	–	9,123	(6,080)	3,043	12,922	8,000	8,000
Storm water Infrastructure		–	–	–	–	–	1,392	–	1,392	1,392	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Infrastructure		9,879	–	–	–	–	10,515	(6,080)	4,435	14,314	8,000	8,000
Community Facilities		1,418	–	–	–	–	–	–	–	1,418	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–	–	–
Community Assets		1,418	–	–	–	–	–	–	–	1,418	–	–
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		–	–	–	–	–	–	–	–	–	–	–
Mature		–	–	–	–	–	–	–	–	–	–	–
Immature		–	–	–	–	–	–	–	–	–	(6,080)	–
Living Resources		–	–	–	–	–	–	–	–	–	(6,080)	–
Total Upgrading of Existing Assets *to be adjusted*	2e	80,959	–	–	–	–	(9,302)	(518)	(9,820)	71,139	137,675	87,987
Roads Infrastructure		–	–	–	–	–	2,616	260	2,876	2,876	23,975	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		50,000	–	–	–	–	(4,916)	(1,188)	(6,105)	43,894	50,700	52,987
Sanitation Infrastructure		7,000	–	–	–	–	(7,000)	–	(7,000)	–	33,000	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Infrastructure		57,000	–	–	–	–	(9,302)	(929)	(10,231)	46,769	107,675	52,987
Community Facilities		–	–	–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		23,959	–	–	–	–	–	(800)	(800)	23,159	30,000	35,000
Community Assets		23,959	–	–	–	–	–	(800)	(800)	23,159	30,000	35,000
Heritage Assets		–	–	–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	1,211	1,211	1,211	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–
Other Assets	6	–	–	–	–	–	–	1,211	1,211	1,211	–	–
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		–	–	–	–	–	–	–	–	–	–	–
Mature		–	–	–	–	–	–	–	–	–	–	–
Immature		–	–	–	–	–	–	–	–	–	–	–
Living Resources		–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure *to be adjusted*	4	255,338	–	–	–	–	365	4,438	77,127	260,141	278,333	222,634
Roads Infrastructure		53,944	–	–	–	–	2,853	2,181	5,034	58,978	75,950	74,619
Storm water Infrastructure		–	–	–	–	–	1,392	–	12,258	1,392	–	–
Electrical Infrastructure		21,550	–	–	–	–	1,000	6,600	14,199	29,350	20,000	20,896
Water Supply Infrastructure		108,185	–	–	–	–	(4,918)	(9,373)	(1,962)	93,894	82,700	57,987
Sanitation Infrastructure		28,484	–	–	–	–	(7,000)	–	(1,529)	21,484	53,000	18,000
Solid Waste Infrastructure		–	–	–	–	–	–	–	12,123	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	14,367	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	10,758	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Infrastructure		212,162	–	–	–	–	(6,673)	(392)	65,259	205,097	231,650	171,502
Community Facilities		1,418	–	–	–	–	4,859	–	4,859	6,276	–	171
Sport and Recreation Facilities		35,897	–	–	–	–	–	(800)	(800)	35,097	50,000	45,000
Community Assets		37,314	–	–	–	–	4,859	(800)	4,059	41,373	50,000	45,171
Heritage Assets		270	–	–	–	–	145	(80)	65	335	283	100
Revenue Generating		–	–	–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	1,211	1,211	1,211	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	1,211	1,211	1,211	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	800	800	800	–	3,381
Intangible Assets		–	–	–	–	–	–	800	800	800	–	3,381
Computer Equipment		2,000	–	–	–	–	68	24	92	2,092	2,000	2,000
Furniture and Office Equipment		991	–	–	–	–	850	94	944	1,935	380	380
Machinery and Equipment		2,100	–	–	–	–	1,116	1,785	2,902	5,002	100	100
Transport Assets		500	–	–	–	–	–	1,796	1,796	2,296	–	–
Land		–	–	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–	–	–
Mature		–	–	–	–	–	–	–	–	–	–	–
Immature		–	–	–	–	–	–	–	–	–	(6,080)	–
Living Resources		–	–	–	–	–	–	–	–	–	(6,080)	–
TOTAL CAPITAL EXPENDITURE *to be adjusted*	4	255,338	–	–	–	–	365	4,438	77,127	260,141	278,333	222,634
ASSET REGISTER SUMMARY - PPE (WDV)	5	7,646,421	–	–	–	–	–	(663,238)	(663,238)	6,983,183	8,021,096	8,398,087
Roads Infrastructure		4,613,624						(663,238)	(663,238)	3,950,386	4,839,691	5,067,157
Storm water Infrastructure		424,667							–	424,667	445,476	466,413
Electrical Infrastructure		296,214							–	296,214	310,728	325,332
Water Supply Infrastructure		709,064							–	709,064	743,808	778,767
Sanitation Infrastructure		757,831							–	757,831	794,955	832,328
Solid Waste Infrastructure		–							–	–	–	–
Rail Infrastructure		–							–	–	–	–
Coastal Infrastructure		–							–	–	–	–
Information and Communication Infrastructure		–							–	–	–	–
Infrastructure		6,801,399	–	–	–	–	–	(663,238)	(663,238)	6,138,161	7,134,668	7,469,997
Community Assets		117,017							–	117,017	122,751	128,520
Heritage Assets		13,335							–	13,335	13,988	14,646
Investment properties		407,195							–	407,195	427,148	447,223
Other Assets		249,494							–	249,494	261,719	274,020
Biological or Cultivated Assets		–							–	–	–	–
Intangible Assets		2,015							–	2,015	2,114	2,213
Computer Equipment		–							–	–	–	–
Furniture and Office Equipment		–							–	–	–	–
Machinery and Equipment		–							–	–	–	–
Transport Assets		–							–	–	–	–
Land		55,966							–	55,966	58,708	61,487
Zoo's, Marine and Non-biological Animals		–							–	–	–	–
Living Resources												
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	7,646,421	–	–	–	–	–	(663,238)	(663,238)	6,983,183	8,021,096	8,398,087
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		379,139	–	–	–	–	–	–	–	379,139	397,716	416,409
Repairs and Maintenance by asset class	3	44,492	–	–	–	–	–	–	–	44,492	29,749	40,968
Roads Infrastructure		3,500	–	–	–	–	–	–	–	3,500	5,951	17,365
Storm water Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Electrical Infrastructure		8,850	–	–	–	–	–	–	–	8,850	3,022	3,143
Water Supply Infrastructure		3,200	–	–	–	–	–	–	–	3,200	1,522	1,582
Sanitation Infrastructure		9,615	–	–	–	–	–	–	–	9,615	5,182	5,390
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Infrastructure		25,165	–	–	–	–	–	–	–	25,165	15,677	27,480
Community Facilities		743	–	–	–	–	–	–	–	743	1,635	792
Sport and Recreation Facilities		134	–	–	–	–	–	–	–	134	140	147
Community Assets		877	–	–	–	–	–	–	–	877	1,775	939
Heritage Assets		–	–	–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–	–	–
Operational Buildings		1,515	–	–	–	–	–	–	–	1,515	1,501	1,610
Housing		564	–	–	–	–	–	–	–	564	880	920
Other Assets		2,079	–	–	–	–	–	–	–	2,079	2,380	2,530
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–	–	–
Licences and Rights		2,784	–	–	–	–	–	–	–	2,784	178	186
Intangible Assets		2,784	–	–	–	–	–	–	–	2,784	178	186
Computer Equipment		22	–	–	–	–	–	–	–	22	32	33
Furniture and Office Equipment		93	–	–	–	–	–	–	–	93	97	102
Machinery and Equipment		3,671	–	–	–	–	–	–	–	3,671	2,110	2,198
Transport Assets		9,800	–	–	–	–	–	–	–	9,800	7,500	7,500
Land		–	–	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	6	–	–	–	–	–	–	–	–	–	–	–
Mature		–	–	–	–	–	–	–	–	–	–	–
Immature		–	–	–	–	–	–	–	–	–	–	–
Living Resources		–	–	–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		423,631	–	–	–	–	–	–	–	423,631	427,465	457,377
Renewal and upgrading of Existing Assets as % of total capex		36.1%	0.0%							33.4%	50.2%	43.1%
Renewal and upgrading of Existing Assets as % of deprecn"		24.3%	0.0%							22.9%	35.1%	23.1%
R&M as a % of PPE		0.6%	0.0%							0.6%	0.4%	0.5%
Renewal and upgrading and R&M as a % of PPE		1.8%	0.0%							1.9%	2.1%	1.6%

KZN252 Newcastle - Table B10 Basic service delivery measurement -

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		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
			7	8	9	10	11	12	13	14		
		A	A1	B	C	D	E	F	G	H		
Household service targets	1											
Water:												
Piped water inside dwelling		162,869							–	163	170850	178880
Piped water inside yard (but not in dwelling)		122915							–	123	128938	134998
Using public tap (at least min service level)	2	32905							–	33	34518	36140
Other water supply (at least min service level)		2215							–	2	2324	2433
Minimum Service Level and Above sub-total		321	–	–	–	–	–	–	–	321	337	352
Using public tap (< min service level)	3								–	–		
Other water supply (< min service level)	3,4								–	–		
No water supply									–	–		
Below Minimum Servic Level sub-total		–	–	–	–	–	–	–	–	–	–	–
Total number of households	5	321	–	–	–	–	–	–	–	321	337	352
Sanitation/sewerage:												
Flush toilet (connected to sewerage)									–	–		
Flush toilet (with septic tank)									–	–		
Chemical toilet									–	–		
Pit toilet (ventilated)									–	–		
Other toilet provisions (> min service level)									–	–		
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–	–	–
Bucket toilet									–	–		
Other toilet provisions (< min service level)									–	–		
No toilet provisions									–	–		
Below Minimum Servic Level sub-total		–	–	–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–	–	–
Energy:												
Electricity (at least min service level)									–	–		
Electricity - prepaid (> min service level)									–	–		
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–	–	–
Electricity (< min service level)									–	–		
Electricity - prepaid (< min service level)									–	–		
Other energy sources									–	–		
Below Minimum Servic Level sub-total		–	–	–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–	–	–
Refuse:												
Removed at least once a week (min service)									–	–		
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–	–	–
Removed less frequently than once a week									–	–		
Using communal refuse dump									–	–		
Using own refuse dump									–	–		
Other rubbish disposal									–	–		
No rubbish disposal									–	–		
Below Minimum Servic Level sub-total		–	–	–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–	–	–
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)		9	–	–	–	–	–	–	–	9	9	9
Sanitation (free minimum level service)		9	–	–	–	–	–	–	–	9	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
Informal Settlements												
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per indigent household per month)		10,600	–	–	–	–	–	(3,150)	(3,150)	7,450	11,647	13,126
Sanitation (free sanitation service to indigent households)		19,370	–	–	–	–	–	290	290	19,660	20,532	21,764
Electricity/other energy (50kwh per indigent household per month)		10,334	–	–	–	–	–	(2,885)	(2,885)	7,450	11,647	13,126
Refuse (removed once a week for indigent households)		16,941	–	–	–	–	–	360	360	17,301	17,958	19,035
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–	7,715	–
Total cost of FBS provided		57,245	–	–	–	–	–	(5,385)	(5,385)	51,860	69,498	67,051
Highest level of free service provided												
Property rates (R'000 value threshold)									–	–		
Water (kilolitres per household per month)									–	–		
Sanitation (kilolitres per household per month)									–	–		
Sanitation (Rand per household per month)									–	–		
Electricity (kw per household per month)									–	–		
Refuse (average litres per week)									–	–		
Revenue cost of free services provided (R'000)	17											
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)									–	–		
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		84,710	–	–	–	–	–	127	127	84,836	89,792	95,180
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	6								–	–		
Other									–	–		
Total revenue cost of subsidised services provided		84,710	–	–	–	–	–	127	127	84,836	89,792	95,180

Annexure E : uThukela Water Adjustments Budget

uthukela water

DEPARTMENT: FINANCE

BOARD SUBMISSION

TO	:	**THE BOARD**
AUTHOR	:	**ACTING CFO – KHUMALO BN**
DATE	:	**15 JANUARY 2024**
SUBJECT	:	**ADJUSTMENT BUDGET 2023/2024**

ROUTINE AUTHORITY

The adjustment budget report is submitted to the Board since it has authority to deal with this matter.

PURPOSE

The purpose of this submission is for the Board to consider the 2023/2024 Adjustment Budget.

BACKGROUND TO THE MATTER

The board has approved the entity`s budget for the 2023/2024 financial year, with projections of the entity`s revenue and expenditure for the year. However, as at mid-year (31 December 2023), the entity had not realized the projected revenue, and thus affecting the expenditure, causing variances between the budget amounts and the actuals.

It is against this background that management now seeks the approval of the board to have the original budget adjusted in order to align to the remainder of the year with the mid-year revenue and expenditure patterns.

Board Members: Dr AS Mokoena (Chairperson). Mr T.J. Mphela. Mr P.M. Ngcobo. Mr .M.E. Mpungose
uThukela Water (Pty) Ltd · Reg. No. 2003/029916/07 · Shareholders: Amajuba, Newcastle, and uMzinyathi Municipalities

LEGAL FRAMEWORK AND COMMENTARY

Section *87(6) of the MFMA Act 56 of 2003 prescribes that -*

The board of directors of a municipal entity may, with the approval of the mayor, revise the budget of the municipal entity, but only for the following reasons:

(a) to adjust the revenue and expenditure estimates if there is material under-collection of revenue during the current year;
(b) to authorize expenditure of any additional allocations to the municipal entity from its parent municipality;
(c) to authorise, within a prescribed framework, any unforeseeable and unavoidable expenditure approved by the mayor of the parent municipality; and
(d) to authorise any other expenditure within a prescribed framework.

FINANCIAL IMPLICATIONS

The are no direct financial implications.

ANNEXURE

Adjustment Budget report 2023/2024.

RESOLUTION

That the adjustment budget for 2023/2024 as submitted be approved.

Acting CFO
Khumalo BN

16/01/2024
Date

Acting Managing Director
Khoza MI

16/01/2024
Date

Board Members: Dr AS Mokoena (Chairperson). Mr T.J. Mphela. Mr P.M. Ngcobo. Mr .M.E. Mpungose
uThukela Water (Pty) Ltd · Reg. No. 2003/029916/07 · Shareholders: Amajuba, Newcastle, and uMzinyathi Municipalities

uthukela water

Adjustment Budget 2023/2024 Report

BACKGROUND

A 2023/24 operational budget totalling R 216 383 791 was submitted to the shareholder municipalities for approval in terms of Section 87 of the MFMA 56/2003. However, only R 197 247 273 was approved.

The 2023/24 WSA allocated operational budget of R 197 247 273 is therefore R 19 136 518 [8.18%] less than the submitted budget.

FY24 Budget Submission and Approval

WSA	Budget Requested	Budget Approved	Difference	% Reduction
Newcastle LM	163 509 222	155 540 970	7 968 252	**4.9%**
Umzinyathi DM	26 965 138	20 864 170	6 100 968	**22.6%**
Amajuba DM	25 909 431	20 842 133	5 067 298	**19.6%**
TOTAL	**216 383 791**	**197 247 273**	**19 136 518**	**8.8%**

The requested capital budget of R7 156 000 was not funded. However, at the Board`s strategic planning session held in May 2023 at Grey Goose Lodge, the shareholders agreed to relook at the operational and capital budget required by the entity in their budget review processes.

The municipalities are billed for their purchased water at the approved bulk water tariff rate of R 4.92 per kilolitre, with Amajuba and Newcastle being billed an additional R0.02 Laboratory surcharge.

Water volumes 2023 /2024

WSA	Volumes supplied	Tariff	Lab Surcharge	Total Tariff	Bulk water	Lab surcharge	Total recovery
Newcastle municipality	33 215 000	4.90	0.02	4.92	162 844 922	664 300	163 509 222
Umzinyathi DM	5 500 000	4.90	-	4.90	26 965 138		26 965 138
Amajuba DM	5 263 200	4.90	0.02	4.92	25 804 167	105 264	25 909 431
Total Distribution	**43 978 200**	**4.90**	**0.02**		**215 614 227**	**769 564**	**216 383 791**

Operational and Capital Budget

Item	Sum of Board Aprroved Budget 2023/2024	Sum of Adjustments	Sum of Adjusted Current 2023/2024 Budget
1. Revenue	**217 064 823**	-	**217 064 823**
Amajuba DM	25 909 431	-	25 909 431
Consumers	501 061	-	501 061
Interest earned external investments	125 265	-	125 265
Newcastle LM	163 509 222	-	163 509 222
Other Revenue	54 706	-	54 706
Umzinyathi DM	26 965 138	-	26 965 138
2. Expenditure	**215 614 228**	**-460 000**	**215 154 227**
Bulk Purchases	29 647 253	-460 000	29 187 253
Contracted Services	14 260 382	480 000	14 740 381
Depreciation	2 062 748	-	2 062 748
Employee Related Costs	71 653 168	-	71 653 168
Material & Supplies	10 116 933	-480 000	9 636 933
Operating Leases	1 801 773	-	1 801 773
Other Expenditure	86 071 972	0	86 071 972
3. Expenditure	**7 156 000**	**-5 246 000**	**1 910 000**
Capital Budget	7 156 000	-5 246 000	1 910 000
Surplus/(Deficit)	**-5 705 405**	**5 706 000**	**596**

Capital Budget

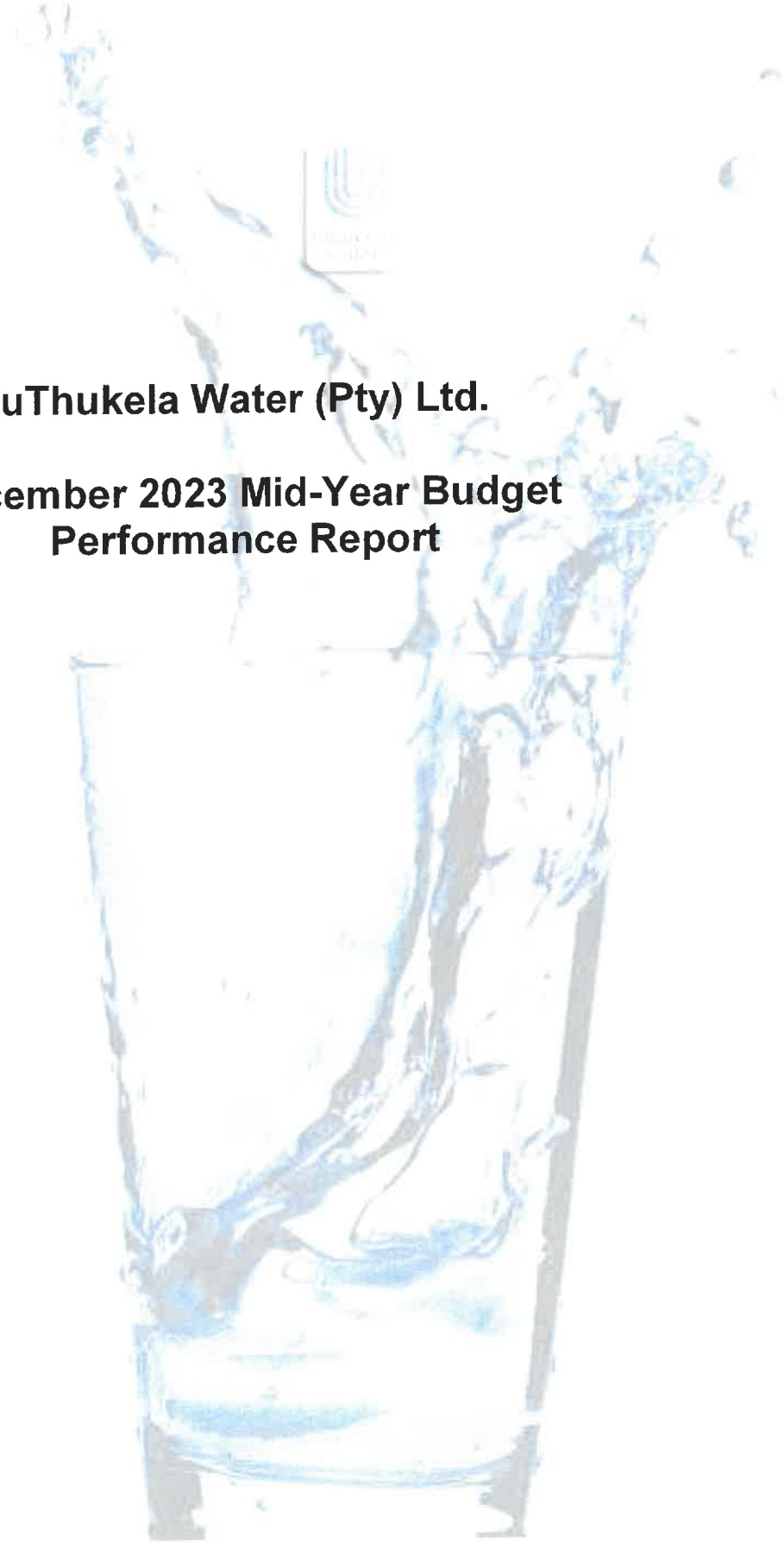
The proposed adjustments on the budget only affect three vote numbers as follows:

- On the operational budget, an amount of R480 000 was reduced from materials and supplies and added onto the water and sanitation analyses.
- Bulk water purchases vote was decreased by R460 000.
- The R 7 156 000 capital budget has been reduced to R1 910 000.

Item Description	Board Aprroved Budget 2023/2024	Adjustments	Adjusted Current 2023/2024 Budget
Vehicles	2 400 000	-1 200 000	1 200 000
Property Plant and Equipment	3 750 000	-3 540 000	210 000
IT Equipment	1 006 000	-506 000	500 000
	7 156 000	**- 5 246 000**	**1 910 000**

Conclusion

Noting the budget variances at the beginning of the year and at mid-year, a downward adjustment to the budget is proposed. This is to reduce the budget deficits and ensure that the entity operates on a funded budget.



uThukela Water (Pty) Ltd.

