

UBuhlebezwe Municipality Original Budget 2022/23

COUNCIL MEETING

REPORT TO COUNCIL ON ORIGINAL BUDGET 2022/23

Date : 26 May 2022

Levels : 1st Level: Council

1. Author : CFO/ACFO/Budget Manager

2. PURPOSE

The purpose of this report is to seek approval from Council for the original budget for 2022/23 financial year.

3. LEGAL / STATUTORY REQUIREMENTS

- Municipal Finance Management Act

4. AUTHORITY

- Council

5. BACKGROUND AND REASONING

The Municipal Finance Management Act states that the mayor of the municipality must table final budget to council 30 days before the start of the financial year.

The budget has been prepared and is funded appropriately.

Furthermore, the municipality has prepared A Schedule (Version 6.6) which is an MSCOA compliant budget.

The budget document is attached.

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6. STAFF IMPLICATIONS

The document was prepared by the staff in the BTO.

7. FINANCIAL IMPLICATIONS

- Budget will be implemented in the 2022/23 financial year

8. OTHER PARTIES CONSULTED

- Exco / Office of the Municipal Manager
- All relevant departments.

9. RECOMMENDATIONS

- That Council approves the Original Budget for 2022/23 financial year for onward submission to National and Provincial Treasury as well as communities for comments.

**SCHEDULE OF FINAL ANNUAL BUDGET AND SUPPORTING
DOCUMENTATION OF**

UBUHLEBEZWE MUNICIPALITY

**2022/2023 MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS**

**Copies of this document can be viewed:
In the municipal buildings**

Municipal library and the website

www.Ubuhlebezwe.gov.za

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1.1 Mayors Report

Honourable Speaker

Deputy Mayor

Members of the Executive Committee

Councillors

Amakhosi

Municipal Manager

Senior Officials

All Distinguished guests

Ladies and Gentlemen, Sanibonani “Good morning”

I greet you all in the name of Development and Service Delivery.

We are gathered here, six months after the Local Government elections that took place on the 1st of November 2021. I would like firstly to thank all the citizens of Ubuhebezwe and South Africa at large, for the dedication and passion that they have displayed, while going to the voting polls, to cast their votes. Indeed, it was proven that the South Africa of today is democratic and open, and that Government is based on the will of the people. The people spoke with their votes; hence we are here today, continuing to serve this great community.

On the 11th and 12th of April, parts of KwaZulu-Natal received between 200 and 400 mm of rainfall in a 24-hour period. Our Province has experienced a disaster in the form of the devastating floods that destroyed many homes, destroyed our roads and most painful of it all, took the lives of many South Africans. There are few words of comfort that can ease the anguish and the torment of those people who have lost loved ones. The Premier of KZN, Hon Sihle Zikalala in his budget speech said, “We stand here still reeling from an extra-ordinary act of nature that has produced the most catastrophic human tragedy in the history of our Province and Country”

The floods were registered as a few steps backward in the progress that has been made towards community and infrastructural development. It also tells us all, that we must be very conscious when adopting and implementing our Budget for 2022/2023 as this disaster has increased the burden in the National fiscus and has created a need to redirect funds that were earmarked towards Municipal and Departmental programmes.

Honourable Speaker, I was very pleased by the energy that was displayed by this Council, when it took the term of office in November 2021. The important session that

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took place, was to look on the Vision and Mission with the intention of simplifying the municipalities aspirations in a concise manner and reassessing its meaningful meaning to ensure that it focuses on what is imperative and required by the community. The Council agreed that, indeed the quality of lives of our citizens have improved, and that the services that the Municipality is rendering of its communities is still satisfactory.