December 2023 Mid-Year Budget Performance Report

BUDGETS AND OPERATIONAL INCOME AND EXPENDITURE PATTERNS

Budget reports indicating spending against approved votes are attached for information purposes, with explanations of variances.

- Table F1 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December 2023

Description	2022/23	Current Year 2023/24							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Service charges	205 738	197 748	–	17 754	112 306	98 874	13 432	13.6%	197 748
Investment revenue	813	125	–	6	99	63	36	57.5%	197
Interest on Receivables	23 075	–	–	2 313	13 517	–	13 517		27 034
Inventory Adjustments	44	–	–	–		–	–		–
Rental of facilities and equipment	245	–	–	17	109	–	109		218
Other revenue	206	55	–	16	61	27	34	123.1%	55
Total Revenue (excluding capital transfers and contributions)	**230 121**	**197 928**	–	**20 107**	**126 092**	**98 964**	**27 127**	**27.4%**	**225 252**
Employee related costs	61 974	69 565	–	7 915	33 688	34 783	(1 094)	-3.1%	69 565
Debt impairment	52 369	–	–	–	–	–	–		40 000
Depreciation and Amortisation	77 448	2 063	–	172	1 031	1 031	(0)	0.0%	75 000
Repairs and Maintenance	4 274	6 199	–	162	1 678	3 100	(1 421)	-45.9%	6 199
Bulk Purchases	32 141	9 605	–	3 760	10 144	4 803	5 342	111.2%	36 000
Interest	20 401	–	–	309	630	–	630		22 000
Contracted Services	2 744	5 361	–	308	1 390	2 681	(1 291)	-48.1%	5 361
Operating Expenses	76 606	97 979	–	7 720	44 670	48 989	(4 319)	-8.8%	97 979
Gain/Loss on disposal/scrapping of PPE	–		–			–	–		–
Total Expenditure	**327 957**	**190 772**	–	**20 347**	**93 233**	**95 386**	**(2 153)**	**-2.3%**	**352 104**
Surplus/(Deficit)	**(97 836)**	**7 156**	–	**(240)**	**32 859**	**3 578**	**29 281**	**0**	**(126 853)**
Transfers recognised - capital	–	–	–	–	–	–	–		–
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**(97 836)**	**7 156**	–	**(240)**	**32 859**	**3 578**	**29 281**	**0**	**(126 853)**
Taxation	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(97 836)**	**7 156**	–	**(240)**	**32 859**	**3 578**	**29 281**	**818.4%**	**(126 853)**
Capital expenditure & funds sources									
Capital expenditure	**3 040**	**7 156**	–	–	–	–	–		**7 156**
Transfers recognised - capital	–	–	–	–	–	–	–		–
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	3 040	7 156	–	–	–	–	–		7 156
Total sources of capital funds	**3 040**	**7 156**	–	–	–	–	–	–	**7 156**
Financial position									
Total current assets	224 593	–	–	4 096	267 836				230 000
Total non current assets	615 800		–	(2 707)	616 102				590 000
Total current liabilities	(530 272)	–	–	(1 629)	(540 959)				(510 000)
Total non current liabilities	(11 469)	–	–	–	(11 469)				(12 000)
Share capital	(0)	–	–	–	0				0
Accumulated funds	**(298 652)**	–	–	**(240)**	**331 511**	–	–		**298 000**
Cash flows									
Net cash from (used) operating	(15 641)		–						
Net cash from (used) investing	(3 040)		–						
Net cash from (used) financing			–	–					
Cash/cash equivalents at the year end	1 119		–	**11 806**	12 627				11 055

A 2024 budget totalling R 216 383 791 was submitted to the shareholder municipalities for approval in terms of section 87 of the MFMA 56/2003, however only R 197 247 273 was approved

The 2024 WSA allocated operational budget of R 197 247 273 is therefore R 19 136 518 [8.18%], less than the submitted budget.

FY24 Budget Submission and Approval

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TOTAL	**216 383 791**	**197 247 273**	**19 136 518**	**8.8%**

The municipalities are billed for their purchased water at the approved bulk water tariff rate of R 4.92 per kilolitre with Amajuba and Newcastle being billed an additional R 0.02 Laboratory surcharge.

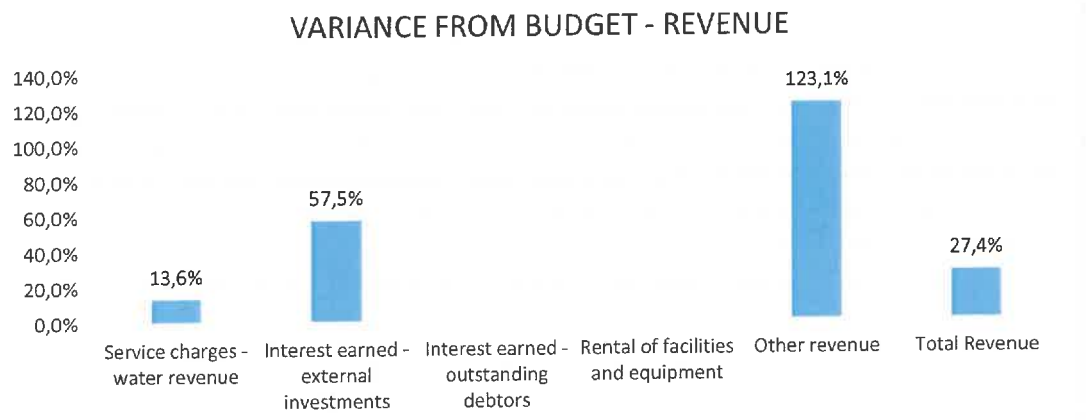
ANALYSIS OF FINANCIAL RESULTS

The table above details revenue by source type, expenditure by input type and variances to budget. Major variances are discussed in the analysis below.

REVENUE

Revenue raised by service charges comprises 89.1% of the total revenue, interest earned on debtors comprising 10.7%, interest earned on external investments comprising 0.1%, and other revenue comprising 0.1%.

The aggregate variance on total revenue is 34 % above budget.



The entity generated R 13 432 049 more from service charges than budgeted for, representing a positive variance of 13.58%.

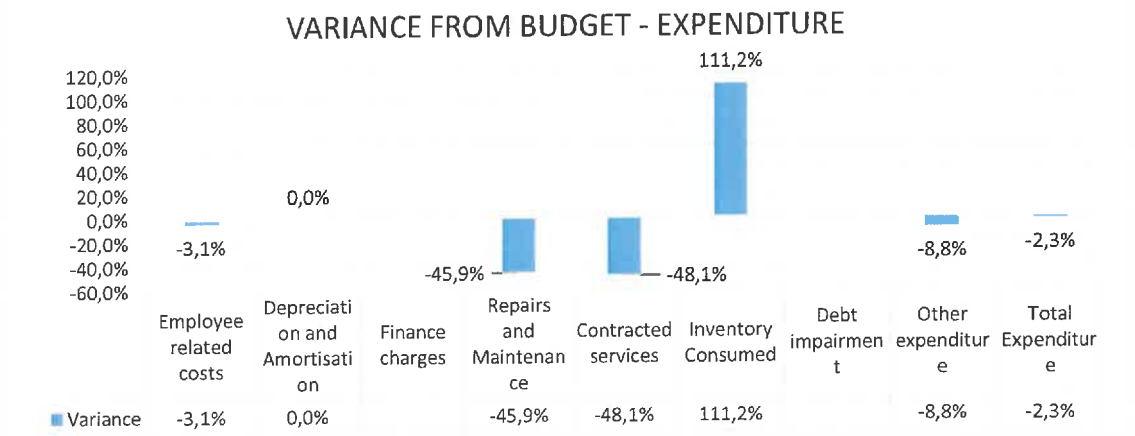
The investment revenue made up of interest on external investments was higher than anticipated by R 36 015. Due to the uncertainty on payments by the WSA's for outstanding bulk invoices, money was invested to provide a buffer for periods when the WSA's do not pay.

Interest on receivables amounts to R 13 516 778, the entity started charging interest from March 2022.

Other revenue which is irregular revenue includes laboratory services requested by customers, is R 142 573 or more than budgeted for.

EXPENDITURE

The expenditure incurred represents 97.74% of the total year to date expenditure budget.

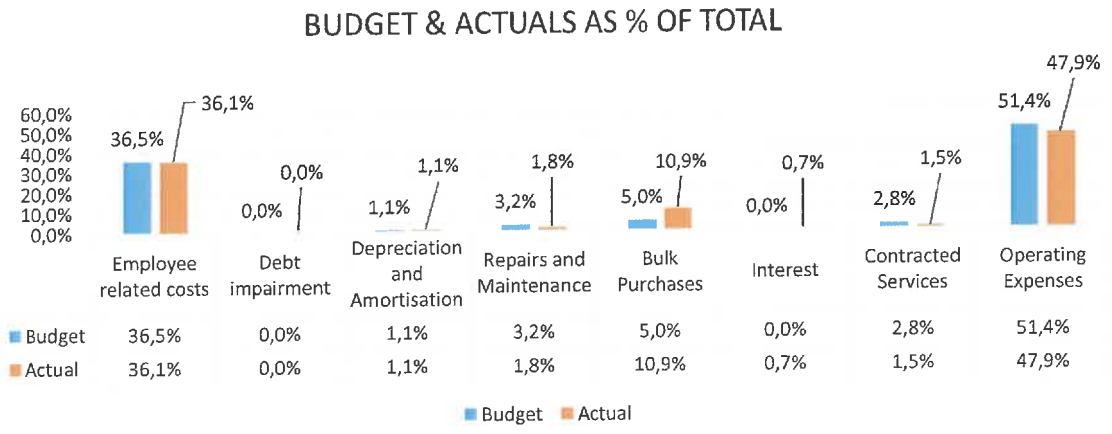


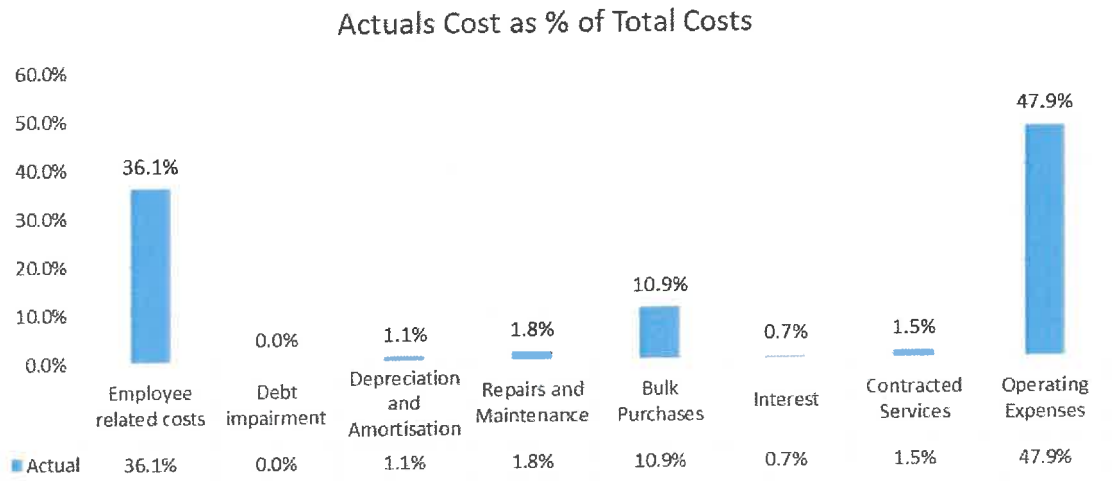
The reason for significant variances from budget are discussed below.

The underspending of 3.1% on employee related costs is due to performance notches being not implemented as yet. The underspending by 45.9 % on repairs and maintenance and 48.1% on contracted services is due to slow spending created by low payments from the WSA's.

The overspending by 111.2% on inventory consumed is due to budget cuts by the WSA's. This will be addressed in the adjustments budget.

The Entity's total expenditure shows an under expenditure of 2.3% against the budget.


BUDGET & ACTUALS AS % OF TOTAL
60,0%
50,0%
40,0%
30,0%
20,0%
10,0%
0,0%
36,5%
36,1%
0,0%
0,0%
1,1%
1,1%
3,2%
1,8%
5,0%
10,9%
0,0%
0,7%
2,8%
1,5%
51,4%
47,9%
Employee related costs
Debt impairment
Depreciation and Amortisation
Repairs and Maintenance
Bulk Purchases
Interest
Contracted Services
Operating Expenses
Budget 36,5% 0,0% 1,1% 3,2% 5,0% 0,0% 2,8% 51,4%
Actual 36,1% 0,0% 1,1% 1,8% 10,9% 0,7% 1,5% 47,9%
Budget
Actual


Actuals Cost as % of Total Costs
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
36.1%
0.0%
1.1%
1.8%
10.9%
0.7%
1.5%
47.9%
Employee related costs
Debt impairment
Depreciation and Amortisation
Repairs and Maintenance
Bulk Purchases
Interest
Contracted Services
Operating Expenses
Actual 36.1% 0.0% 1.1% 1.8% 10.9% 0.7% 1.5% 47.9%

- Table F1 Monthly Budget Statement - Financial Position (revenue and expenditure) - M06 December 2023

Vote Description	2022/23	Current Year 2023/24			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Inventory	252		–	252	290
Receivables from Exchange Transactions	219 900	–	–	248 754	157 350
Receivables from Non-Exchange Transac	2 861	–	–	3 093	2 901
WSA Debtors	–	–	–	2 649	–
Prepayments	461			461	
Cash and Cash Equivalents	1 119	–	–	12 627	5 000
Total current assets	224 593	–	–	267 836	165 541
					–
Non current assets					–
Property, plant and equipment	615 619	–	–	615 922	550 000
Intangible assets	181		–	181	20
Total non current assets	615 800	–	–	616 102	550 020
TOTAL ASSETS	840 393	–	–	883 939	715 561
					–
LIABILITIES					–
Current liabilities					–
Trade and other payables	529 433	–	–	538 606	545 000
VAT Payable	341		–	275	681
Current portion of employee benefit obli	499	–	–	2 077	12 200
Total current liabilities	530 272	–	–	540 959	557 881
					–
Non current liabilities					–
Employee benefit obligations	11 469	–	–	11 469	11 469
Total non current liabilities	11 469	–	–	11 469	11 469
TOTAL LIABILITIES	541 742	–	–	552 428	569 350
					–
NET ASSETS	298 652	–	–	331 511	146 211
					–
COMMUNITY WEALTH/EQUITY					–
Accumulated Surplus/(Deficit)	298 652	–	–	(331 510)	145 750
Share capital	0	–	–	0	0
TOTAL COMMUNITY WEALTH/EQUITY	298 652	–	–	(331 510)	145 750

Receivables comprises mainly of Shareholder debtors [over 99.8%] for the provision of bulk water services. This is for the historical reticulation debt dating back to years prior to 2013 and other debts relating to project work and the acquisition of mSCOA compliant software.

Trade and other payables, totalling R 500 million, includes an amount of R 490.7 million [98.1% of total] payable to the Department of Water and Sanitation.

The current ratio is 0.50, against the acceptable norm of 2:1.

Accounts Receivable Age Analysis

uThukela Water (Pty) Ltd

Report Date: 2023/12/31

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
A017 (A Ferreira TA AFT Feedlot)						11.88	9 861.25	9 873.13
A005 (Amajuba District Municipality - WSA)	32 086 137.53	2 327 813.47	2 353 553.44	2 521 444.72	2 607 816.84	2 402 837.03	2 281 628.83	46 581 231.86
A008 (Amajuba District Municipality-Reticulation)	749 573.56	8 716.52	4 330.50	4 330.50	4 330.50	4 330.50	4 330.50	779 942.58
B015 (Badenhorst JH)	1 790.80						219.91	2 010.71
B025 (Bhadakazi Trading)	3 175.89	18.36	18.36	18.36	18.36	18.36	18.36	3 286.05
B024 (Buthelezi CL)				-181.22			-2 537.93	-2 719.15
C019 (Cascade Water)	5 726.45	33.10	33.10	33.10	33.10	33.10	33.10	5 925.05
C009 (Chetty VP)			36.14	428.26	146.51	65.88	167.71	844.50
C015 (CLV Retail (Pty) Ltd)						1 637.70	2 079.32	3 717.02
C020 (CONTRACTORS ON CALL)							-1 719.02	-1 719.02
D017 (Creditrace)				4 722.10	6 226.67	2 149.06	2 427.15	15 524.98
D011 (Du Toit PJ)			156.96	2 603.37	2 084.95	36.50	2 848.40	7 730.18
E020 (Ezzy Water)						-2 200.00		-2 200.00
F007 (Fore C Electrical - LAB Account)						-1 078.59		-1 078.59
F006 (Fuzule)	5 567.86	32.19	32.19	32.19	32.19	32.19	32.19	5 761.00
G009 (Ganyana Trading)	6 871.74	39.72	39.72	39.72	39.72	39.72	39.72	7 110.06
M071 (GN Motloung)					271.71		1.70	273.41
I017 (Imbengwane (Pty) Ltd)							-1 500.00	-1 500.00
I009 (Ingogo Farm)	2 108.82	12.19	12.19	12.19	12.19	12.19	12.19	2 181.96
I014 (Integripure)							-2 522.76	-2 522.76
K005 (Karbochem)						73.60		73.60
K016 (Kempton Farms (Pty) Ltd)							16 268.25	16 268.25
L011 (Lancet Laboratories)							-395.03	-395.03
M062 (Madlibhi Trading (Pty) Ltd)	6 871.74	39.72	39.72	39.72	39.72	39.72	39.72	7 110.06
M077 (Majestic Import & Export (Pty) Ltd)							-4 588.50	-4 588.50
M058 (Manqonde Trading CC)	2 117.26	12.24	12.24	12.24	12.24	12.24	12.24	2 190.70
M057 (Meridian School)	1 145.29	6.62	6.62	6.62	6.62	6.62	6.62	1 185.01
M049 (Mkhawuzi Trading)	2 098.80	12.13	12.13	12.13	12.13	12.13	12.13	2 171.58
M040 (Mocass Investments)							-353.61	-353.61
X001 (Mr Mzwandile Xaba)	593.42	3.43	3.43	3.43	3.43	3.43	3.43	614.00
G008 (Mr Peer)	25.47	22.79	22.94	22.54	6.23	0.63	0.63	101.23
B021 (Mr XV Basson)	36 363.36	210.21	210.21	210.21	210.21	210.21	210.21	37 624.62
M041 (Mthombeni AM)	9 583.07	79.34	96.40	96.65	85.62	108.35	86.12	10 135.55
M061 (Mybuko Trading)						-1 231.31		-1 231.31
N022 (National Health Laboratory Services)	6 575.92	38.01	38.01	38.01	38.01	38.01	38.01	6 803.98
N003 (Newcastle Municipality - WSA)	186 534 677.44	1 869 352.74	14 027 188.39	15 779 398.26	4 112 757.59	1 280 448.94	9 308 971.39	232 912 794.75
N017 (NPC Cement)	6 572.32	37.99	37.99	37.99	37.99	37.99	37.99	6 800.26
N026 (Nsibande Bongani)	1 188.51	6.87	6.87	6.87	6.87	6.87	6.87	1 229.73
O005 (Olympic Park Trading 223 (Pty) Ltd)	1 097.96	6.35	6.35	6.35	6.35	6.35	6.35	1 136.06
O004 (Orange Grove - Bulk)				0.01		821.95	161 003.22	161 825.18
P012 (Perfect Water)	4 277.38	24.73	24.73	24.73	24.73	24.73	24.73	4 425.76
R006 (Rae Bester Incorporated)	78 788.00	455.45	455.45	455.45	455.45	455.45	455.45	81 520.70
S028 (Reineke RE)	-4 476.61					5.64	33.86	-4 437.11
S053 (Sarel Cilliers High)	-1 909.00							-1 909.00
S037 (Shimmer Water)	1 096.66	6.34	6.34	6.34	6.34	6.34	6.34	1 134.70
S027 (Siltech Technologies (Pty) Ltd)							8 463.77	8 463.77
S056 (Siziqalele Construction)							-1 439.80	-1 439.80
W001 (Snips Voëlpark CC)							4 293.88	4 293.88
S038 (South 32 Coal Holdings (Roypoint Mine))	12 076.92	69.81	69.81	69.81	69.81	69.81	69.81	12 495.78
S045 (Sphe Noxolo Trading & Projects)	2 117.26	12.24	12.24	12.24	12.24	12.24	12.24	2 190.70
S042 (Sterkstroom Farm)	1 135.29	6.56	6.56	6.56	6.56	6.56	6.56	1 174.65
S029 (Surtie A)						2 428.69	612.78	3 041.47
T009 (Terraflow Solutions)	1 118.98	6.47	6.47	6.47	6.47	6.47	6.47	1 157.80
T015 (TKZ Blocks & Building Works)	9 142.48	52.85	52.85	52.85	52.85	52.85	52.85	9 459.58
T010 (Tradex Trading)	4 223.24	24.41	24.41	24.41	24.41	24.41	24.41	4 369.70
T012 (Triple C Feedlot (Pty) Ltd)							33.81	33.81
U008 (Umzinyathi District - WSA)	114 897 008.11	3 476 102.21	3 444 784.66	3 683 935.78	3 456 425.54	3 598 997.11	3 395 581.96	135 952 835.37
U001 (Umzinyathi District Municipality - MIGS)	348 950.75	2 017.18	2 017.18	2 017.18	2 017.18	2 017.18	2 017.18	361 053.83
U011 (Umzinyathi District Municipality_Reticulation)	210 800.67	1 218.58	1 218.58	1 218.58	1 218.58	1 218.58	1 218.58	218 112.15
N023 (Uthando Boran & Nguni Stud (Pty) Ltd)	601.81		1 069.38	2 434.32	1 471.90	1 438.46	1 385.41	8 401.28
V006 (Valotech 48)	984.80	5.69	5.69	5.69	5.69	5.69	5.69	1 018.94
M075 (Vezimanzi Construction & Projects)							-3 059.00	-3 059.00
W002 (Watson JD)	-309.49							-309.49
R009 (WPR Boerdery (Pty) Ltd)			3.95		322.88	2 994.25	664.93	3 986.01
Y001 (Yazi Nr Trading Enterprise)							-1 440.00	-1 440.00
U012 (Zinyathi Lodge)	38 304.12					6 611.54	1 721.48	46 637.14
	180 Days	**150 Days**	**120 Days**	**90 Days**	**60 Days**	**30 Days**	**Current**	**Balance**
Totals:	**335 073 794.58**	**7 686 496.51**	**19 835 652.20**	**22 003 644.73**	**10 196 356.38**	**7 304 897.25**	**15 187 540.05**	**417 288 381.70**
% of Balance:	80.30	1.84	4.75	5.27	2.44	1.75	3.64	

ACCOUNTS RECEIVABLE

The total debtors outstanding at 31 December 2023 is R 417.3 million of which R 362.5 million [86.89%] of this is debt owing for 120 days and more.

The composition of the outstanding debt is as follows:

WSA bulk and shortfall debtors – R 415.5 million, 99.6%.

WSA project and other debtors – R 1.3 million, 0.3%

Other debtors – R 482 411, 0.1%

Although provision for debt impairment of about R 110 million is made, this debt will not necessarily be written off. Attempts will continue to collect the debt until it is not feasible to recover.

Newcastle LM

The entity has billed R98.4 million for water consumption in the 2023/24 FY and has received payments amounting to R87 million.

The municipality had committed to pay its historical debt starting from July 2023 to November 2027, starting with R3 million per month and increasing with R500 000 after every six months, but it has not happened.

The total amount outstanding as at 31 September 2023 is **R232, 9 million**, with capital portion being R209 million and interest of R23,9 million. The debt has increased by R18,9 million from R214 million as at 30 June 2023.

Newcastle Municipality

Invoices	FY23	NEWCASTLE MUN			
DATE	INV NO.	MONTH	AMOUNT incl	Interest	Total
2022/07/01	INV00002686	Jul-22	16 114 234.76	994 571.67	17 108 806.43
2022/08/01	INV00002709	Aug-22	15 159 385.91	988 135.42	16 147 521.33
2022/09/01	INV00002725	Sep-22	14 208 722.40		14 208 722.40
2022/09/30	CRN0091	Aug-22	-15 159 385.91		-15 159 385.91
2022/09/30	INV00002726	Aug-22	15 091 558.68		15 091 558.68
2022/09/30	CRN0090	Sep-22	-14 208 722.40		-14 208 722.40
2022/09/30	INV00002728	Sep-22	14 145 148.70	981 674.87	15 126 823.57
2022/10/01	INV00002759	Oct-22	15 668 863.85	990 543.72	16 659 407.57
2022/11/01	INV00002782	Nov-22	15 142 180.99	987 188.82	16 129 369.81
2022/12/01	INV00002798	Dec-22	15 201 712.86	1 084 021.65	16 285 734.51
2023/01/02	INV00002814	Jan-23	15 128 952.25	1 035 784.20	16 164 736.45
2023/02/01	INV00002829	Feb-23	15 319 865.70	1 084 690.00	16 404 555.70
2023/03/01	INV00002834	Mar-23	16 025 850.42	1 057 063.91	17 082 914.33
2023/04/03	INV00002864	Apr-23	14 001 802.40	1 057 063.91	15 058 866.31
2023/05/01	INV00002872	May-23	16 127 381.62	1 082 007.24	17 209 388.86
2023/06/01	INV00002873	Jun-23	15 154 222.46	1 162 441.93	16 316 664.39
			183 121 774.69	**12 505 187.34**	**195 626 962.03**

Payments	FY23
15/07/2022	12 728 100.07
15/08/2022	16 169 807.48
15/09/2022	15 159 385.91
14/10/2022	14 208 722.40
15/11/2022	15 668 863.85
13/01/2023	7 500 000.00
25/01/2023	15 201 712.86
17/02/2023	7 642 180.99
15/03/2023	20 362 849.78
16/05/2023	10 085 968.16
15/06/2023	3 500 000.00
	138 227 591.50

Invoices	FY24	NEWCASTLE MUN			
DATE	INV NO.	MONTH	AMOUNT incl	Interest	Total
2023/07/03	INV00002908	Jul-23	16 804 657.15	1 192 077.21	17 996 734.36
2023/08/01	INV00002911	Aug-23	15 359 461.41	1 167 726.98	16 527 188.39
2023/09/01	INV00002921	Sep-23	18 097 673.14	1 195 408.99	19 293 082.13
2023/10/02	INV00002943	Oct-23	17 952 276.86	1 360 072.23	19 312 349.09
2023/11/01	INV00002965	Nov-23	14 672 059.67	1 280 448.94	15 952 508.61
2023/12/01	INV00002974	Dec-23	15 528 522.45	1 280 448.94	16 808 971.39
			98 414 650.68	**7 476 183.29**	**105 890 833.97**
			432 122 828.44	**23 867 556.82**	**455 990 385.26**

Payments	FY24
08/07/2023	5 000 000.00
10/07/2023	5 501 802.40
18/07/2023	16 127 381.62
16/08/2023	2 000 000.00
23/08/2023	2 500 000.00
07/09/2023	2 500 000.00
18/09/2023	2 500 000.00
26/09/2023	2 500 000.00
29/09/2023	3 513 683.87
18/10/2023	2 699 588.50
23/10/2023	2 500 000.00
27/10/2023	5 000 000.00
10/11/2023	2 500 000.00
16/11/2023	2 500 000.00
28/11/2023	7 500 000.00
08/12/2023	7 500 000.00
18/12/2023	14 672 059.67
	87 014 516.06
	339 745 496.81

OUTSTANDING AT 31 December 23

BULK	209 045 237.93
INTEREST	23 867 556.82
	232 912 794.75

uMzinyathi DM

The entity has billed R13.9 million for water consumption in the 2023/24 FY and has received payments amounting to R11 million.

The total amount outstanding as at 31st December 2023 is **R135.95 million,** with capital portion being R 121, 54 million and interest of R14, 42 million. The debt has increased by R 10,05 million from R125, 9 million as at 30th June 2023.

Umzinyathi District Municipality

Invoices	FY23	UMZINYATHI DM			
DATE	INV NO.	MONTH	AMOUNT Incl	Interest	Total
2022/07/31	INV0003174B	Jul-22	2 212 336.19	572 894.58	2 785 230.77
2022/09/30	CRN0095	Jul-22	-2 212 336.19		- 2 212 336.19
2022/08/31	INV0003193B	Aug-22	2 372 283.65	586 986.86	2 959 270.51
2022/09/30	CRN0096	Aug-22	-2 372 283.65		- 2 372 283.65
2022/09/30	INV0002731	Jul-22	2 202 393.11		2 202 393.11
2022/09/30	INV0002732	Aug-22	2 361 621.71		2 361 621.71
2022/09/30	INV0003203B	Sep-22	1 860 088.56	641 426.17	2 501 514.73
2022/10/31	INV0003221B	Oct-22	1 742 639.95	612 222.77	2 354 862.72
2022/11/30	INV0003231B	Nov-22	2 411 150.43	623 323.15	3 034 473.58
2022/12/31	INV0003251B	Dec-22	2 578 143.05	632 311.98	3 210 455.03
2023/01/31	INV0003271B	Jan-23	2 205 898.12	648 734.40	2 854 632.52
2023/02/28	INV0003285B	Feb-23	2 489 386.67	662 785.67	3 152 172.34
2023/03/31	INV0003305B	Mar-23	2 531 059.68	694 765.23	3 225 824.91
2023/04/30	INV0003320B	Apr-23	2 653 174.84	691 580.29	3 344 755.13
2023/05/31	INV0003335B	May-23	2 650 270.98	702 110.79	3 352 381.77
2023/06/30	INV0003349B	Jun-23	3 045 614.37	718 992.65	3 764 607.02
			28 731 441.47	7 788 134.54	36 519 576.01

Payments	FY23
2022/07/13	1 000 000.00
2022/09/16	250 000.00
2022/12/08	1 000 000.00
2023/04/28	500 000.00
2023/05/26	1 000 000.00
	3 750 000.00

Invoices	FY24	UMZINYATHI DM			
DATE	INV NO.	MONTH	AMOUNT Incl	Interest	Total
2023/07/31	INV0003349B	Jul-23	2 750 449.14	725 653.07	3 476 102.21
2023/08/31	INV0003395B	Aug-23	2 714 351.33	730 433.33	3 444 784.66
2023/09/30	INV0003407B	Sep-23	2 952 137.06	731 798.72	3 683 935.78
2023/10/31	INV0003424B	Oct-23	2 715 376.90	741 048.64	3 456 425.54
2023/11/30	INV0003444B	Nov-23	2 847 021.77	751 975.35	3 598 997.12
2023/12/31	INV0003456B	Dec-23	2 638 211.20	757 370.76	3 395 581.96
			13 979 336.20	4 438 279.87	17 660 245.31

Payments	FY24
2023/07/08	1 000 000.00
2023/07/25	1 000 000.00
2023/08/31	2 000 000.00
2023/09/09	1 000 000.00
2023/09/29	1 500 000.00
2023/10/27	1 500 000.00
2023/11/22	1 000 000.00
2023/12/14	2 000 000.00
	11 000 000.00

OUTSTANDING AT 31 December 23

SHORTFALL	64 191 400.54
BULK	57 345 876.69
INTEREST	14 415 558.14
	135 952 835.37

Amajuba DM

The entity has billed R12.95 million in the 2023/24 FY and have received payments amounting to R13.5 million.

The total amount outstanding as at 31st December is R46.58 million, with capital portion being R41.66 million and interest of R4.92 million. The debt has increased by R0.98 million from R45.6 million as at 30 June 2023.

AMAJUBA DISTRICT MUNICIPALITY

Invoices	FY23	AMAJUBA DM			
DATE	INV NO.	MONTH	AMOUNT incl	Interest	Total
2022/07/31	INV0003173B	Jul-22	2 053 120.84	166 143.88	2 219 264.72
2022/08/31	INV0003192B	Aug-22	2 262 426.58	179 221.98	2 441 648.56
2022/09/30	CRN0093	Jul-22	-2 053 120.85		- 2 053 120.85
2022/09/30	INV0002729	Jul-22	2 043 934.62		2 043 934.62
2022/09/30	CRN0094	Aug-22	-2 262 426.58		- 2 262 426.58
2022/09/30	INV0002730	Aug-22	2 252 303.87		2 252 303.87
2022/09/30	INV0003202B	Sep-22	1 568 355.11	230 989.99	1 799 345.10
2022/10/31	INV0003220B	Oct-22	1 814 169.10	203 500.54	2 017 669.64
2022/11/30	INV0003230B	Nov-22	1 981 209.42	215 056.55	2 196 265.97
2022/12/31	INV0003250B	Dec-22	1 866 285.72	227 676.58	2 093 962.30
2023/01/31	INV0003270B	Jan-23	1 932 987.22	228 834.92	2 161 822.14
2023/02/28	INV0003284B	Feb-23	1 873 388.81	241 147.78	2 114 536.59
2023/03/31	INV0003304B	Mar-23	1 902 067.28	243 318.73	2 145 386.01
2023/04/30	INV0003319B	Apr-23	1 883 552.17	233 204.55	2 116 756.72
2023/05/31	INV0003334B	May-23	1 898 423.62	245 202.52	2 143 626.14
2023/06/30	INV0003348B	Jun-23	1 842 463.76	257 295.21	2 099 758.97
			22 859 140.69	2 671 593.23	25 530 733.92

Payments	FY23
2022/07/18	5 804 360.21
2023/01/11	1 684 440.03
2023/03/04	3 434 640.83
2023/04/25	1 587 817.51
	12 511 258.58

Invoices	FY24	AMAJUBA DM			
DATE	INV NO.	MONTH	AMOUNT incl	Interest	Total
2023/07/31	INV0003361B	Jul-23	2 094 750.02	233 063.46	2 327 813.48
2023/08/31	INV0003394B	Aug-23	2 107 146.70	246 406.73	2 353 553.43
2023/09/30	INV0003406B	Sep-23	2 261 615.76	259 828.96	2 521 444.72
2023/10/31	INV0003423B	Oct-23	2 343 571.89	264 244.95	2 607 816.84
2023/11/30	INV0003433B	Nov-23	2 125 574.81	277 262.22	2 402 837.03
2023/12/31	INV0003455B	Dec-23	2 015 996.32	265 632.51	2 281 628.83
			12 948 655.50	1 546 438.83	14 495 094.33

Payments	FY24
2023/07/07	5 646 589.16
2023/10/05	1 568 355.11
2023/11/13	300 000.00
2023/12/09	6 004 435.31
	13 519 379.58

OUTSTANDING AT 31 December 23

SHORTFALL	18 572 272.66
BULK	23 092 049.47
INTEREST	4 916 909.73
	46 581 231.86

ACCOUNTS PAYABLE

Creditors are normally paid within 30 days as stipulated by the MFMA, except where there are disputes with the creditor. Lately, creditors are being paid after 30 days due to cashflow challenges.

The total outstanding trade creditors amounts to R500 million, of which R486.19 million (97.20%) is outstanding for over 120 days. **The major unpaid creditor is the Department of Water and Sanitation, in respect of bulk raw water purchases amounting to R490.75 million (98.20%).**

The entity has not been able to pay DWS due to cash flow issues. When the entity starts to receive payment towards arrear debt from Newcastle, the entity will start to pay DWS monthly.

Accounts Payable Age Analysis
uThukela Water (Pty) Ltd

Report Date: 2023/12/31

Supplier	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
A007 (AFRICAN OXYGEN)						7 159.82	7 309.82	14 469.64
A023 (AI EQ SYSTEMS)						198 720.00		198 720.00
O009 (AUDITOR GENERAL SOUTH AFRICA)						324 480.51		324 480.51
E008 (BACLAN ENERGY)				17 957.82				17 957.82
C001 (CARDE PROPERTIES (PTY)LTD)							183 608.10	183 608.10
C067 (CCG SYSTEMS)					2 125.00			2 125.00
N005 (CTP)					4 857.60			4 857.60
D080 (DEDICATED ANALYTICAL SOLUTIONS)							157 898.34	157 898.34
E007 (ESKOM HOLDINGS)	234 051.12	94 601.04	5 408.08	75 167.33	94 432.36	-56 753.87	4 832 129.42	5 279 035.48
F028 (FORE C ELECTRICAL)				1 600.50				1 600.50
F034 (FST TECHNICAL SERVICES)						103 350.86		103 350.86
I038 (IDEXX LABORATORIES)							82 695.47	82 695.47
I040 (IMPROCHEM)						435 813.20	741 156.60	1 176 969.80
I037 (ITEC TIYENDE)						6 330.59		6 330.59
K001 (KANTECH SERVICES)						67 218.52		67 218.52
K012 (KONKE PROJECTS AND CREATIONS)					2 625.00	3 000.00	1 875.00	7 500.00
L007 (LABCARE SUPPLIES)				22 252.50	3 427.00	56 129.20		81 808.70
M091 (METSI CHEM INTERNATIONAL)						362 077.50		362 077.50
N083 (N AND Z INSTRUMENTATION AND CONTROL)						221 950.00		221 950.00
N015 (NDULAMISO AQUA SOLUTIONS)							260 944.20	260 944.20
N084 (NEWCASTLE HOISTS AND ENGINEERING SERVICES (SA))						8 027.00		8 027.00
P013 (PEARLY DAWN TRADING)							61 534.00	61 534.00
P051 (PRESTIGE LABORATORY SUPPLIES)						22 942.50		22 942.50
S080 (PROMOLAB)						20 470.00		20 470.00
S129 (SANDMAN SIZAZONKE)						1 483.50		1 483.50
S106 (SHABIR GOGA)	46 000.00	86 221.25	51 462.50					183 683.75
S013 (SIZOWAKHA SECURITY AND CLEANING SERVICES)						246 675.00		246 675.00
S102 (SNAKHO PROJECTS)						4 990.00	18 370.00	23 360.00
S021 (SUPER RENT)							20 734.50	20 734.50
T019 (Telkom SA SOC Ltd)						10 769.92	-11 448.92	-679.00
T003 (TIMES 3 TECHNOLOGIES)	57 321.75							57 321.75
G036 (TOP TYRE FITMENT CENTER)						200.00		200.00
U006 (UMBONOWETHU CONSTRUCTION AND PROJECTS)							15 819.98	15 819.98
U001 (UMFAZI SAFETY)						6 445.17		6 445.17
U023 (UNIVERSAL WATER SOLUTIONS)						4 248.59		4 248.59
V022 (VANGARD PROJECTS)						24 207.50		24 207.50
W025 (W I WATSONS GARAGE)							1 105.04	1 105.04
W008 (W J COETZEE ELECTRICAL AND MECHANICAL MAINTENANCE)						21 811.40		21 811.40
D014 (Water and Sanitation - National)	479 880 198.06	3 028 588.54	2 702 742.51	3 084 038.44	2 461 759.26	-545 974.85	134 224.29	490 745 576.25
Y003 (YURETEK BUSINESS MACHINES)				39 549.36				39 549.36
	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
Totals:	480 217 570.93	3 209 410.83	2 759 613.09	3 240 565.95	2 569 226.22	1 555 772.06	6 507 955.84	500 060 114.92
% of Balance:	96.03	0.64	0.55	0.65	0.51	0.31	1.30	

INVESTMENT PORTFOLIO

The entity's Investment Portfolio of R 11 010 609 as at the close of the accounting period reflects as follows:

ABSA Bank	:	R 2 427
Standard Bank	:	R 11 008 182

These are not investments in the true sense of the word, but money held on a call account for daily use.

Cash and cash equivalents as at 31 December 2023

Bank	01-Dec-23	Transfers	Interest	31-Dec-23
Absa Call	2 416.97	-	10.43	2 427.40
Standard Bank Call	5 770.22	11 000 000.00	2 412.22	11 008 182.44
Standard Bank 32-Day Notice	-	-	-	-
	8 187.19	**11 000 000.00**	**2 422.65**	**11 010 609.84**

1. FY2023-2024 PROCUREMENT PLAN

FY2023-2024 PROCUREMENT PLAN

Account	Account Name	Description of goods / services / Infrastructure project	Estimated value (including all applicable taxes)	Envisaged date of advertisement in the website, newspapers or other media	Envisaged closing date of bid	Envisaged date of award	Responsible office
O2579-4/IE00651/F0932/X148/R5236/001	KZN252_UTWSDBIP_NGA_Mechanical Equipment/Maintenance of Unspecified Assets	Ngagane Main Pump Station Blower	250 000.00	Jul-23	Aug-23	Sep-23	Maintenance
O2576-1/IE00634/F0932/X148/R5236/001	KZN293_UTWSDBIP_NGA_Electrical Equipment/Electrical	Ngagane WPP Substaton breakers 11 Kv	650 000.00	Aug-23	Sep-23	Oct-23	Maintenance
O2576-2/IE00634/F0932/X148/R0399/001	KZN293_UTWSDBIP_BIG_Electrical Equipment/Electrical	Tayside High Lift PS Panels, electrical protection	500 000.00	Aug-23	Sep-23	Oct-23	Maintenance
O2576-1/IE00634/F0932/X148/R5236/001	KZN293_UTWSDBIP_NGA_Electrical Equipment/Electrical	Ngagane WPP, servicing of switch gear	400 000.00	Oct-23	Nov-23	Dec-23	Maintenance
O2579-4/IE00651/F0932/X148/R5236/001	KZN252_UTWSDBIP_NGA_Mechanical Equipment/Maintenance of Unspecified Assets	Ngagane WPP PS, B1 pump 585Kw electrical motor	1 200 000.00	Oct-23	Nov-23	Dec-23	Maintenance
O2579-4/IE00651/F0932/X148/R5236/001	KZN252_UTWSDBIP_NGA_Mechanical Equipment/Maintenance of Unspecified Assets	Mechanical equipment, pumps and valves repair	300 000.00	Oct-23	Nov-23	Dec-23	Maintenance
O2579-4/IE00651/F0932/X148/R5236/001	KZN252_UTWSDBIP_NGA_Mechanical Equipment/Maintenance of Unspecified Assets	Mechanical equipment, pumps and valves repair	300 000.00	Mar-24	Apr-24	May-24	Maintenance
O1548-5/IE00650/F0932/X148/R5236/001	KZN293_UTWSDBIP_LAB_Furniture and Office Equipment/Maintenance of Equipment	Supply and delivery of Autotitrator or Discrete Analyser	900 000.00	Jan-23	Feb-24	Marh-24	Laboratory
C0144-2/IA06473/F0002/X049TR5236/001/NGA	PPE:Acquisition> NGA	Supply and Delivery of Vehicle x 2	1 018 894.25	Transversal Contract			
C0144-2/IA06496/F0002/X049TR0399T001/BIGG	PPE:Acquisition> BIGG	Supply and Delivery of Vehicle x 2	1 018 894.25				
C0068-2/IA06193/F0002TX049/R5236/001/STR	PPE:Acquisition> STR	Supply and Delivey of Vehicle x 1	400 000.00	Jul-23	23-Aug	23-Aug	Strategy
C0068-1/IA06193TF0002/X049/R5236/001/ICT	PPE:Acquiistion > ICT	Capital - Desktop PCs (including monitors) and Laptops	550 000.00	Aug-23	23-Aug	September	Information Tech
CO292-3/IA05101/F0002/X049TR5236/001/1CT	INTAN: Acquisition > ICT	Capital - Software (To be confirmed by Mr Khoza)	200 000.00	Jul-23	August	September	Information Tech
CO292-3/IA05101/F0002/X049TR5236/001/1CT	INTAN: Acquisition > ICT	OPEX - Sage Evolution ERP Licence	400 000.00	23-Jul-23	23-Jul	July	Information Tech
O0001/IE00008/F0932/X045/R5236/001	Municipal Running Cost/Legal Advice and Litigation	Panel for Legal Services for 36 months	262 902	01-Aug-23	01-Sep	Oct-23	Strategy
O0001/IE00685/F0932/X045/R5236/001/STR	Municipal Running Cost/Internal Auditors	Panel for Internal Audit Services and Forensic	565 703.00	01-Jul-23	01-Aug	Oct-23	Strategy
O0001/IE00830/F0932/X049/R5236/001/FIN	Municipal Running Cost/Accounting and Auditing	Re-Evalution of Assets	200 000.00	01-Oct-23	01-Nov	Dec-23	Finance
O1336-1/IE00843/F0932/X045/R5236/001/STR	KZN252_UTWSDBIP_STRAT_Administrative Strategy and Planning/Organisational	Transational Advisory	850 000.00	01-Jul-23	01-Aug	Sep-23	Strategy
			9 966 393.50				

2. Contract Management

***Section 116 (2) (d) of MFMA** states that the accounting officer of a municipality or municipal entity must –*

regularly report to the council of the municipality or board of the municipal entity, as may be appropriate, on the management of contracts or agreements and the performance of contractors.

CONTRACT REGISTER UTHUKELA WATER (PTY) LTD

NO.	APPOINTED BIDDER	DESCRIPTION OF GOODS/SERVICES/PROJECTS	MAXIMUM SCORE	Perfomance Scoring JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1	Aon	Provision of Short Term Insurance Services	100						
1	Ndulamiso	Supply and Delivery of Chemicals	100	81.00	86.00	81.00	81.00	81.00	81.00
2	Metsi Chemicals	Supply and Delivery of Chemicals	100	86.00	86.00	86.00	86.00	86.00	86.00
3	Aiem Chemicals	Supply and Delivery of Chemicals	100	N/A	N/A				
1	Konke Projects	Provision of Cleaning Services	30	28.00	28.00	28.00			
2	Zengeziwe	Provision of Laundry Services	30						
1	Sizowakha Security	Provision of Secuirty Servcies	100	78.00					
2	Chemifeed	Chlorine Dosing System	100	78.00					
3	Pearly Dawn	Supply and Delivery of Fuel	100						
4	Mpume Laundry	Provision of Cleaning Service s	30				21.00	21.00	22.00
5	Konke Projects	Provision of Launry Services	30				26.00	26.00	28.00
6	Improchem	Supply and Delivery of Chemicals (Polymers)	100				88	88	87
7	Ka Maphatha Consulting	Supply and Delivery of PPE	100						
8	Maluka Integrated Bussiness Solution	Supply and Delivery of PPE	100						
9	Clean Spot Solution	Supply and Delivery of PPE	100						
10	Umfazi Safety	Supply and Delivery of PPE	100						

3. Tender Register

	Tender Number	Tender Description	Publication Date	Closing Date	Status
1	STRT2024-BID-001	Transactional Advisory Services	26/07/2023	28/08/2023	Awarded
2	STRT2024-BID-003	Panel of Legal Services	20/10/2023	24/11/2023	Evaluation
5	OPS2024-BID-005	Panel of Engineering Consultants	12/01/2024	16/02/2024	Advertised
6	OPS2024-BID-006	Supply , Installatin and Commissioning ofMVA5 Transfomers	12/01/2024	16/02/2024	Advertised
7	IT2024-*BID-007	Supply and Delivery of Dell Desktops	19/01/2024	01/02/2024	To be advertised
9	OPS2024-BID-009	Supply , Installatin and Commissioning of 585KW ,3300V Electrical Motor	12/01/2024	16/02/2024	Advertised

4. Transversal Contract

UTW Paticipation date	Transversal Contract	Description	Department	Service Provider	Current Year Payments/orders
2021/03/01	TR3-2018	Automative Solution - Printers	ICT - Plants	Konica Minolta	-
2022/01/18	RT5-2020	Courier Services	All Department	Madibana	-
2022/09/11	RT15-2021	Mobile Communciation	ICT	Vodacom	294 540.30
2023/07/01	RT50-2023	Industrial Gases	Operation	Afrox	27 136.66
2023/07/01	RT27-2022	Supply and delivery of Vehicles to the state	All	UTWPO13823 and UTW	1 196 051.98

5. Formal quotes

Date Required	RFQ Number	Description	Closing Date	No of Quotes received
2023/08/04	FIN2024-NK-013	Case water license	14/08/2023	2
2023/09/01	FIN2024-NK-029	Investigation of Irregular and Fruitless Expenditure	13/09/2023	22
2023/08/28	HR2024-MS-018	Occupational medicine practitioner Services	05/09/2023	3
27/07/2023	IT2023-OS-009	GIS License	07/08/2023	1
2023/07/18	IT2024-OS-002	Supply and Delivery of Symantec Broadcom Endpoint	25/07/2023	17
2023/07/27	IT2024-OS-004	Mitel License for 12 months	02/08/2023	1
2023/07/27	IT2024-OS-005	Supply and Delivery of Dell Sonicwall NSA	02/08/2023	8
2023/10/30	IT2024-OS-044	Office 365	07/11/2023	4
2023/07/13	OPS2023-HH-001	Panel of Laboratory Suppliers	13/07/2023	1
2023/09/05	OPS2024-CD-030	Wendy Houses	14/09/2023	13
2023/09/06	OPS2024-CD-031	Car Hire Services	14/09/2023	3
2023/07/21	OPS2024-HH-003	Panel of Laboratory Suppliers	28/07/2023	0
2023/08/04	OPS2024-HH-012	Laboratory chemical suppliers	14/08/2023	8
2023/08/11	OPS2024-HH-015	Laborator Supplies	18/08/2023	
2023/08/11	OPS2024-HH-016	HACH Standard Solutions	18/08/2023	3
2023/08/11	OPS2024-HH-017	Chemicals Consumables	18/08/2023	6
2023/08/28	OPS2024-HH-019	Raw water and Potable water Samples	05/09/2023	5
2023/08/28	OPS2024-HH-020	Raw water and Potable water Samples	05/09/2023	6
2023/08/28	OPS2024-HH-021	Upper Mphathi Dam site	05/09/2023	8
2023/08/31	OPS2024-HH-024	Lab Laundry services	08/09/2023	1
2023/08/31	OPS2024-HH-025	Cleaning Services	08/09/2023	2
2023/08/31	OPS2024-HH-026	LIMS Services Provider	08/09/2023	2
2023/09/29	OPS2024-HH-037	Supply, commissioning and training on multiparameter a	06/10/2023	5
2023/09/29	OPS2024-HH-038	Turbidity and Ph meters	06/10/2024	4
2023/09/29	OPS2024-HH-039	Asbestors Biggarsberg	06/10/2023	1
2023/09/29	OPS2024-HH-040	Asbestors Contractor Ngagane	06/10/2023	0
2023/08/08	OPS2024-SN-011	Occupational Hygiene assessment	14/08/2023	0
2023/09/07	OPS2024-SN-033	Health and Safety	15/09/2023	4
2023/09/07	OPS2024-SN-034	Occupational Health and Safety Audit Service	15/09/2023	5
2023/07/27	OPS2024-WS-006	GRP PIPE	07/08/2023	6
2023/07/27	OPS2024-WS-007	VJ Couplings	07/08/2023	11
2023/07/31	OPS2024-WS-008	UPVC Pipes	07/08/2023	11
27/07/2023	OPS2024-WS-010	Blower	07/08/2023	9
2023/08/10	OPS2024-WS-014	Tayside Cathodic	18/08/2023	4
2023/08/28	OPS2024-WS-022	Pump for the indian Village pump station	05/09/2023	4
2023/08/31	OPS2024-WS-023	Poly dosing pumps	05/09/2023	5
2023/09/01	OPS2024-WS-027	To repair the car port	13/09/2023	4
2023/09/01	OPS2024-WS-028	Floor repair Verdruk	13/09/2023	4
2023/09/06	OPS2024-WS-032	Circuit Breaker	15/09/2023	
2023/09/26	OPS2024-WS-035	Ntshingwayo raw water concrete pipeline	03/10/2023	3
2023/09/26	OPS2024-WS-036	Installation and Commissioning of air- conditioners	03/10/2023	4
2023/10/12	OPS2024-WS-041	Skerkstroom pipeline	27/10/2023	2
2023/10/12	OPS2024-WS-042	Tayside High lift pump	27/10/2023	1
2023/10/24	OPS2024-WS-043	Clencoe pump station	07/11/2023	2

6. Reportable Deviations

***Regulation 36 sub regulation 2 of the MSCR** states that the accounting officer must record the reasons for any deviations in terms of sub regulation (1)(a) and (b) of section 36 and report them to the next meeting of the council or board of directors in case of the municipal entity and include the note to the annual financial statements.*

Deviation Date	Requisition Number	Order Number	Vendor Name	Amount Vat Inc	Reason
2023/07/05	REQ0000010785	UTWPO000013667	Universal Water Solution	13 904.69	Single provider, Authorised distributor, Agent
2023/07/04		UTWPO000013657	Dedicated Analytical Solution	90 400.00	Single provider, Authorised distributor, Agent
				255 436.05	

Section 36 Deviaitons

	Deviation Date	Requisition Number	Order Number	Vendor Name	Amount Vat Inc	Reason
Oct-23	2023/10/23	REQ0000010907	UTWPO000013811	Blue Seal Engineering	77 190.30	Single provider, Authorised distributor, Agent
	2023/10/25	REQ0000010960	UTWPO000013825	Vangard Projects	188 542.50	Single provider, Authorised distributor, Agent
	2023/11/06	REQ0000010961	UTWPO000013834	N&Z Instrumentation	33 292.50	Single provider, Authorised distributor, Agent
	2023/10/25	REQ0000010963	UTWPO000013826	Vangard Projects	24 207.50	Single provider, Authorised distributor, Agent
	2023/11/06	REQ0000010981		Power Development Servcies	27 945.00	Single provider, Authorised distributor, Agent
	2023/10/23	REQ0000010982	UTWPO000013813	NTT Motor Investment	17 611.69	Repairs on NN63278
					368 789.49	

Emegency orders

Deviation Date	Originator & Approver	Emergency Number	Vendor Name	Amount Vat Inc	Description works
2023/07/28	Larochelle /Clever	ECD004530	Lindulwazi Projects	57 259.65	Clearing of septi Tank - overflowing odou
2023/10/19	Wayne/Clever	EWS004178	Fore C Electrical	28 779.46	Strip and repair of electrical motor
2023/11/09	REQ0000010961	EWS007179	WJ Coetzee	38 911.72	Repairs on the electrical transformer at Ngagagane
				124 950.83	

	Deviation Date	Requisition Number	Order Number	Vendor Name	Amount Vat Inc	Reason
Nov-23	2023/11/06	REQ0000010961	UTWPO000013834	N&Z Instruments	33 292.50	Single provider, Authorised distributor, Agent
	2023/11/06	REQ0000010981	UTWPO000013835	Power Develoment Services	27 945.00	Single provider, Authorised distributor, Agent
	2023/11/06	REQ0000011016	UTWPO000013829	Dedicated Analytical Solution	139 986.04	Single provider, Authorised distributor, Agent
	2023/11/06	REQ0000011014	UTWPO000013836	Mazda Motor	14 578.50	Single provider, Authorised distributor, Agent
	2023/11/23	REQ0000011018	UTWPO000013851	Umbono Wethu	7 004.65	Single provider, Authorised distributor, Agent
	2023/11/23	REQ0000011019	UTWPO000013852	Umbono Wethu	8 815.33	Single provider, Authorised distributor, Agent
	2023/11/21	REQ0000011020	UTWPO000013843	Newcastle Hoist	8 027.00	Single provider, Authorised distributor, Agent
	2023/11/03	REQ0000011021	UTWPO000013830	Mortimer Motors	14 578.07	Single provider, Authorised distributor, Agent
					254 227.09	

Section 17 Deviations

Deviation Date	Web Number	Order Number	Vendor Name	Amount Vat Inc	Reason
2023/09/19	OPS2024-HH-024	Direct Invoicing	Konke Projects	7 700.00	12 Month Contract - Less than 3 quotes received NYP
2023/09/19	OPS2024-HH-024	Direct Invoicing	Mpume Laundry	7 400.00	
2023/09/20	OPS2024-HH-026	Direct Invoicing	Mitel License	39 549.36	12 Month Contract - Less than 3 quotes received NYP
2023/12/04	OPS2024-HH-043		Blue Seal	197 167.50	
				251 816.86	

	Deviation Date	Requisition Number	Order Number	Vendor Name	Amount Vat Inc	Reason
Dec-23	2023/12/07	REQ0000010998	UTWPO000013879	Ingerop South Africa	22 029.40	Lowest Preffered Supplier
	2023/12/08	REQ0000011041	UTWPO000011041	Idexx	82 695.47	Single provider, Authorised distributor, Agent
	2023/12/08	REQ0000011043	UTWPO000013871	Universal Water Solution	10 912.23	Single provider, Authorised distributor, Agent
	2023/12/01	REQ0000011050	UTWPO000013858	Blue Seal Eingeering	77 165.00	Strip & Quote
	2023/12/08	REQ0000011055	UTWPO000013872	Universal Water Solution	36 625.04	Single provider, Authorised distributor, Agent
	2023/12/08	REQ0000011067	UTWPO000013873	NTT Motor Investment	33 541.28	Single provider, Authorised distributor, Agent
	2023/12/13	REQ0000011081	UTWPO000013875	Snakho Projects	18 370.00	Single provider, Authorised distributor, Agent
	2023/12/14	REQ0000011091	UTWPO000013882	WI Watsons	1 105.04	Single provider, Authorised distributor, Agent
					282 443.46	

7. Consultants Register

CONTRACT REGISTER UTHUKELA WATER (PTY) LTD							
NO.	CSD SUPPLIER NUMBER	BID/ QUOTATION NUMBER	APPOINTED BIDDER	DESCRIPTION OF GOODS/SERVICES/PROJECTS	CONTRACT PERIOD	CONTRACT VALUE / BUDGET	CURRENT PAYMENT
1	MAAA0090550	FIN2023-BID-013	Bonakude Consulting	Preparations of AFS	n/a	323 750.00	323 750.00
2	MAAA1373266	STR2024-BID-001	Equity Plus Market	Transaction advisory	3 Years	1035 000.00	460 000.00
3	MAAA0109217	STR2023 - BID -011	MNB Charterted Accounta	Provision of Internal Audit Services	3 Years		
4	MAAA0583778	STR2023 - BID -011	Chavani Risk Advisory	Provision of Internal Audit Services	3 Years		
5	MAAA1022613	STR2023 - BID -011	Manuse Holdings	Provision of Internal Audit Services	3 Years		
6	MAAA0015907	STR2023 - BID -011	Shumba	Provision of Internal Audit Services	3 Years		
7	MAAA0034067	STR2023 - BID -011	Mntambo Financial Consu	Provision of Internal Audit Services	3 Years		

-end-

uthukela water

DEPARTMENT: FINANCE

BOARD SUBMISSION

TO	:	**THE BOARD**
AUTHOR	:	**ACTING CFO – KHUMALO BN**
DATE	:	**15 JANUARY 2024**
SUBJECT	:	**ADJUSTMENT BUDGET 2023/2024**

ROUTINE AUTHORITY

The adjustment budget report is submitted to the Board since it has authority to deal with this matter.

PURPOSE

The purpose of this submission is for the Board to consider the 2023/2024 Adjustment Budget.

BACKGROUND TO THE MATTER

The board has approved the entity`s budget for the 2023/2024 financial year, with projections of the entity`s revenue and expenditure for the year. However, as at mid-year (31 December 2023), the entity had not realized the projected revenue, and thus affecting the expenditure, causing variances between the budget amounts and the actuals.

It is against this background that management now seeks the approval of the board to have the original budget adjusted in order to align to the remainder of the year with the mid-year revenue and expenditure patterns.

Board Members: Dr AS Mokoena (Chairperson). Mr T.J. Mphela. Mr P.M. Ngcobo. Mr .M.E. Mpungose
uThukela Water (Pty) Ltd · Reg. No. 2003/029916/07 · Shareholders: Amajuba, Newcastle, and uMzinyathi Municipalities

Budget 2023/2024

Account	Account Name	Old Vote Number	Board Approved Budget 2023/2024	Adjustments	Adjusted Current 2023/2024 Budget	Actual Revenue Expenditure to date (31-Dec)	Forecast for 6 Months	Projected for 2024	Adjustments Required	Adjusted 2023/2024 Budget
Revenue			Total							
	Newcastle LM		163,509,222	-	163,509,222					163,509,222
D0001/IR01137/F0932/X148/R5236/001/	Umzinyathi DM		26,965,138	-	26,965,138	124,179,627	92,705,225	216,884,852	-	26,965,138
	Amajuba DM		25,909,431	-	25,909,431					25,909,431
	Consumers		501,061	-	501,061					501,061
D0001/IR01059/F0932/X049/R5236/001/	Interest earned external investments		125,265	-	125,265	98,648	26,618	125,265	-	125,265
D0001/IR01449/F0045/X148/R5236/001/FIN	Other Revenue		54,706	0	54,706	21,254	33,452	54,706	0	54,706
Total Revenue	**Total Revenue**		**217,064,823**	**0**	**217,064,823**	**124,299,528**	**92,765,295**	**217,064,823**	**0**	**217,064,823**

	Expenditure Budget		Board Approved Budget 2023/2024	Adjustments	Adjusted Current 2023/2024 Budget					
	Employee related costs		**71,653,168**	**-**	**71,653,168**	**32,911,028**	**38,742,140**	**71,653,168**	**-**	**71,653,168**
O0001/IE00036/F0932/X051/R5236/001	Municipal Running Cost/Basic Salary and Wages	2400 - Basic salaries	47,342,388	-	47,342,388	20,682,869	26,659,520	47,342,388	-	47,342,388
O0001/IE00044/F0932/X051/R5236/001	Municipal Running Cost/Pension	2402 - Pension fund contributions	7,887,567	-	7,887,567	3,335,913	4,551,654	7,887,567	-	7,887,567
O0001/IE00043/F0932/X051/R5236/001	Municipal Running Cost/Medical	2403 - Medical aid contributions	2,102,443	-	2,102,443	1,212,620	889,823	2,102,443	-	2,102,443
O0001/IE00126/F0932/X051/R5236/001	Municipal Running Cost/Travel or Motor Vehicle	2404 - Travel or Motor vehicle	1,347,540	-	1,347,540	493,770	853,770	1,347,540	-	1,347,540
O0001/IE01521/F0932/X051/R5236/001	Municipal Running Cost/Housing Benefits	2405 - Housing allownaces	162,433	-	162,433	83,101	79,332	162,433	-	162,433
O0001/IE01523/F0932/X051/R5236/001	Municipal Running Cost/Rental Subsidy	24052 - Rental Subsidy	123,120	-	123,120	47,340	75,780	123,120	-	123,120
O0001/IE03971/F0932/X051/R5236/001	Municipal Running Cost/Structured	2406 - Overtime & Stand-by	1,969,620	-	1,969,620	1,372,585	597,035	1,969,620	-	1,969,620
O0001/IE01535/F0932/X051/R5236/001	Municipal Running Cost/Standby Allowance	24062 - Stand-by	1,664,081	-	1,664,081	966,029	698,052	1,664,081	-	1,664,081
O0001/IE01526/F0932/X051/R5236/001	Municipal Running Cost/Bonus	2407 - Bonus	5,272,868	-	5,272,868	2,709,334	2,563,534	5,272,868	-	5,272,868
O0001/IE03968/F0932/X051/R5236/001	Municipal Running Cost/Night Shift	2408 - Night shift allowance	507,024	-	507,024	260,849	246,175	507,024	-	507,024
O0001/IE01525/F0932/X051/R5236/001	Municipal Running Cost/Acting and Post Related Allowances	2410 - Acting Allowance	471,512	-	471,512	534,624	-63,111	471,512	-	471,512
O0001/IE00125/F0932/X051/R5236/001	Municipal Running Cost/Non-pensionable	2412 - Non Pensionable Allowance	230,063	-	230,063	84,928	145,135	230,063	-	230,063
O0001/IE01533/F0932/X051/R5236/001	Municipal Running Cost/Long Service Award	2416 - Long Service	165,087	-	165,087	189,877	-24,790	165,087	-	165,087
O0001/IE00045/F0932/X051/R5236/001	Municipal Running Cost/Unemployment Insurance	2413 - UIF	193,114	-	193,114	91,373	101,741	193,114	-	193,114
O0001/IE00040/F0932/X051/R5236/001	Municipal Running Cost/Bargaining Council	2414 - Bargaining Council	12,571	-	12,571	5,895	6,676	12,571	-	12,571
O0001/IE01530/F0932/X051/R5236/001	Municipal Running Cost/Leave Pay	3202 - Leave pay 3155??	1,218,309	-	1,218,309	609,155	609,155	1,218,309	-	1,218,309
O0001/IE00119/F0932/X051/R5236/001	Municipal Running Cost/Accommodation, Travel and Incidental	3153 - Subsistence and transport costs	354,964	-	354,964	75,593	279,371	354,964	-	354,964
O0001/IE00042/F0932/X051/R5236/001	Municipal Running Cost/Group Life Insurance	2415 - Group Life	628,462	-	628,462	155,175	473,287	628,462	-	628,462
	Depreciation and asset impairment		**2,062,748**	**-**	**2,062,748**	**1,031,374**	**1,031,374**	**2,062,748**	**-**	**2,062,748**
O0001/IE00711/F0932/X046/R5236/001	Municipal Running Cost/Furniture and Office Equipment	2002 - Provision for asset impairment	2,062,748	-	2,062,748	1,031,374	1,031,374	2,062,748	-	2,062,748
	Operating Leases		**1,801,773**	**-**	**1,801,773**	**963,848**	**837,925**	**1,801,773**	**-**	**1,801,773**
O0001/IE00546/F0001/X045/R5236/001	Municipal Running Cost/Other Assets	3001 - Rental of plant, machines, equipment and vehicles	1,718,013	-	1,718,013	947,154	770,859	1,718,013	-	1,718,013
O0001/IE00538/F0932/X052/R5236/001	Municipal Running Cost/Other Assets	3001 - Rental of plant, machines, equipment and vehicles	83,760	-	83,760	16,694	67,066	83,760	-	83,760
	Bulk purchases		**29,647,253**	**-460,000**	**29,187,253**	**4,802,632**	**24,384,621**	**29,187,253**	**-460,000**	**29,187,253**
O0001/IE00535/F0932/X146/R0056/001	Municipal Running Cost/Water	2100 - Water bulk purchases	29,647,253	-460,000	29,187,253	4,802,632	24,384,621	29,187,253	-460,000	29,187,253
	Materials & Supplies		**10,116,933**	**-480,000**	**9,636,933**	**6,405,969**	**3,230,964**	**9,636,933**	**-480,000**	**9,636,933**
O0001/IE00534/F0932/X148/R0399/001	Municipal Running Cost/Materials and Supplies	2200 - Materials & Supplies	9,448,077	-480,000	8,968,077	5,209,781	3,758,296	8,968,077	-480,000	8,968,077
O0001/IE00738/F0932/X045/R5236/001	Municipal Running Cost/Standard Rated	2201 - Consumables and stores	668,856	-	668,856	1,196,188	-527,332	668,856	-	668,856
	Contracted services		**14,260,382**	**480,000**	**14,740,381**	**3,891,662**	**10,848,720**	**14,740,381**	**480,000**	**14,740,381**
O1551-1/IE00651/F0932/X148/R5236/001	KZN252_UTWSDBIP_NGA_Transport Assets/Maintenance of Unsp	3129 - Maintenance of motor vehicles and trailers	260,115	-	260,115	318,735	-58,620	260,115	-	260,115
O1551-2/IE00651/F0932/X148/R0399/001	KZN293_UTWSDBIP_BIG_Transport Assets/Maintenance of Unspe	3129 - Maintenance of motor vehicles and trailers	129,834	-	129,834	133,486	-3,652	129,834	-	129,834
O0005-1/IE00005/F0932/X148/R5236/001	KZN293_UTWSDBIP_LAB_Drinking Water Quality/Water	3158 - Water and sanitation test analyses	618,147	480,000	1,098,147	680,385	417,762	1,098,147	480,000	1,098,147
O0001/IE00723/F0001/X148/R5236/001	Municipal Running Cost/Transport Assets		10,029	-	10,029	-	10,029	10,029	-	10,029
O0001/IE00649/F0932/X045/R5236/001	Municipal Running Cost/Maintenance of Buildings and Facilities	3128 - Maintenance of buildings and fixtures	83,573	-	83,573	-	83,573	83,573	-	83,573
O1336-1/IE00843/F0932/X045/R5236/001/STR	KZN252_UTWSDBIP_STRAT_Administrative Strategy and Planning	3138 - Professional fees and consultant costs	850,117	-	850,117	418,726	431,390	850,117	-	850,117
O0001/IE00830/F0932/X049/R5236/001/FIN	Municipal Running Cost/Accounting and Auditing		24,330	-	24,330	-	24,330	24,330	-	24,330
O0001/IE00663/F0932/X148/R0399/001	Municipal Running Cost/Safeguard and Security	3144 - Safety and security	2,574,000	-0	2,574,000	1,074,758	1,499,241	2,574,000	-0	2,574,000
O0001/IE00698/F0932/X073/R5236/001	Municipal Running Cost/Security Services	3144 - Safety and security	90,759	-	90,759	1,174	89,585	90,759	-	90,759
O0001/IE00685/F0932/X045/R5236/001/STR	Municipal Running Cost/Internal Auditors		565,703	-	565,703	119,725	445,978	565,703	-	565,703
O0001/IE00842/F0932/X099/R5236/001	Municipal Running Cost/Occupational Health & Safety		71,159	-	71,159	580	70,579	71,159	-	71,159

Budget 2023/2024

			Board Aprroved Budget 2023/2024	Adjustments	Adjusted Current 2023/2024 Budget	31-Dec Actual Revenue Expenditure to date	Forecast for 6 Months	Projected for 2024	Adjustments Required	Adjusted 2023/2024 Budget
O0001/IE00650/F0932/X052/R5236/001	Municipal Running Cost/Maintenance of Equipment	3116 - Maintenance of computer equipment and network	72,154	-	72,154	24,092	48,062	72,154	-	72,154
O1293-1/IE00632/F0932/X148/R0399/001	KZN252_UTWSDBIP_BIG_Special Events and Functions/Catering S	3102 - Board meeting and function costs	5,561	-	5,561	-	5,561	5,561	-	5,561
O0001/IE00635/F0932/X101/R5236/001	Municipal Running Cost/Employee Wellness	NEW _ Employee Wellness	77,768	-	77,768	46,678	31,091	77,768	-	77,768
O1293-3/IE00677/F0932/X148/R5236/001	KZN252_UTWSDBIP_LAB_Special Events and Functions/Catering S	3102 - Board meeting and function costs	7,901	-	7,901	-	7,901	7,901	-	7,901
O1293-2/IE00632/F0932/X148/R5236/001	KZN252_UTWSDBIP_NGA_Special Events and Functions/Catering	New	13,903	-	13,903	919	12,984	13,903	-	13,903
O0001/IE00677/F0932/X045/R5236/001	Municipal Running Cost/Catering Services	3102 - Board meeting and function costs	51,396	-	51,396	47	51,349	51,396	-	51,396
O0001/IE00008/F0932/X045/R5236/001	Municipal Running Cost/Legal Advice and Litigation	3112 - Legal expenses	262,902	-	262,902	3,521	259,380	262,902	-	262,902
O0001/IE00833/F0932/X051/R5236/001	Municipal Running Cost/Audit Committee		147,681	-	147,681	-	147,681	147,681	-	147,681
O1416-1/IE00080/F0932/X101/R5236/001	KZN293_UTWSDBIP_ENG_Water Treatment Works/Civil	3135 - Planning and document costs	40,057	-	40,057	-	40,057	40,057	-	40,057
O1416-1/IE00081/F0932/X101/R5236/001	KZN293_UTWSDBIP_ENG_Water Treatment Works/Electrical	3135 - Planning and document costs	7,483	-	7,483	-	7,483	7,483	-	7,483
O1416-1/IE00083/F0932/X101/R5236/001	KZN293_UTWSDBIP_ENG_Water Treatment Works/Mechanical	3135 - Planning and document costs	7,483	-	7,483	-	7,483	7,483	-	7,483
O1548-3/IE00650/F0932/X148/R0399/001	KZN293_UTWSDBIP_BIG_Furniture and Office Equipment/Maint	3117 - Maintenance of office furniture, equipment and ma	109,412	-	109,412	-	109,412	109,412	-	109,412
O1548-12/IE00650/F0932/X046/R5236/001	KZN293_UTWSDBIP_COM_Furniture and Office Equipment/Main	3117 - Maintenance of office furniture, equipment and ma	17,717	-	17,717	-	17,717	17,717	-	17,717
O1548-1/IE00650/F0932/X049/R5236/001	KZN293_UTWSDBIP_FIN_Furniture and Office Equipment/Mainte	3117 - Maintenance of office furniture, equipment and ma	17,717	-	17,717	-	17,717	17,717	-	17,717
O1555-1/IE00650/F0932/X052/R5236/001	KZN293_UTWSDBIP_ICT_Furniture and Office Equipment/Mainte	3117 - Maintenance of office furniture, equipment and ma	-	-	-		-	-	-	-
O1548-8/IE00650/F0932/X148/R5236/001	KZN293_UTWSDBIP_NGA_Furniture and Office Equipment/Maint	3117 - Maintenance of office furniture, equipment and ma	43,913	-	43,913	-	43,913	43,913	-	43,913
O1548-10/IE00650/F0932/X045/R5236/001	KZN293_UTWSDBIP_STRAT_Furniture and Office Equipment/Mai	3117 - Maintenance of office furniture, equipment and ma	184,917	-	184,917		184,917	184,917	-	184,917
O2523-1/IE00651/F0932/X148/R5236/001	KZN252_UTWSDBIP_NGA_Pipe Work/Maintenance of Unspecifie	3118 - Maintenance of pipelines and reticulation networks	432,947	-	432,947	163,372	269,575	432,947	-	432,947
O2158-2/IE00651/F0932/X148/R0399/001	KZN293_UTWSDBIP_BIG_Pipe Work/Maintenance of Unspecified	3118 - Maintenance of pipelines and reticulation networks	328,235	-	328,235	23,593	304,642	328,235	-	328,235
O2158-1/IE00651/F0932/X148/R5236/001	KZN293_UTWSDBIP_NGA_Pipe Work/Maintenance of Unspecifie	3118 - Maintenance of pipelines and reticulation networks	547,058	-	547,058	-	547,058	547,058	-	547,058
O2579-4/IE00651/F0932/X148/R5236/001	KZN252_UTWSDBIP_NGA_Mechanical Equipment/Maintenance o	3119 - Maintenance of plant operations	1,718,841	-	1,718,841	58,180	1,660,661	1,718,841	-	1,718,841
O2209-1/IE00651/F0932/X148/R0399/001	KZN293_UTWSDBIP_BIG_Civil Structure/Maintenance of Unspeci	3120 - Maintenance of plant, equipment and machinery	720,946	-	720,946	110,294	610,653	720,946	-	720,946
O2214-1/IE00651/F0932/X148/R0399/001	KZN293_UTWSDBIP_BIG_Mechanical Equipment/Maintenance of	3121 - Maintenance of water meters and connections	244,585	-	244,585	319,667	-75,082	244,585	-	244,585
O2563-1/IE00651/F0932/X148/R5236/001	KZN293_UTWSDBIP_NGA_Civil Structure/Maintenance of Unspec	New	166,859	-	166,859		166,859	166,859	-	166,859
O2574-2/IE00651/F0932/X148/R5236/001	KZN252_UTWSDBIP_NGA_Civil Structure/Maintenance of Unspec	3124 - Maintenance storage dams	1,132,431	-	1,132,431	64,387	1,068,044	1,132,431	-	1,132,431
O2526-1/IE00651/F0932/X148/R0399/001	KZN293_UTWSDBIP_BIG_Earthworks/Maintenance of Unspecifie	3124 - Maintenance storage dams	167,145	-	167,145	-	167,145	167,145	-	167,145
O1548-2/IE00651/F0932/X148/R0399/001	KZN293_UTWSDBIP_BIG_Furniture Equipment/Maintenance of E	3126 - Maintenance, instruments and laboratory equipme	3,027	-	3,027	3,275	-248	3,027	-	3,027
O1548-5/IE00650/F0932/X148/R5236/001	KZN293_UTWSDBIP_LAB_Furniture and Office Equipment/Mainte	3126 - Maintenance, instruments and laboratory equipme	42,433	-	42,433	28,874	13,559	42,433	-	42,433
O2526-2/IE00651/F0932/X148/R5236/001	KZN252_UTWSDBIP_NGA_Earthworks/Maintenance of Unspecifi	3127 - Maintenance electrical equipment and substations	765,881	-	765,881	14,389	751,492	765,881	-	765,881
O2576-2/IE00634/F0932/X148/R0399/001	KZN293_UTWSDBIP_BIG_Electrical Equipment/Electrical	3127 - Maintenance electrical equipment and substations	250,718	-	250,718	6,847	243,871	250,718	-	250,718
O2576-1/IE00634/F0932/X148/R5236/001	KZN293_UTWSDBIP_NGA_Electrical Equipment/Electrical	3127 - Maintenance electrical equipment and substations	737,363	-	737,363	220,466	516,897	737,363	-	737,363
O2208-2/IE00631/F0932/X148/R0399/001	KZN293_UTWSDBIP_BIG_Buildings/Building	3128 - Maintenance of buildings and fixtures	137,834	-	137,834	54,057	83,777	137,834	-	137,834
O2754-1/IE00649/F0932/X148/R5236/001	KZN293_UTWSDBIP_LAB_Buildings/Maintenance of Buildings and	3128 - Maintenance of buildings and fixtures	128,374	-	128,374	1,433	126,941	128,374	-	128,374
O2573-2/IE00631/F0932/X148/R5236/001	KZN293_UTWSDBIP_NGA_Buildings/Building	3128 - Maintenance of buildings and fixtures	272,170	-	272,170	-	272,170	272,170	-	272,170
O2389-1/IE00651/F0932/X148/R5236/001	KZN293_UTWSDBIP_NGA_Road Bridges/Maintenance of Unspeci	3130 - Maintenance of roads, bridges and culverts	100,287	-	100,287	-	100,287	100,287	-	100,287
O2389-2/IE00651/F0932/X148/R0399/001	KZN293_UTWSDBIP_BIG_Road/Maintenance of Unspecifi		17,517	-	17,517	-	17,517	17,517	-	17,517
	Other Expenditure		**86,071,972**	**-0**	**86,071,972**	**34,042,793**	**52,029,178**	**86,071,972**	**-**	**86,071,972**
O0001/IE00759/F0932/X049/R5236/001	Municipal Running Cost/Bank Accounts	3101 - Bank charges	88,421	-	88,421	43,215	45,206	88,421	-	88,421
O0001/IE00577/F0932/X148/R0399/001	Municipal Running Cost/Levies Paid - Water Resource Management	3160 - Water Research Levy & Resources Man.	5,551,255	-	5,551,255	2,775,628	2,775,628	5,551,255	-	5,551,255
O0001/IE00595/F0932/X051/R5236/001	Municipal Running Cost/Skills Development Fund Levy	3147 - Skills development levy	543,698	-	543,698	276,416	267,282	543,698	-	543,698
O0001/IE00609/F0932/X051/R5236/001	Municipal Running Cost/Workmen's Compensation Fund	3159 - Workmans compensation commissioner levy	307,834	-	307,834	151,641	156,193	307,834	-	307,834
O0001/IE00607/F0932/X045/R5236/001	Municipal Running Cost/Wet Fuel	3108 - Fuel & Oil	2,155,845	-	2,155,845	952,450	1,203,394	2,155,845	-	2,155,845
O0001/IE00709/F0932/X052/R5236/001	Municipal Running Cost/Computer Equipment	3115 - Maintenance of communications data	0	-	0	-	0	0	-	0
O0001/IE00571/F0932/X148/R5236/001	Municipal Running Cost/Hire Charges	3109 - Hire of plant and machinery	170,711	-0	170,711	-	170,711	170,711	-	170,711
O0001/IE00605/F0932/X148/R5236/001	Municipal Running Cost/Vehicle Tracking		76,205	-	76,205	77,129	-924	76,205	-	76,205
O0001/IE00749/F0932/X045/R5236/001	Municipal Running Cost/Auctions	3100 - Advertising	31,891	-	31,891	-	31,891	31,891	-	31,891
O0001/IE00793/F0932/X052/R5236/001/ICT	Municipal Running Cost/Specialised Computer Service	New	122,483	-	122,483	71,066	51,418	122,483	-	122,483
O0001/IE00538/F0932/X052/R5236/001	Municipal Running Cost/Computer Equipment		-	-	-	-	-	-	-	-
O0001/IE00583/F0932/X052/R5236/001	Municipal Running Cost/Printing, Publications and Books		31,410	-	31,410	15,423	15,987	31,410	-	31,410
O0001/IE00059/F0932/X148/R5236/001	Municipal Running Cost/National	3105 - Conferences and seminars	160,974	-	160,974	19,820	141,154	160,974	-	160,974
O3584/IE00579/F0932/X035/R0399/001	Municipal Running Cost/ESKOM	3107 - Eskom electricity charges	69,967,055	-	69,967,055	27,605,541	42,361,514	69,967,055	-	69,967,055
O0001/IE00808/F0932/X045/R5236/001	Municipal Running Cost/Motor Vehicle Licence and Registrations	3113 - Licensing of Motor Vehicles & Trailers	133,029	-	133,029	37,561	95,467	133,029	-	133,029
O0001/IE00810/F0932/X148/R5236/001	Municipal Running Cost/Professional and Regulatory Bodies	3131 - Membership fees	8,357	-	8,357	-	8,357	8,357	-	8,357
O0001/IE00584/F0932/X045/R5236/001	Municipal Running Cost/Professional Bodies, Membership and Su	3131 - Membership fees	89,133	-	89,133	6,105	83,028	89,133	-	89,133
O0001/IE07550/F0932/X148/R0399/001	Municipal Running Cost/Electrical Infrastructure	3132 - Monitoring and condition assessments	46,801	-	46,801	-	46,801	46,801	-	46,801
O0001/IE00579/F0932/X045/R5236/001	Municipal Running Cost/Municipal Services	3133 - Municipal services water, electricity, refuse and rate	343,150	-	343,150	112,664	230,487	343,150	-	343,150
O0001/IE00604/F0932/X045/R5236/001	Municipal Running Cost/Uniform and Protective Clothing	3140 - Protective clothing and uniforms	297,107	-	297,107	33,639	263,468	297,107	-	297,107
O0001/IE00770/F0932/X148/R5236/001	Municipal Running Cost/Licences (Radio and Television)	3142 -Radio and communications costs	13,903	-	13,903	-	13,903	13,903	-	13,903
O0001/IE00776/F0932/X148/R0399/001	Municipal Running Cost/Telemetric Systems	3145 - Scada and telemetrix costs	369,554	-	369,554	185,000	184,554	369,554	-	369,554
O0001/IE00769/F0932/X052/R5236/001	Municipal Running Cost/Cellular Contract (Subscription and Call	3154 - Telephone and communications	326,270	-	326,270	108,320	217,949	326,270	-	326,270
O0001/IE00778/F0932/X052/R5236/001	Municipal Running Cost/Telephone, Fax, Telegraph and Telex	3154 - Telephone and communications	164,117	-	164,117	44,197	119,920	164,117	-	164,117
O0001/IE00784/F0932/X052/R5236/001	Municipal Running Cost/Data Lines	New	566,771	-	566,771	213,435	353,336	566,771	-	566,771
O0001/IE00787/F0932/X052/R5236/001	Municipal Running Cost/Internet Charge	New	-	-	-	-	-	-	-	-
O0001/IE00795/F0932/X052/R5236/001	Municipal Running Cost/System Development	3122 - Maintenance of website	50,144	-	50,144	-	50,144	50,144	-	50,144

Budget 2023/2024

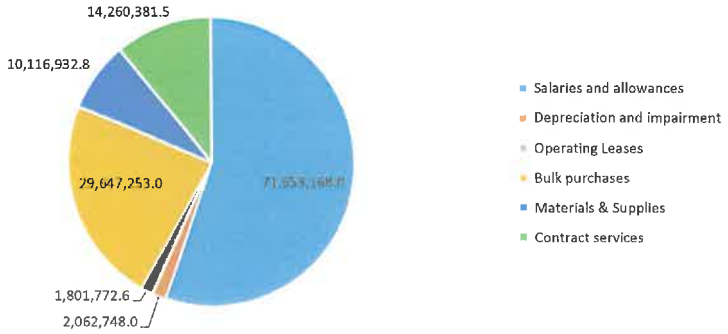
			Board Aprroved Budget 2023/2024	Adjustments	Adjusted Current 2023/2024 Budget	31-Dec Actual Revenue Expenditure to date	Forecast for 6 Months	Projected for 2024	Adjustments Required	Adjusted 2023/2024 Budget
O0001/IE00760/F0932/X049/R5236/001	Municipal Running Cost/Fleet and Other Credit	New	20,967	-	20,967	-	20,967	20,967	-	20,967
O0001/IE00782/F0932/X045/R5236/001	Municipal Running Cost/Mayor	3106 - Chairman's Discretionary Fund	66,835	-	66,835	12,263	54,573	66,835	-	66,835
O0001/IE00062/F0932/X045/R5236/001	Municipal Running Cost/Food and Beverage		3,430	-	3,430	-	3,430	3,430	-	3,430
O0001/IE00567/F0932/X049/R5236/001	Municipal Running Cost/External Audit Fees	3138 - Professional fees and consultant costs	1,824,446	-	1,824,446	997,961	826,485	1,824,446	-	1,824,446
O0001/IE00801/F0932/X049/R5236/001	Municipal Running Cost/Excess Payments	3111 - Insurance and excess costs	41,708	-	41,708	-	41,708	41,708	-	41,708
O0001/IE00805/F0932/X049/R5236/001	Municipal Running Cost/Premiums	3111 - Insurance and excess costs	1,032,143	-	1,032,143	-	1,032,143	1,032,143	-	1,032,143
O0001/IE00559/F0932/X045/R5236/001	Municipal Running Cost/Courier and Delivery Services	3136 - Postage and courier services	18,034	-	18,034	11,163	6,871	18,034	-	18,034
O0001/IE00771/F0932/X049/R5236/001	Municipal Running Cost/Postage	3136 - Postage and courier services	19,706	-	19,706	117	19,589	19,706	-	19,706
O0001/IE00773/F0932/X045/R5236/001	Municipal Running Cost/Rent Private Bag and Postal Box	New	2,705	-	2,705	-	2,705	2,705	-	2,705
O0001/IE00751/F0932/X046/R5236/001	Municipal Running Cost/Corporate and Municipal Activities	3141 - Public participation and awareness campaigns	30,086	-	30,086	-	30,086	30,086	-	30,086
O0001/IE00593/F0932/X046/R5236/001	Municipal Running Cost/Servitudes and Land Surveys	3146 - Servitude costs	25,424	-	25,424	-	25,424	25,424	-	25,424
O0001/IE00792/F0932/X052/R5236/001	Municipal Running Cost/Software Licences	3148 - Software Licenses	641,816	-	641,816	242,570	399,246	641,816	-	641,816
O0001/IE00030/F0932/X052/R5236/001	Municipal Running Cost/Computer Software and Applications	New	13,903	-	13,903	-	13,903	13,903	-	13,903
O0001/IE00757/F0932/X148/R5236/001	Municipal Running Cost/Staff Recruitment	3150 - Staff recruitment costs	43,458	-	43,458	8,689	34,769	43,458	-	43,458
O0001/IE00758/F0932/X051/R5236/001	Municipal Running Cost/Tenders	3155 - Tender and adjudication costs	150,893	-	150,893	764	150,128	150,893	-	150,893
O0001/IE00555/F0932/X051/R5236/001	Municipal Running Cost/Bursaries	3157 - Training costs	520,299	-	520,299	40,015	480,284	520,299	-	520,299
	Total Expenditure		**215,614,228**	**-460,001**	**215,154,227**	**84,049,305**	**131,104,922**	**215,154,227**	**-460,000**	**215,154,227**

Plant	Maintenance Vote No. to be deducted	Amount to be transferred to Capex	Dedicated to purchase item		Actual
Biggarsberg	BIG Civil Maintenance of Unspec	R500,000.00	Tayside high lift panels, electrical protection		
Biggarsberg	BIG Earth Maintenance of Unspec	R40,000.00	Submersible pump - Tayside Low Lift		
Biggarsberg	BIG Furn Maintenance of Unspec	R50,000.00	Submersible pump - Tayside Low Lift		
Ngagane	NGA Civil Maintenance of Unspec	R900,000.00	Ngagane pump station Blower and 11KV substation breaker		210,000.00
Ngagane	NGA Mechanical Maintenance	R900,000.00	Electrical motor B1 pump - Ngagane Main PS		
Ngagane	NGA Pipe Maintenance of Unspec	R300,000.00	Electrical motor B1 pump - Ngagane Main PS		
Laboratory	Drink/Water	R1,060,000.00	pH meter	R30,000.00	
			Turbidity meter	R40,000.00	
			Chlorine meter x2	R90,000.00	
			Autotitrator or Discrete Analyser	R900,000.00	
IT		R1,006,000.00			500,000.00
Vehicles		R2,400,000.00	Head office vehicle		1,200,000.00
			Ngagane Vehicles		
			Biggarsberg Vehicles		
		R7,156,000.00		R1,060,000.00	**R1,910,000.00**

Savings 5,246,000.00

Bulk Production Water Volumes per	Total flows	% attribute	Apportionment
Newcastle municipality	33,215,000	75.53%	5,404,645
Umzinyathi DM	5,500,000	12.51%	894,943
Amajuba DM	5,263,200	11.97%	856,412
Total Distribution	**43,978,200**	**100.00%**	7,156,000

uThukela Water Services Budget 2019	Cost driver	Budget
Salaries and allowances	71,653,168.0	71,653,168
Depreciation and impairment	2,062,748.0	2,062,748
Operating Leases	1,801,772.6	1,801,773
Bulk purchases	29,647,253.0	29,647,253
Materials & Supplies	10,116,932.8	10,116,933
Contract services	14,260,381.5	14,260,382
Other Expenditure	86,071,971.8	86,071,972
Capital	7,156,000.0	7,156,000
Total Budget 2019	**222,770,227.8**	**222,770,228**



Bulk Production Water Volumes per Supply	Estimated Flows	%
Ngagane to Newcastle	33,215,000	75.53%
Biggersberg to Dundee Glencoe	5,500,000	12.51%
Biggersberg to Hattingspruit AMJ	90,000	0.20%
Ngagane to Allcockspruit/Steyldrift AMJ	3,400,000	7.73%
Ngagane to Emadlangeni	323,200	0.73%
Ngagane raw water direct to Durnacol AMD	1,450,000	3.30%
Total annual flows/production	**43,978,200**	**100.00%**

Bulk Production Water Volumes per WSA	Total flows	% attribute
Newcastle municipality	33,215,000	75.53%
Umzinyathi DM	5,500,000	12.51%
Amajuba DM	5,263,200	11.97%
Total Distribution	**43,978,200**	**100.00%**

Tariff	**5.07**

Review

WSA	Volumes supplied	Tariff	Lab Surcharge	Total Tariff	Bulk water	Lab surcharge	Total recovery
Newcastle municipality	33,215,000	5.07	0.02	5.09	168,249,567	664,300	168,913,867
Umzinyathi DM	5,500,000	5.07	-	5.07	27,860,082		27,860,082
Amajuba DM	5,263,200	5.07	0.02	5.09	26,660,579	105,264	26,765,843
Total Distribution	**43,978,200**	**5.07**	**0.02**		**222,770,228**	**769,564**	**223,539,792**

Original Excluding Capital costs

WSA	Volumes supplied	Tariff	Lab Surcharge	Total Tariff	Bulk water	Lab surcharge	Total recovery
Newcastle municipality	33,215,000	4.90	0.02	4.92	162,844,922	664,300	163,509,222
Umzinyathi DM	5,500,000	4.90	-	4.90	26,965,138		26,965,138
Amajuba DM	5,263,200	4.90	0.02	4.92	25,804,167	105,264	25,909,431
Total Distribution	**43,978,200**	**4.90**	**0.02**		**215,614,227**	**769,564**	**216,383,791**

Item	Sum of Board Aprroved Budget 2023/2024	Sum of Adjustments	Sum of Adjusted Current 2023/2024 Budget
1. Revenue	**217,064,823**	**-**	**217,064,823**
Amajuba DM	25,909,431	-	25,909,431
Consumers	501,061	-	501,061
Interest earned external investments	125,265	-	125,265
Newcastle LM	163,509,222	-	163,509,222
Other Revenue	54,706	-	54,706
Umzinyathi DM	26,965,138	-	26,965,138
2. Expenditure	**215,614,228**	**-460,000**	**215,154,227**
Bulk Purchases	29,647,253	-460,000	29,187,253
Contracted Services	14,260,382	480,000	14,740,381
Depreciation	2,062,748	-	2,062,748
Employee Related Costs	71,653,168	-	71,653,168
Material & Supplies	10,116,933	-480,000	9,636,933
Operating Leases	1,801,773	-	1,801,773
Other Expenditure	86,071,972	0	86,071,972
3. Expenditure	**7,156,000**	**-5,246,000**	**1,910,000**
Capital Budget	7,156,000	-5,246,000	1,910,000
Surplus/(Deficit)	**-5,705,405**	**5,706,000**	**596**

Revenue or Expenditure	Item	Item Description	Board Aprroved Budget 2023/2024	Adjustments	Adjusted Current 2023/2024 Budget	Actual Revenue Expenditure to date		Forecast for 6 Months		Projected for 2024		Adjustments Required		Adjusted 2023/2024 Budget
3. Expenditure	Capital Budget	Vehicles	2,400,000	-1,200,000	1,200,000									2,400,000
3. Expenditure	Capital Budget	Property Plant and Equipment	3,750,000	-3,540,000	210,000									3,750,000
3. Expenditure	Capital Budget	IT Equipment	1,006,000	-506,000	500,000									1,006,000
			7,156,000	**-**	**5,246,000**									**1,910,000**

Annexure F : Revised Budget Funding Plan

NEWCASTLE MUNICIPALITY

REVISED BUDGET FUNDING PLAN

2023/24 – 2026/27

BUDGET FUNDING PLAN

1. Purpose

This Revised Budget Funding Plan 2023/24 (BFP) is been updated in order to align with the adjustments budget submitted to council for approval. This plan also considers the financial performance of the revenue based on the first eight months of the financial year as well as the implementation of the cost containment measures in order to cut expenditure.

2. Introduction

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

The table below reflects a high-level operating result of the municipality's budget over the next three years. Evidently, the municipality's adjustments budget is projecting a deficit of R374.0 million, R294.7 million and R305.7 million for the 2023/24, 2024/25 and 2025/26 financial years respectively:

Table 1: Budget summary (financial and capital performance)

Description	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
		Budget	
	R'000	R'000	
Total Revenue Budget	2 397 032	2 582 576	2 805 452
Total Expenditure Budget	2 771 296	2 877 296	3 111 202
Surplus/(Deficit)	(374 017)	(294 721)	(305 750)
Capital expenditure	250 902	284 413	222 634

From Table 1 the above, it is evident that the municipality is not financially viable and not having sufficient revenue and it will not be able to continue to provide services to the community if the situation is not addressed in the long run. Although the cause of the deficit are the non-cash items, however failure to address the situation will imply that there are no reserves to replace assets being depreciated or impaired in future. The municipality is currently experiencing cash flow challenges resulting in insufficient cash to support its current service delivery mandate.

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

- The municipality is operating at an operating deficit;
- Escalation of outstanding debtors, especially the domestic consumers;

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

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

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

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

Table 2: Budget Funding Strategies

STATUS & PERCENTAGE	Task completed: 100%	Task almost completed: 51% - 99%	Task commenced: 1%-50%	Task not yet started: 0%

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

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

The Newcastle Municipality is planning to apply a steady tariff increase of at most 6% in line with the consumer price index (CPIX) target, and in line with National Treasury budget guidelines. Electricity is was increased by about 15.10% in the current year, and the average of 16% in the outer years during the implementation of the plan. This will be done in order to bridge the gap between the achieve cost reflective tariffs and affordability over the same periods. Furthermore, through an aggressive awareness campaign, incentive schemes aimed at instilling a culture of payment within our communities and arresting water losses, the collection rate is projected to steadily improve from 82% to 87% over the next five financial years. The incentive schemes that have been approved by council and being rolled-out to communities will ensure that the collection rate improves, which will assist to deal with the cost of the reinstatement employees and unspent conditional grants.

3.2 Full access to conditional grants.

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

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

3.3 Disposal and rental of unused land and other properties.

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

3.4 Delay recruitment in new positions

The employee costs has budget has been adjusted downwards by R16 million in order to consider the impact of the savings realised during the first six months of the financial year. The original plan had included the impact of the last instalment of the re-instated employees, which was finalised in December 2023. A settlement reached between the parties required that employees be reinstated with effect from 01 October 2022. The impact of such reinstatement was as estimated to be R79 million being the twelve months backpay. In line with the GRAP 14 accounting standard, this amount was accounted for in the 2021/22 employee costs and payables, however payments were made in the 2022/23 and 2023/24 financial years.

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

3.5 No commitment to new loans

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

3.6 Limit increase on non-core expenditure

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

the Finance Committee which deals with scrutinising of all purchase requisitions in line with the budget and the cost containment policy.

3.7 Reduce internally funded capital expenditure

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

3.8 Improve payment of creditors

The municipality is utilising the Interim Finance Committee to ensure that the payments of key creditors are prioritised. These include the payment of fixed costs as well as the debt to Eskom, uThukela Water, SARS, 3rd party payments and loans. A strategy is in place to ensure that all invoices are paid with 30 days as required by section 65 of the MFMA. This will assist to ensure the outstanding debt does not continue to escalate. It will also help to ensure that interest and penalties on late payment are not incurred and thereby curtailing incidences of fruitless and wasteful expenditure. The municipality will continue to ensure that Eskom invoices are paid going forward. The municipality is also in a process of concluding a payment agreement with uThukela Water, which is placed to be finalised before the end of the year.

3.9 Cash-backing of provisions and reserves

One of the key challenges to the funding position of the budget is that provisions and reserves of the municipality are not fully cash-backed. These include unspent grants, leave provision, Housing Development Grant and Insurance Reserve which need to be cash-backed in line with the Funding and Reserves Policy of Council. The municipality shall use the opportunity of each budget process to ensure all excess funds are invested to ensure funding of all provisions and reserves is achieved over the period of the plan. The revised plan has however been significantly affected by the balance of unspent conditional grants that were reported in the 2022/2023 annual financial statements. In the original budget the municipality had recorded unspent condition grants of R204 million, which has been adjusted downwards to R124 million in the adjustments budget. This movement shows the commitment of the municipality to reduce the balance of unspent conditional grants. The adjustments budget has also appropriated expenditure in respect of the approved roll-overs, which will also ensure that the balance of unspent grants is reduced further at the end of the financial year.

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

3.10 Claiming VAT Refunds from SARS

The municipality has already capacitated in officials in the VAT recovery ensure that VAT refunds due to the Municipality are claimed from SARS. Furthermore, staff members are also focusing on the accuracy of reconciliations and submission of VAT returns timeously. This ensures that VAT returns are filed timeously, and refunds received on time.

4. Financial Impact of the Budget Funding Plan

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

Table 3: Financial Impact

Financial Impact of the Budget Funding Plan

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

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

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

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

4.2 Full access to conditional grants.

Over the next five years, the municipality will implement measures to ensure full access to conditional and unconditional grants. The department of Development Planning and Human Settlement has already started to coordinate the applications for various fundings for all department. The intervention of the Municipal Manager is also starting to bear fruits as the municipality is starting to receive new grans, e.g. Disaster Recovery Grant. A number of business plans relating to water, and sewer services have also been submitted in order to obtain funding for the dilapidating infrastructure.

4.3 Disposal of unused land and other properties.

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

4.4 Limit increase on non-core expenditure

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

4.5 No commitment to new loans

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

4.6 Reduce Internally Funded Capital Expenditure

The adjustments budget shows the internal funding of R18.1 million from the total capital budget of R250.9. The municipality is projecting to save a further about R18 million through the strategy of cutting its internally funded capital budget over the next three financial five years. This undoubtedly is aligned to the objectives of the plan.

4.7 Improve the working capital position

The municipality has put together an aggressive strategy to improve its collection of outstanding debtors over the next four years. Equally so, the municipality has also improved payment of its bulk and other key creditors in order avoid interest and penalties and to improve the working capital position. The municipality is further planning to finalise the payment agreement before the end of the financial year.

4.8 Claiming of Vat Refunds

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

5. Operating Financial Performance

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

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

Table 4: Financial Performance

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

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Year 1	Year 2
R thousand	2023/24	2023/24	2023/24	2024/25	2025/26
Revenue By Source					
Service charges - Electricity	882 022 129	863 906 961	-18 115 168	998 161 768	1 124 928 314
Service charges - Water	219 985 933	220 069 788	83 855	237 144 334	251 372 994
Service charges - Waste Water Management	133 580 398	154 290 398	20 710 000	141 595 222	150 090 935
Service charges - Waste Management	110 148 409	109 788 409	-360 000	115 944 825	122 901 514
Sale of Goods and Rendering of Services	-	13 504 766	13 504 766		
Agency services	-	-	-	-	-
Interest	-	-	-		
Interest earned from Receivables	5 877 010	3 947 010	-1 930 000	6 229 631	6 603 408
Interest earned from Current and Non Current Assets	5 330 350	5 330 350	-	5 650 171	5 989 181
Dividends		-	-	-	-
Rent on Land	-	-	-	-	-
Rental from Fixed Assets	8 804 450	11 099 450	2 295 000	9 332 717	9 892 680
Licence and permits		-	-	-	-
Operational Revenue	8 490 177	1 291 552	-7 198 625	8 999 588	9 539 563
Non-Exchange Revenue			-		
Property rates	396 740 939	396 614 439	-126 500	420 545 395	445 778 119
Surcharges and Taxes		-	-		
Fines, penalties and forfeits	4 830 888	7 245 888	2 415 000	5 120 741	5 427 986
Licences or permits	34 224	34 224	-	36 277	38 453
Transfer and subsidies - Operational	577 623 010	604 151 702	26 528 692	633 814 967	672 888 967
Interest		-	-	-	-
Fuel Levy		-	-	-	-
Operational Revenue		-	-	-	-
Gains on disposal of Assets		-	-	-	-
Other Gains	2 000 000	5 757 000	3 757 000	-	-
Discontinued Operations		-	-		
Total Revenue (excluding capital transfers and contributions)	**2 355 467 917**	**2 397 031 937**	**41 564 020**	**2 582 575 637**	**2 805 452 114**
Expenditure By Type :					
Employee related costs	724 604 105	708 365 803	-16 238 302	776 222 369	831 852 066
Remuneration of councillors	28 442 547	26 986 547	-1 456 000	29 580 249	31 710 027
Bulk purchases - electricity	660 932 502	654 132 502	-6 800 000	749 378 930	844 550 054
Inventory consumed	159 853 634	161 758 894	1 905 260	167 716 043	177 732 682
Debt impairment	308 145 223	285 207 327	-22 937 896	334 337 058	357 171 226
Depreciation and amortisation	379 138 608	379 138 608	-	397 716 400	416 409 071
Interest	32 205 273	32 545 273	340 000	30 524 500	28 549 152
Contracted services	207 360 872	267 841 282	60 480 410	162 105 577	180 483 286
Transfers and subsidies		-	-		
Irrecoverable debts written off	89 312 265	93 659 255	4 346 990	94 671 000	100 351 000
Operational costs	134 593 594	161 413 101	26 819 507	135 044 021	142 393 744
Losses on disposal of Assets	0	-	-	0	0
Other Losses	0	-	-	0	0
Total Expenditure	2 724 588 623	2 771 048 592	46 459 969	2 877 296 147	3 111 202 308
Surplus/(Deficit)	-369 120 706	-374 016 655	-4 895 949	-294 720 511	-305 750 194
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	240 769 990	232 034 755	-8 735 235	274 012 500	212 233 500
Surplus/(Deficit) after capital transfers and subsidies	-128 350 716	-141 981 900	-13 631 184	-20 708 011	-93 516 694

Table 4 above indicate that the strategies that are in place will assist to improve the deficit of the municipality between current and next financial year. Operating revenue appears to increase steadily each year from the current year's adjustments budget.

6. Capital Financial Performance

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

Table 5: Capital Financial Performance

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

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Year 1	Year 2
R thousand	2023/24	2023/24	2023/24	2024/25	2023/24
Capital Expenditure - Functional					
Governance and administration	**4 700 000**	**7 868 295**	**-3 168 295**	**2 400 000**	**2 400 000**
Executive and council	0	2 295 536	-2 295 536	-	-
Finance and administration	4 700 000	5 572 759	-872 759	2 400 000	2 400 000
Internal audit		-	0	-	-
Community and public safety	**37 334 313**	**43 235 945**	**-5 901 632**	**50 282 500**	**45 270 500**
Community and social services	857 705	1 227 866	-370 161	182 500	170 500
Sport and recreation	35 976 608	41 208 079	-5 231 471	50 100 000	45 100 000
Public safety	0	-	0	-	-
Housing	500 000	800 000	-300 000	-	-
Health		-	0	-	
Economic and environmental services	**54 634 667**	**49 908 093**	**4 726 574**	**76 030 000**	**78 080 000**
Planning and development	0	1 513 174	-1 513 174	-	-
Road transport	54 634 667	48 394 919	6 239 748	76 030 000	78 080 000
Environmental protection	0	-	0	-	-
Trading services	**158 668 716**	**149 889 483**	**8 779 233**	**155 700 000**	**96 883 000**
Energy sources	21 550 000	27 436 250	-5 886 250	20 000 000	20 896 000
Water management	108 184 602	99 791 573	8 393 029	82 700 000	57 987 000
Waste water management	28 484 114	21 828 084	6 656 030	53 000 000	18 000 000
Waste management	450 000	833 576	-383 576	-	-
Other		-	0	-	
Total Capital Expenditure - Functional	**255 337 696**	**250 901 815**	**4 435 881**	**284 412 500**	**222 633 500**
			0		
Funded by:			0		
National Government	228 011 990	213 180 999	14 830 991	253 730 000	201 963 000
Provincial Government	12 758 000	18 853 756	-6 095 756	20 282 500	10 270 500
District Municipality		-	0		
Other transfers and grants		-	0		
Transfers recognised - capital	**240 769 990**	**232 034 754**	**8 735 236**	**274 012 500**	**212 233 500**
			0		
Borrowing	0	-	0	-	
Internally generated funds	14 567 705	18 867 061	-4 299 356	10 400 000	10 400 000
Total Capital Funding	**255 337 695**	**250 901 815**	**4 435 880**	**284 412 500**	**222 633 500**

Capital expenditure is planned to be R250.9 million in the adjustments budget for 2023/24 In the 2023/24 financial year. The bulk of the capital expenditure is funded from government grants, which is in line with the strategies.

7. Financial Position Plan

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

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

Table 6: Financial Position

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

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Year 1	Year 2
R thousand	2023/24	2023/24	2023/24	2024/25	2025/26
ASSETS					
Current assets					
Cash and cash equivalents	19 688 377	4 683 587	-15 004 790	46 308 266	50 075 111
Trade and other receivables from exchange transactio	951 655 000	951 655 000	-	848 032 000	953 920 000
Receivables from non-exchange transactions	83 155 000	-	-83 155 000	-	-
Current portion of non-current receivables	-	83 155 000	83 155 000	69 686 000	69 886 000
Inventory	155 853 634	157 758 894	1 905 260	321 474 937	495 207 619
VAT	-	-	-		
Other current assets	-	-	-		
Total current assets	1 210 352 011	1 197 252 481	-13 099 530	1 285 501 204	1 569 088 730
Non current assets					
Investments	110 954 000	-	-110 954 000	-	-
Investment property	352 224 056	352 224 056	-	332 224 056	365 446 462
Property, plant and equipment	5 440 428 695	5 440 428 695	-	5 576 473 227	5 376 527 156
Biological assets		-	-	-	-
Living and non-living resources		-	-	-	-
Heritage assets	11 882 732	11 882 732	-	11 982 732	12 082 732
Intangible assets	200 000	200 000	-	500 000	800 000
Trade and other receivables from exchange transactio	-	-	-	-	-
Non-current receivables from non-exchange transactio	-	-	-	-	-
Other non-current assets	-	-	-	-	-
Total non current assets	5 915 689 483	5 804 735 483	-110 954 000	5 921 180 015	5 754 856 350
TOTAL ASSETS	7 126 041 494	7 001 987 963	-124 053 530	7 206 681 219	7 323 945 079
LIABILITIES					
Current liabilities					
Bank overdraft		-	-		
Financial liabilities	34 082 000	34 082 000	-	35 156 170	38 525 548
Consumer deposits	35 648 546	35 648 546	-	37 148 546	38 648 546
Trade and other payables from exchange transactions	571 301 198	571 301 198	-	430 506 000	370 522 000
Trade and other payables from non-exchange transacti	-	124 409 528	124 409 528	75 114 672	35 114 672
Provisions	10 512 656	10 512 656	-	11 332 643	12 216 589
VAT		-	-	-	-
Other current liabilities	115 114 672	115 114 672	-	75 114 672	35 114 672
Total current liabilities	766 659 072	891 068 600	124 409 528	664 372 703	530 142 027
Non current liabilities					
Borrowing	321 905 348	321 905 348	-	223 584 376	185 058 828
Provisions	229 340 119	229 340 119	-	245 663 557	257 946 735
Long term portion of trade payables	63 164 802	63 164 802	-		
Other non-current liabilities		-	-		
Total non current liabilities	614 410 269	614 410 269	-	469 247 933	443 005 563
TOTAL LIABILITIES	1 381 069 341	1 505 478 869	124 409 528	1 133 620 636	973 147 590
			-		
NET ASSETS	5 744 972 153	5 496 509 094	-248 463 058	6 073 060 582	6 350 797 489
			-		
COMMUNITY WEALTH/EQUITY			-		
Accumulated Surplus/(Deficit)	5 710 117 863	5 463 876 140	-246 241 722	6 035 731 638	6 310 818 189
Funds and Reserves	34 854 290	32 632 954	-2 221 336	37 328 945	39 979 300
Other					
TOTAL COMMUNITY WEALTH/EQUITY	5 744 972 153	5 496 509 094	-248 463 058	6 073 060 582	6 350 797 489

The table above reflects a steady increase in the net equity position of the municipality, implying that assets will continue to exceed liabilities during the implementation of the plan.

8. Cash Flow Plan

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

Table 7: Cash Flow

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

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Year 1	Year 2
R thousand	2023/24	2023/24	2023/24	2024/25	2025/26
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	299 539 409	337 122 273	37 582 864	328 684 622	348 405 700
Service charges	1 144 534 896	1 128 137 106	-16 397 789	1 210 696 088	1 300 440 747
Other revenue	231 189 336	278 931 544	47 742 208	224 208 178	257 177 575
Transfers and Subsidies - Operational	547 623 010	552 504 586	4 881 576	603 814 967	642 888 967
Transfers and Subsidies - Capital	240 769 990	240 769 990	-	274 012 500	212 233 500
Interest	5 330 350	5 330 350	-	5 650 171	5 989 181
Dividends	-	-	-	-	-
Payments					
Suppliers and employees	-2 175 156 030	-2 252 810 637	-77 654 608	-2 265 348 677	-2 473 660 627
Finance charges	-32 205 273	-32 545 273	-340 000	-30 524 500	-28 549 152
Transfers and Subsidies	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	**261 625 688**	**257 439 939**	**-4 185 749**	**351 193 350**	**264 925 892**
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	20 000 000	20 000 000	-	10 000 000	-
			-		
Decrease (increase) in non-current receivables	-	-	-		
Decrease (increase) in non-current investments	-	-	-		
Payments			-		
Capital assets	-255 337 695	-250 901 815	4 435 880	-284 412 500	-222 633 500
NET CASH FROM/(USED) INVESTING ACTIVITIES	**-235 337 695**	**-230 901 815**	**4 435 880**	**-274 412 500**	**-222 633 500**
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans			-		
Borrowing long term/refinancing			-		
Increase (decrease) in consumer deposits			-		
Payments		-	-		
Repayment of borrowing		-	-		
Increase (decrease) in consumer deposits		-	-		
Payments			-		
Repayment of borrowing	-34 081 616	-34 081 616	-	-35 156 170	-38 525 548
NET CASH FROM/(USED) FINANCING ACTIVITIES	**-34 081 616**	**-34 081 616**	**-**	**-35 156 170**	**-38 525 548**
			-		
NET INCREASE/ (DECREASE) IN CASH HELD	**-7 793 623**	**-7 543 491**	**250 132**	**41 624 680**	**3 766 844**
Cash/cash equivalents at the year begin:	27 482 000	12 227 078	-15 254 922	4 683 587	46 308 266
Cash/cash equivalents at the year end:	**19 688 377**	**4 683 587**	**-15 004 790**	**46 308 266**	**50 075 111**

The table A7/B7 shows an improvement in the cash position of the municipality, from R4.6 million in the current year, R46 million in 2025/26 and R50 million in 2026/27 as per the objectives of the plan.

9. Cash Backed Reserves Plan

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

Table 8: Cash-backed Reserves

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

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Year 1	Year 2
R thousand	2023/24	2023/24	2023/24	2024/25	2025/26
Cash and investments available					
Cash/cash equivalents at the year end	19,688,377	4,683,587	-15,004,790	46,308,266	50,075,111
Other current investments > 90 days	-	-	-	-	
Non current assets - Investments	-	-	-	-	
Cash and investments available:	**19,688,377**	**4,683,587**	**-15,004,790**	**46,308,266**	**50,075,111**
			-		
Application of cash and investments			-		
Unspent conditional transfers	-	124,409,528	124,409,528	83,479,000	53,479,000
Unspent borrowing	113,478,932	-	-113,478,932	-	-
Statutory requirements	26,978,467	26,978,467	-	32,078,249	35,479,688
Other working capital requirements	-6,459,117	-15,303,930	-8,844,813	-117,410,000	-127,907,000
Other provisions	11,105,000	14,261,000	3,156,000	11,660,250	12,243,263
Long term investments committed	-	-	-	-	-
Reserves to be backed by cash/investments	30,886,912	32,292,039	1,405,127	32,431,000	34,053,000
Total Application of cash and investments:	**175,990,194**	**182,637,104**	**6,646,910**	**42,238,499**	**7,347,951**
Surplus(shortfall)	**-156,301,817**	**-177,953,517**	**-21,651,700**	**4,069,767**	**42,727,160**

Table 8 above indicates that adjustments budget will be unfunded by R177 million. The 2025 and 2026 are projected to be funded by R4 million and R42.7 million respectively as per the objectives of the plan.

10. Reporting timeframes

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

11. Conclusion

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

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

Annexure G : Provincial Treasury's Assessment of the Mid-year Budget Assessment

General Compliance - Section 72 (Mid-Year Budget and Performance Assessment Repo

Municipality: Newcastle

Annexure A: Evaluation of the Section 72 Report -

Table 1: General Compliance - Section 72 (Mid-Year Budget and Performance Assessment Report)

No.	Key Focus Areas	Status (Yes/ No/N/A)	Findings/ Impact on the Adjustments Budget (if applicable)
A. High Level Checklist			
1	Was the Mid-year Budget and Performance Assessment Report submitted by 25 January 2024 and tabled in Council by 31 January 2024?	YES	
2	Has the Mid-Year Budget and Performance Assessment Report been prepared using: - Schedule C Format in the prescribed PDF format - Version 6.7	YES	
3	Was the Mid-year Budget and Performance Assessment Report placed on the Municipality's website within 5 working days (by 01 February) after submission (by 25 January)?	YES	
4	Has the municipality prepared the Mid-Year Budget and Performance Assessment Report in accordance with Schedule C of the MBRR ? (which incorporates the following):		
	PART 1- IN-YEAR REPORT		
	• Mayor's report (required if tabled in the municipal council)	YES	
	• Resolutions (required if tabled in the municipal council)	YES	
	• Executive summary	YES	
	• In-year budget statement tables	YES	
	PART 2 - SUPPORTING DOCUMENTATION		
	• Debtors' Analysis	YES	
	• Creditors' Analysis	YES	
	• Investment portfolio analysis	YES	
	• Allocation and grant receipts and expenditure	YES	
	• Councillor and board member allowances and employee benefits	YES	
	• Material variances to the service delivery and budget implementation plan	YES	
	• Parent municipality financial performance	YES	
	• Municipal entity financial performance	N/A	
	• Capital programme performance	YES	
	• Other supporting documents	YES	
	• In-year reports of the municipal entities attached to the municipality's in-year report	N/A	
	• Municipal Manager's quality certification	YES	
5	Do the Original Budget figures in the Schedule C reconcile with the budget figures in the Schedule A?	NO	In Table C7, the Original Budget figures in Schedule C do not reconcile with the budget figures in Schedule A.
6	Do the Year to date Budget figures in the Schedule C agree to the Year To date (YTD) Budget figures in the Original Budget?	NO	
7	Do the figures in Schedule C (MFMA Section 72 Report) reconcile with the MFMA Section 71 monthly figures (Six months figures reported)	NO	
8	Has the municipality provided explanations and remedial/corrective measures for the major variances on Table SC1 or MFMA Section 72 Report?	YES	

No.	Key Focus Areas	Status (Yes/ No/N/A)	Findings/ Impact on the Adjustments Budget (if applicable)
B. 2023/24 Original Budget			
9	**Errors – Sec 28(2)(f)** Based on the 2023/24 Original Budget comments letter: Did the 2023/24 Original Budget have material errors in respect of grant allocations? (Refer to the High level assessment of the Original Budget).	NO	There were no material errors in respect of grant allocations.
	Were all the schedules completed accurately? (Refer to budget comments letter/high level assessment of the Original Budget for 2023/24 and budget errors noted in the IYM feedbacks)	YES	
10	Borrowings With reference to the 2023/24 Original Budget, determine if all budgeted loans have been approved or obtain progress made to date to obtain the loan.	N/A	
C. 2022/23 Audited Annual Financial Statements			
11	Unauthorised Expenditure – Sec 28(2)(c), Sec 32(2)(a) Inspect the municipality's audited AFS for 2022/23 for unauthorised expenditure. Enquire if the 2021/22 unauthorised expenditure has been condoned by Council (if applicable).	YES	
D. Virements			
12	Virements – MFMA Circular No. 51(4.6) and 58(4.9) and MFMA mSCOA Circular No. 8 Advise the municipality to adhere to requirements of MFMA Circular No. 51(4.6) when preparing their Adjustments Budget. Remind the municipality of Circular PT MF 06 of 2023/24 Section G which addresses the need to update the virements policy in line with the mSCOA framework.	YES	

No.	Key Focus Areas	Status (Yes/ No/N/A)	Findings/ Impact on the Adjustments Budget (if applicable)
E. General			
13	Additional Allocations - Section 28(2)(b) MFMA Was there any amendments to the municipality's grant allocations as per **Adjusted DoRB (Gazette No. 49550 of 24 October 2023) and Provincial Gazette No.2631**	YES	The municipality is advised to include any adjusted allocations in the Adjustments Budget in respect of the Adjusted DoRB Gazette No.49550 and the Adjusted Provincial Gazette No.2631). The following grants were Adjusted in the Adjusted DoRB Gazette No. 49550: - EPWP (R174 000) - MIG (R9.6 million) - MDR (R20.7 million) - INEP (R1 million) - NDPG (R3.5 million). **Please note that the onus is on the municipality to ensure that all applicable adjustments are accurately made during the Adjustments Budget process.** The Municipality is also advised to adjust their annual budget in respect of approved Rollovers for 2022/23 should there be any.

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Table 2: Financial Performance - Operating Revenue - (Table C4)

Description R thousand	Original Budget	Section 72 Report (YTD Actual)	Section 71 Report (YTD Actual)	Section 71 YTD as a % of Budget	Comments
Revenue					The Section 71 data strings differ to the Schedule C submitted to Council in some instances. For analysis purposes, the Provincial Treasury utilised the Approved Budget data strings figures and the Section 71 data strings figures.
Exchange Revenue					
Service charges - Electricity	882 022	423 714	425 983	48.3	
Service charges - Water	219 986	111 518	111 501	50.7	
Service charges - Waste Water Management	133 580	67 568	67 585	50.6	
Service charges - Waste Management	110 148	54 422	54 422	49.4	
Sale of Goods and Rendering of Services	7 199	–	2 861	39.7	The municipality has generated Sale of Goods and Rendering of Services of R2.9 million (39.7 percent) against the 2023/24 Approved Budget of R7.2 million as at 31 December 2023. No reasons were provided by the municipality in the Mid-Year Review Narrative nor Table SC1 of the of the Section 72 Mid-year Budget and Performance Assessment Report. The municipality is requested to review the figure reported and adjust the budget accordingly during the Adjustments Budget process if applicable.
Agency services	–	–	–	-	
Interest	–	–	–	-	
Interest earned from Receivables	5 877	3 952	1 938	33.0	The municipality has generated Interest earned from Receivables of R1.9 million (33 percent) against the 2023/24 Approved Budget of R5.9 million as at 31 December 2023, which is below the straight line projection of 50 percent. On page 2 of the Mid-Year Narrative, the municipality attributed the variance to cash flow challenges due investments being withdrawn prematurely to attend to operational requirements. The municipality has undertook to adjust the budget during the Adjustments Budget process.
Interest earned from Current and Non Current Assets	5 330	635	634	11.9	The municipality has generated Interest earned from Current and Non Current Assets of R634 000 (11.9 percent) against the 2023/24 Approved Budget of R5.3 million as at 31 December 2023, which is below the straight line projection of 50 percent. On page 2 of the Mid-Year Review Narrative, the municipality attributed the variance to the increase in the debtors book due to businesses defaulting to maintain their payment agreements. The municipality has undertook to adjust the budget during the Adjustments Budget process. It should however be noted that the reason provided by the municipality does not respond to the low generation of Interest earned from Current and Non Current Assets.
Dividends	–	–	–	-	
Rent on Land	–		–	-	
Rental from Fixed Assets	8 804	5 550	5 550	63.0	The municipality has generated Rental from Fixed Assets of R5.6 million (63 percent) against the 2023/24 Approved Budget of R8.8 million as at 31 December 2023, which is above the straight line projection of 50 percent. On page 2 of the Mid-Year Narrative, the municipality attributed the variance to the high demand for rental of municipal halls following the upliftment of lockdown. The municipality has undertook to adjust the budget during the Adjustments Budget process.
Licence and permits	–	–	–	-	
Operational Revenue	1 292	12 145	622	48.2	
Non-Exchange Revenue					
Property rates	396 741	203 969	203 969	51.4	
Surcharges and Taxes	–	–	–	-	
Fines, penalties and forfeits	4 831	4 464	3 876	80.2	The municipality has generated Fines, penalties and forfeits of R3.9 million (80.2 percent) against the 2023/24 Approved Budget of R4.8 million, which is above the straight line projection of 50 percent. On page 2 of the Mid-Year Narrative, the municipality attributed the variance to the reinstatement of employees in the traffic department which resulted in more law enforcement in the municipality and the municipality highlighted that Fines are dependent on law enforcement and the compliance of motorists. The municipality has undertook to adjust the budget during the Adjustments Budget process.
Licences or permits	34	18	18	53.2	
Transfer and subsidies - Operational	577 623	422 976	421 618	73.0	The municipality has recognised R421.6 million (73 percent) on Transfer and subsidies - Operational against the 2023/24 Approved Budget of R577.6 million. No reasons were provided on Table SC1 for the variance. On page 3 of the Mid-Year Narrative, the municipality attributed the variance to the municipality receiving all grants budgeted to be received in time. However, the municipality stated that the adjusted DoRA reflects a downward adjustment in some of the grants and therefore this item will be adjusted during the Adjustments Budget process.
Interest	–	–	2 175	-	The municipality has reported R2.2 million Interest in the Section 71 data strings against a nil budget. The Section 72 Mid-year Budget and Performance Assessment Report has reported nil. The municipality is therefore advised to review its records and amend the data strings accordingly.
Fuel Levy	–	–	–	-	
Operational Revenue	–	–	–	-	

[_____]

Description R thousand	Original Budget	Section 72 Report (YTD Actual)	Section 71 Report (YTD Actual)	Section 71 YTD as a % of Budget	Comments
Gains on disposal of Assets	2 000	5 757	5 557	277.9	The municipality has generated Gains on disposal of Assets of R5.6 million (227.9 percent) against the 2023/24 Approved Budget of R2 million as at 31 December 2023. On page 3 of the Mid-Year Narrative, the municipality attributed the variance to properties which were advertised in the prior years but the process of them being disposed was finalised in the current year. The municipality has undertook to adjust the budget during the Adjustments Budget process.
Other Gains	–	–	–	-	
Discontinued Operations	–	–	–	-	
Total Revenue (excluding capital transfers and contributions)	**2 355 468**	**1 316 689**	**1 308 309**	**55.5**	**In total, the municipality generated R1.3 billion (55.5 percent) Total Revenue (excluding capital transfers and contributions) as at 31 December 2023 against the 2023/24 Approved Budget of R2.4 billion. This is above the benchmark of 50 percent for the six months ending 31 December 2023 and is due to the comments above.**

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Table 3: Financial Performance - Operating Expenditure - (Table C4)

Description R thousand	Original Budget	Section 72 Report (YTD Actual)	Section 71 Report (YTD Actual)	Section 71 YTD as a % of Budget	Comments
Expenditure By Type					**The Section 71 data strings differ to the Schedule C submitted to Council in some instances. For analysis purposes, the Provincial Treasury utilised the Approved Budget data strings figures and the Section 71 data strings figures.**
Employee related costs	724 536	323 391	321 729	44.4	The municipality has incurred R321.7 million (44.4 percent) on Employee related costs against the 2023/24 Approved Budget of R724.5 million, which is below the straight line projection of 50 percent. On page 3 of the Mid-Year Narrative, the municipality attributed the variance to the salary and notch adjustments which were budgeted for but not yet paid pending the outcome in the Bargaining Council. The municipality further stated that the review of this item will depend on the status of the matter during the Adjustments Budget process.
Remuneration of councillors	28 443	12 765	12 765	44.9	The municipality has incurred R12.8 million (44.9 percent) on Remuneration of Councillors against the 2023/24 Approved Budget of R28.4 million, which is below the straight line projection of 50 percent. On page 4 of the Mid-Year Narrative, the municipality attributed the variance to Council budgeting for a full increase in the upper limits of Councillor remuneration, however the MEC only approved an increase of only 50 percent. The municipality has undertook to adjust the budget during the Adjustments Budget process.
Bulk purchases-electricity	660 933	329 850	286 594	43.4	The municipality has incurred R286.6 million (43.4 percent) on Bulk purchases-electricity against the 2023/24 Approved Budget of R660.9 million. On page 4 of the Mid-Year Narrative, the municipality attributed the variance to seasonal consumption which is expected to average out during the remainder of the financial year. The municipality further stated that this item seems to be performing reasonably in line with the budget. However, this is based on the R329.9 million, which equates to 50 percent against the 2023/24 Approved Budget of R660.9 million as per the Section 72 Mid-year Budget and Performance Assessment Report
Inventory consumed	159 854	85 578	75 293	47.1	
Debt impairment	308 145	–	–	-	The municipality has incurred nil on Debt impairment against the 2023/24 Approved Budget of R308.1 million, which is below the straight line projection of 50 percent. on Table SC1, the municipality has attributed the variance to the fact that only Debt impairment for indigents is calculated monthly and that all other debtors impairment is calculated bi-annually. On page 5 of the Mid-Year Review Narrative, the municipality attributed the variance to the fact that the full impact of Debt impairment will be effected at the end of the financial year end. The municipality undertook to review this expenditure item during the Adjustments Budget process. The 2022/23 Audited Actual is R252.5 million.
Depreciation & amortisation	379 139	186 220	186 220	49.1	
Interest	32 205	16 717	16 717	51.9	
Contracted services	207 716	95 328	108 812	52.4	
Transfers and subsidies	–	–	–	-	
Irrecoverable debts written off	89 312	40 696	40 696	45.6	
Operational costs	134 307	65 846	50 581	37.7	The municipality has incurred R50.6 million (37.7 percent) on Operational costs against the 2023/24 Approved Budget of R134.3 million. No reasons were provided by the municipality in the Mid-Year Review Narrative and Table SC1 of the Section 72 Mid-year Budget and Performance Assessment Report for the variance. On page 5 of the Mid-Year Review Narrative, the municipality indicated that it would adjust this item once the adjusted DoRA has been received.
Losses on disposal of Assets	–	–	–	-	
Other Losses	–	–	–	-	
Total Expenditure	**2 724 589**	**1 156 391**	**1 099 408**	**40.4**	**In total, the municipality incurred R1.1 billion (40.4 percent) Total Expenditure as at 31 December 2023. This is below the benchmark of 50 percent for the six months ending 31 December 2023. The under expenditure reported is due to the comments above.**
Total Revenue (excluding capital transfers and contributions)	2 355 468	1 316 689	1 308 309	55.5	
Total Expenditure	2 724 589	1 156 391	1 099 408	40.4	
Surplus/(Deficit)	**(369 121)**	**160 298**	**208 901**		

Municipality: Newcastle

Table 4: Capital Expenditure by vote, standard classification and funding - (Table C5) & R&M/Renewals - (Table SC13b&c)

Description R thousand	Original Budget	Section 72 Report (YTD Actual)	Section 71 Report (YTD Actual)	Section 71 YTD as a % of Budget	Comments
Capital Expenditure					The Section 71 data strings differ to the Schedule C submitted to Council in some instances. For analysis purposes, the Provincial Treasury utilised the Approved Budget data strings figures and the Section 71 data strings figures.
Governance and administration	4 700	20 118	18 651	396.8	
Executive and council	–	19 226	19 226	-	
Finance and administration	4 700	893	(574)	(12.2)	In total, the municipality has incurred R109.6 million (42.9 percent) Total Capital Expenditure against the 2023/24 Approved Budget of R255.3 million as at 31 December 2023. This is below the benchmark of 50 percent for the six months ending 31 December 2023. On page 6 of the Mid-Year Review Narrative, the municipality stated that the variance is due to the fact that the low expenditure on the Roads department is due to the fact that the department anticipated to do road resealing when the budget was approved. However, due to heavy rains there is now a need to start with the maintenance of roads due to the outcry of the community on potholes and regraveling. The municipality has planned to move the resealing budget to operations in order to maintain roads. The municipality further stated that the Budget and Treasury Office, Housing and Waste management functions are also under performing and the Executive and Council function had a budget that was ring-fenced for the procurement of municipal plant, however that budget has been utilised for operational requirements. The municipality undertook to adjust the budget during the Adjustments Budget process.
Internal audit	–	–	–	-	
Community and public safety	35 376	17 610	17 702	50.0	
Community and social services	938	358	358	38.2	
Sport and recreation	33 938	17 252	17 344	51.1	
Public safety		–	–	-	
Housing	500	–	–	-	
Health	–	–	–	-	
Economic and environ. services	60 258	24 755	25 518	42.3	
Planning and development	191	64	207	108.5	
Road transport	60 067	24 691	25 311	42.1	
Environmental protection	–	–	–	-	
Trading services	154 204	47 750	47 750	31.0	
Energy sources	21 550	6 168	6 168	28.6	
Water management	116 407	40 266	40 266	34.6	
Waste water management	15 797	1 317	1 317	8.3	
Waste management	450	–	–	-	
Other	800	–	–	-	
Total Capital Expenditure	255 338	110 234	109 621	42.9	
Funded by:					
National Government	228 012	86 108	86 870	38.1	The municipality has recognised R86.9 million (38.1 percent) from National Government against the 2023/24 Approved Budget of R228 million as at 31 December 2023. on Table SC1 the municipality attributed the variance to SCM processes being at initial stages. On page 8 of the Mid-Year Review Narrative, the municipality stated that the low recognition of grant funded projects reflects a negative picture which might result in the stopping of funds. The municipality further stated to have received the adjusted DoRA which reflects a reduction in capital grant funding and an additional disaster recovery funding. The municipality undertook to adjust the budget during the Adjustments Budget process.
Provincial Government	12 758	886	886	6.9	The municipality has recognised R886 000 (6.9 percent) from Provincial Government against the 2023/24 Approved Budget of R12.8 million as at 31 December 2023. on Table SC1 the municipality attributed the variance to SCM processes being at initial stages. On page 8 of the Mid-Year Review Narrative, the municipality stated that the low recognition of grant funded projects reflects a negative picture which might result in the stopping of funds. The municipality further stated to have received the adjusted DoRA which reflects a reduction in capital grant funding and an additional disaster recovery funding. The municipality undertook to adjust the budget during the Adjustments Budget process.
District Municipality	–	–	–	-	
Other transfers and grants	–	–	–	-	
Transfers recognised - capital	240 770	86 994	87 757	36.4	
Borrowing	–	–	–	-	
Internally generated funds	14 568	23 240	21 663	148.7	The municipality has recognised R21.7 million (148.7 percent) from Internally generated funds against the 2023/24 Approved Budget of R14.6 million as at 31 December 2023. on Table SC1 the municipality attributed the variance to SCM processes being at initial stages. The municipality further stated that there is a need to adjust this line item during the adjustments budget the reasons for which were not stated. It should however be noted that the reason provided by the municipality on Table SC1 does not respond to the over generation of Internally generated funds. According to the Mid-Year review narrative, the reported amount of R23.2 million includes R17 million which will be rectified during the Adjustments Budget process.
Total Capital Funding	255 338	110 234	109 420	42.9	**The municipality has recognised Total Capital Funding of R109.4 million (42.9 percent) against the 2023/24 Approved Budget of R255.3 million.**
				-	

Description R thousand	Original Budget	Section 72 Report (YTD Actual)	Section 71 Report (YTD Actual)	Section 71 YTD as a % of Budget	Comments
Repairs and maintenance (Table SC13c)	44 492	13 718	16 257	36.5	The municipality has incurred expenditure of R16.3 million (36.5 percent) against the 2023/24 Approved Budget of R44.5 million for Repairs and maintenance. No reasons were provided by the municipality on Table SC1 nor the Mid-Year review narrative. The municipality is advised to review the budget during the Adjustments Budget process and adjust the budget where necessary.
Renewal of existing assets (Table SC13b)	8 000	4 279	1 920	24.0	The municipality has incurred expenditure of R1.9 million (24 percent) against the 2023/24 Approved Budget of R8 million for Renewal of existing assets. No reasons were provided by the municipality on Table SC1 nor the Mid-Year review narrative. The municipality is advised to review the budget during the Adjustments Budget process and adjust the budget where necessary.
Upgrading of existing assets (Table SC13e)	116 142	82 902	39 979	34.4	The municipality has incurred expenditure of R40 million (34.4 percent) against the 2023/24 Approved Budget of R116.1 million for Upgrading of existing assets. No reasons were provided by the municipality on Table SC1 nor the Mid-Year review narrative. The municipality is advised to review the budget during the Adjustments Budget process and adjust the budget where necessary.

Municipality: Newcastle

Table 5: Cash Flow- (Table C7)

Description R thousand	Original Budget	Section 72 Report (YTD Actual)	Section 71 Report (YTD Actual)	Section 71 YTD as a % of Budget	Comments
CASH FLOW FROM OPERATING ACTIVITIES					The Section 71 data strings differ to the Schedule C submitted to Council in some instances. For analysis purposes, the Provincial Treasury utilised the Approved Budget data strings figures and the Section 71 data strings figures.
Receipts					
Property rates	278 786	121 689	198 516	71.2	The municipality has collected R198.5 million (71.2 percent) on Property rates against the 2023/24 Approved Budget of R278.8 million. Table C4 reported to have billed Property rates of R204 million. This indicates that the municipality has collected 97.3 percent of billed Property rates. The municipality budgeted a collection rate of 75.5 percent in the 2023/24 Approved Budget.
Service charges	1 145 598	428 610	547 789	47.8	The municipality has collected R547.8 million (47.8 percent) on Service charges against the 2023/24 Approved Budget of R1.1 billion. Table C4 reported to have generated R659.5 million, therefore equating to a collection rate of 83.1 percent, the norm is 95 percent.
Other revenue	18 295	120 980	874 651	4 780.8	The municipality has collected R874.7 million (4 780.8 percent) on Other revenue against the 2023/24 Approved Budget of R18.3 million which does not appear reasonable. Table C4 reflects a total of R12.9 million for Other revenue (Sale of Goods and Rendering of Services R2.9 million, Rental of facilities of R5.5 million, Fines, penalties and forfeits of R3.9 million, Licences and permits of R18 000 and Other Revenue of R622 000). The Section 71 data strings differ to the Schedule C submitted to Council. The municipality is advised to review its records for correctness and make corrections where necessary.
Transfers and subsidies - Operational	577 623	389 053	588 052	101.8	The municipality has received R588.1 million (101.8 percent) on Transfers and subsidies - Operational against the 2023/24 Approved Budget of R577.6 million. The 2023/24 National Treasury Payment Schedule indicates that R395.2 million has been transferred to the municipality. The municipality is advised to review its records for correctness and make corrections where necessary.
Transfers and subsidies - Capital	240 770	167 820	148 682	61.8	The municipality has reported to have received R148.7 million (61.8 percent) on Transfers and subsidies - Capital against the 2023/24 Approved Budget of R240.8 million. The 2023/24 National Treasury Payment Schedule indicates that R175 million has been transferred to the municipality. The municipality is advised to review its records for correctness and make corrections where necessary.
Interest	5 330	4 588	238	4.5	The municipality has collected R238 000 (4.5 percent) revenue from Interest against the 2023/24 Approved Budget of R5.3 million. On Table C4 the municipality reported Interest earned from Receivables of R1.9 million and Interest earned from Current and Non Current Assets of R634 000, a total of R2.6 million. The cash inflow should at least be equal to Interest earned from Current and Non Current Assets of R634 000. The difference renders the figures reported in both Table C4 and C7 questionable. The municipality is advised to review its records for correctness and make corrections where necessary.
Dividends	–	–	–	-	
Payments				-	
Suppliers and employees	(1 903 429)	(1 004 144)	(1 034 765)	54.4	The municipality paid R1 billion (54.4 percent) on Suppliers and employees against the 2023/24 Approved Budget of R1.9 billion. The municipality anticipates cuts in different expenditure items in line with the Revised Budget Funding Plan. Excluding the non-cash items on Table C4 and Finance charges, the Operating expenditure amounts to R855.8 million. Based on this, the reported Suppliers and employees in Table C7 appears overstated. The municipality is advised to review its records for correctness and make corrections where necessary.
Finance charges	(32 205)	(16 717)	(33 177)	103.0	The municipality has paid R33.2 million (103 percent) on Finance charges against the 2023/24 Approved Budget of R32.2 million. On Table C4 the municipality reported Finance charges of R16.7 million. The municipality is advised to review its records for correctness and make corrections where necessary.
Transfers and Grants	–	–	–	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	330 767	211 880	1 289 965	390.0	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	–	330	7 102	-	The municipality has received R7.1 million on Proceeds on disposal of PPE against the 2023/24 Approved Budget of nil. In Table C4 the municipality reported Gains on disposal of Assets of R5.6 million. On page 3 of the Mid-Year Narrative, the municipality attributed the variance of R5.6 million to properties which were advertised in the prior years but the process of them being disposed was finalised in the current year. The municipality is advised to review its records for correctness and make corrections where necessary.
Decrease (Increase) in non-current debtors	–	–	–	-	
Decrease (increase) other non-current rec.	–	–	–	-	

Description R thousand	Original Budget	Section 72 Report (YTD Actual)	Section 71 Report (YTD Actual)	Section 71 YTD as a % of Budget	Comments
Decrease (increase) in non-current invest.	–	–	–	-	
Payments					
Capital assets	(255 338)	(110 510)	(128 136)	50.2	The municipality has paid R128.1 million (50.2 percent) on Capital assets against the 2023/24 Approved Budget of R255.3 million. According to Table C5, the municipality has incurred R109.6 million on Capital Assets. In effect the municipality has paid more for Capital assets that what has been incurred. This renders the figures reported questionable. The municipality is advised to review its records for correctness and make corrections where necessary.
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(255 338)**	**(110 180)**	**(121 034)**	**47.4**	
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	–	–	–	-	
Borrowing long term/refinancing	–	–	–	-	
Increase (decrease) in consumer deposits	–	–	1 539	-	The municipality has reported R1.5 million Increase (decrease) in consumer deposits in the Section 71 data strings against a nil budget. The Section 72 Mid-year Budget and Performance Assesement Report has reported nil. The municipality is advised to review its records for correctness and make corrections where necessary.
Payments					
Repayment of borrowing	(34 082)	(48 363)	(17 406)	51.1	The municipality has reported Repayment of borrowings of R17.4 million (51.1 percent) against the 2023/24 Approved Budget of R34.1 million. According to the Mid-Year Narrative and the Section 72 Mid-year Budget and Performance Assessment Report, the municipality has reported Repayment of borrowings of R48.4 million. The noted difference renders the figures reported questionable. The municipality is advised to review its records for correctness and make corrections where necessary.
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(34 082)**	**(48 363)**	**(15 867)**	**46.6**	
NET INCREASE/ (DECREASE) IN CASH HELD	**41 348**	**53 337**	**1 153 064**	**2 788.7**	
Cash/cash equivalents at the year begin:	169 474	12 227	12 270	7.2	The municipality has reported to have Cash/cash equivalents at the year begin of R12.3 million against the 2023/24 Approved Budget of R169.5 million on Table C7, which is in line with the 2022/23 Audited Annual Financial Statements (AFS).
Cash/cash equivalents at month/year end:	**210 822**	**65 564**	**1 165 334**	**552.8**	The municipality has reported to have R1.2 billion Cash/cash equivalents at month/year end. The bank statement as at 31 December 2023 shows that the municipality had R11.9 million in the bank and the Investments Register shows a balance of R53.6 million, a total of R65.5 million. However, based on the Grants Register submitted by the municipality, the municipality had Unspent Grants of R174.5 million. This indicates a net available cash position of negative R109 million.

Municipality: Newcastle

Table 6: Cash Position as at 31 December 2023

Cashbook Balance (Reconciled)	Account Number	R'000	Comments
Bank Account 1	Nedbank 1162667338	11 914	
Investment 1	Standard Bank 068450354/015	330	
Investment 2	Standard Bank 068450354/016	251	
Investment 3	Standard Bank 068450354/036	31 034	
Investment 4	Standard Bank 068450354/040	746	
Investment 5	Standard Bank 068450354/041	43	
Investment 6	Absa Bank : 9300506428	614	
Investment 7	Nedbank 037648555441 52	20 171	
Investment 8	Nedbank 037648555441 58	446	
Total Cash		65 549	
Less Unspent Conditional Grants(*As per Reconciled Grant Register)		174 545	
Net Cash Position		(108 996)	
Less Reserves to be Cash Backed		-	
Capital Replacement Reserve			
Donations and Public Contributions			
Insurance Reserve			
COID			
Housing Development Fund			
Reserve for Rehabilitation of Landfill Sites and Quarries			
Final Net Cash Position		(108 996)	
Cash Coverage (Months)		(0)	
Fixed Operating Commitments			
Employee Related Costs		677 337	
Remuneration of councillors		26 983	
Bulk Purchases		527 905	
Operating lease(rent premises and machines etc.)			
Rent plant			
Contracted services		260 392	
Municipality's Electricity & Water		12 236	
Municipality's sewer charges			
Security Services			
Insurance		8 910	
Telephone costs		1 978	
Current portion of long term loan(if applicable). NB: include Finance charges			
Other Operating Commitments (specify)			
Other Operating Commitments (specify)			
Total Fixed Operating Commitments		1 515 741	
Monthly Fixed Operating Commitments		252 624	

Comments

NB. While the calculation above provides an estimation of the municipality's cash coverage as at 31 December 2023, the net cash position and the calculated cash coverage noted above may vary significantly and be impacted by the assumptions used, subsequent cash movements and accuracy of the municipality's reporting.

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Municipality: Newcastle

Table 7: Debtors - (Table SC3)

Description R thousand	Section 72 Report (YTD Actual)	Section 71 Report (YTD Actual)	% of Debtors by Age / Customer Group	Comments
Debtors as at 30 June 2023	794 694	794 694		Net Receivables from exchange transactions as per the 2022/23 Audited AFS amount to R794.7 million and Gross Receivables from exchange transactions amount to R1.8 billion.
Debtors as at 31 December 2023	1 747 778	1 724 773		It appears that the municipality has reported Gross debtors instead of Net Debtors. The municipality should note that paragraph 8.3 of MFMA Circular No.107 indicates that municipalities should report on a net basis for Debtors.
By age analysis				
0-30 days	93 835	48 953	2.8%	
31-60 days	40 613	38 329	2.2%	
61-90 days	37 384	37 973	2.2%	
>90 days	1 575 946	1 599 519	92.7%	The bulk of the Debtors, R1.6 billion (92.7 percent) of the Total Debtors owed to the municipality of R1.7 billion are in the over 90 days category. The municipality is advised to target this category of Debtors as part of its debt collection strategy.
Total by age analysis	**1 747 778**	**1 724 773**		
By customer group				
Organs of state	17 043	(20 032)	-1.2%	The municipality reported negative R20 million Receivables from Organs of state. This does not appear reasonable and the municipality is advised to correct the data strings.
Commercial	139 130	132 798	7.7%	
Households	1 628 346	1 611 940	93.5%	The bulk of the Debtors owed to the municipality is owed by the Households customer group at R1.6 billion (93.5 percent). The municipality is advised to target this category of Debtors as part of its debt collection strategy.
Other	(36 741)	68	0.0%	
Total by customer group	**1 747 778**	**1 724 773**		

Municipality: Newcastle

Table 8: Creditors - (Table SC4)

Description R thousand	Section 72 Report (YTD Actual)	Section 71 Report (YTD Actual)	% of Creditors by Age / Customer Type	Comments
Creditors as at 30 June 2023	328 222	328 222		Trade payables as per the 2022/23 Audited AFS amount to R328.2 million.
Creditors as at 31 December 2023	437 005	322 836		
By age analysis				
0-30 days	90 613	51 495	16.0%	
31-60 days	52 905	19 952	6.2%	The municipality has unpaid Creditors for greater than 30 days of R271.3 million. This is in contravention of Section 65(2)(e) of the MFMA. This may lead to the municipality incurring interest on outstanding Creditors, thus incurring fruitless and wasteful expenditure.
61-90 days	68 463	58 711	18.2%	
>90 days	225 024	192 678	59.7%	
Total by age analysis	**437 004**	**322 836**		
By customer type				
Bulk Electricity	161 779	110 481	34.2%	
Bulk Water	232 913	210 035	65.1%	The bulk of the Creditors, R210 million (65.1 percent) owed by the municipality is due to Bulk Water. This indicates that the municipality is having difficulties on paying Water creditors in time. The municipality stated that it is negotiating a payment plan with uThukela Water.
PAYE deductions	13 085	–	0.0%	
VAT (output less input)	–	–	0.0%	
Pensions / Retirement deductions	26 986	–	0.0%	
Loan repayments	–	–	0.0%	
Trade Creditors	2 242	1 254	0.4%	
Auditor General	–	–	0.0%	
Other	–	1 066	0.3%	
Total by customer type	**437 005**	**322 836**		

Municipality: Newcastle

Table 9: Transfers and Grants Expenditure - (Table SC7(1))

Description R thousand	Original Budget	Section 72 Report (YTD Actual)	Section 71 Report (YTD Actual)	Section 71 YTD as a % of Budget	Comments
Operating expenditure					The Section 71 data strings differ to the Schedule C submitted to Council in some instances. For analysis purposes, the Provincial Treasury utilised the Approved Budget data strings figures and the Section 71 data strings figures.
National Government	**522 879**	**377 679**	**377 704**		
Local Government Equitable Share	506 803	370 438	370 438	73.1	
Finance Management Grant (FMG)	1 850	618	649	35.1	The municipality has incurred expenditure of R649 000 (35.1 percent) on the Finance Management Grant against the 2023/24 Approved Budget of R1.9 million. No reasons were provided by the municipality on Table SC1 for the variance. The municipality should have spent approximately 50 percent based on a straight line projection of their 2023/24 Approved Budget as at 31 December 2023. Should expenditure not improve, the municipality is at risk of paying the unspent grant over to the National Revenue Fund at the end of the financial year.
Municipal Infrastructure Grant (MIG)	11 120	5 067	5 067	45.6	
EPWP Incentive	3 106	1 556	1 341	43.2	The municipality has incurred low expenditure on the EPWP Incentive, Level 2 accreditation and Museums Services grants. No reasons were provided by the municipality on Table SC1 for the variance. The municipality should have spent approximately 50 percent based on a straight line projection of their 2023/24 Approved Budget as at 31 December 2023. Should expenditure not improve, the municipality is at risk of paying the unspent grant over to the National and Provincial Revenue Funds at the end of the financial year.
Provincial Government	**25 564**	**10 304**	**10 233**		
Level 2 accreditation	15 501	5 383	5 383	34.7	
Museums Services	476	10	10	2.0	
Community Library Services Grant	2 595	1 388	1 388	53.5	
Provincialisation of Libraries	6 992	3 241	3 241	46.3	
LGSETA	–	281	210	-	The municipality has incurred expenditure of R210 000 on the LGSETA grant against the 2023/24 Approved Budget of nil. This was highlighted in the 2023/24 M03 and M04 IYMs. The municipality is advised to review the data strings and amend accordingly.
Capital expenditure					
National Government	**228 012**	**86 108**	**101 422**		
Municipal Infrastructure Grant (MIG)	131 948	50 920	63 889	48.4	
Neighbourhood Development Partnership	24 514	12 165	11 236	45.8	
Integrated National Electrification Programme	21 550	6 168	7 093	32.9	The municipality has incurred expenditure of R7.1 million (32.9 percent) on the Integrated National Electrification Programme grant and Water Services Infrastructure Grant. No reasons were provided by the municipality in Table SC1 for the variance. The municipality should have spent approximately 50 percent based on a straight line projection of their 2023/24 Approved Budget as at 31 December 2023. Should expenditure not improve, the municipality is at risk of paying the unspent grant over to the National Revenue Fund at the end of the financial year.
Water Services Infrastructure Grant (WSIG)	50 000	16 856	19 204	38.4	
Provincial Government	**11 938**	**886**	**886**		
Sport and Recreation	11 938	886	886	7.4	The municipality has incurred expenditure of R886 000 (7.4 percent) on the Sport and Recreation grant against the 2023/24 Approved Budget of R11.9 million. No reasons were provided by the municipality in Table SC1 for the variance. The municipality should have spent approximately 50 percent based on a straight line projection of their 2023/24 Approved Budget as at 31 December 2023. Should expenditure not improve, the municipality is at risk of paying the unspent grant over to the Provincial Revenue Fund at the end of the financial year.

Municipality: Newcastle

Table 10: Expenditure against Approved Rollover - (Table SC7(2))

Description R thousand	Approved Rollover 2022/23	Section 72 Report (YTD Actual)	Section 71 Report (YTD Actual)	Section 71 YTD as a % of Approved Rollover	Comments
Operating expenditure					
National Government	–	–	–		
Provincial Government	60	250	67		
Provincialisation of Libraries	60	33	33	55.6	
LGSETA	–	217	33	-	The municipality has incurred expenditure of R33 000 on the LGSETA grant against a nil 2022/23 Approved Rollover. The municipality is advised to review the reported figures and data strings and amend accordingly.
Capital expenditure					
National Government	–	–	–		
Provincial Government	–	–	–		

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