After all considerations, the Council agreed that the new vision should be “To provide quality services and sustainable economic growth within the available resources”

THE NEW MISSION

“Ubuhlebezwe Municipality will strive to deliver basic services to all its citizens by the year 2030, by promoting sustainable socio-economic development, through Good Governance”

Providing quality basic services, is still one of the focal areas for this council, as today we are gathered in the beautiful hall that we are handing over to the community of Emandilini, Mazizini, eHlanzeni and surroundings. This is one of the projects that we constructed in this current financial year 2021/2022. Other similar structures have been built successfully at Ward 06, St Nicholas multipurpose centre, and Ward 8 Chibini multipurpose centre. We have also had progress when it comes to roads and social facilities, with the construction of Commercial Road in Ixopo Town, which is black top, Moliva road (ward 01) Kwa Miya Road (ward 07) and we are currently busy with Mleyi Sports field in (ward 14)

As part of our social infrastructure projects, we are continuing with the installation of High mast lights in our rural wards. These will add on the recently build in the last financial year in the following wards: wards 01, 06, 07 & 11. Wards 09, 10 and 03 will soon benefit from this service. With these lights, the main intention is to address the gender-based violence that has become the second pandemic and other criminal activities. As this council, we believe that the safety of our communities, is our number one priority.

The council also agreed that sustainable economic growth is the key priority in the next five years of this council. It is with that reason that on the 20th April 2022, the council on its Mayoral Excellence Awards launched a campaign of “GOING GREEN”, where its aim is to promote Agricultural programs and projects. The Municipality identified Primary and Secondary Schools that are doing Agricultural Science as a subject and donated to them agricultural inputs and equipment to work with. The Municipality also pledge to work with the identified schools throughout the year, so that schools will be able to produce the best learners in Agriculture, who will be assisted through the Municipal bursary to further their studies at tertiary level.

We believe that Agriculture is still the proven contributor to sustainable economic growth in our region and as such, should be used as the major tool that can alleviate

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poverty. If we focus our attentions on the industry that is predominant to us, then we have a better chance to yielding better results at a much bigger scale. This Council has also agreed to continue with the Skills development programs aimed specifically on youth and women. This is still paramount to us as we have seen how our support to youth development and women upliftment has had a wider impact within our societies including moral regeneration and job creation.

We will continue with trainings such as Drivers licenses, Referees and umpires, training Security Guard, Basic IT & Electronic, Training Youth in Tilling, Advanced Sewing etc. In 2022/2023 Financial Year, communities should expect infrastructural projects like: Nonkwenkwana Sports field, Hlongwa Road, Xolani Vezi Sports field, Ithubalethu road, Mpiyamandla, KwaNothi, Makinatini electrification and others.

We are delighted that the Municipality still maintains its good reputation in terms of Good Governance. It is our trademark. We have conducted Public consultative programs physically & in different media platforms to ensure that all our Plans and Strategies stem from the community's needs. We know clearly that accountability and transparency is our key mandate. We never forget that Communities are the ones who sent us, and we are here to represent them.

Honourable Speaker, 2022/2023 Financial Year will be a very belt tightening period which needs to be implemented with care and vigilance, However, we still guarantee quality services to our communities.

Thank You Speaker

MISTER SPEAKER

Let me now take this opportunity to present the 2022/23 in its entirety

SUMMARY OF THE 2022/2023 FINAL BUDGET

Operational Budget	R 202 600 000
Capital Budget	<u>R 50 949 000</u>
Total Budget	<u>R 253 549 000</u>

Funding the budget – Conditional and Unconditional grants

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Description	Allocation 21/22	Allocation 22/23	Variance	Increase/Decrease
Equitable Share	R121 143 000	R125 683 000	R 4 540 000	↑
Support of Councillors remuneration and ward committee		R 6 029 000	New	
Electrification	R8 000 000	R6 994 000	(R1 006 000)	↓
Finance Management Grant	R 1 920 000	R1 950 000	R 30 000	↑
EPWP	R 2 131 000	R 2 245 000	R 110 000	↑
Library Grant	R 935 000	R 981 000	R 67 000	↑
Library Cyber	R 242 000	R 254 000	R 29 000	↑
MIG	R32 262 000	R30 291 000	R 1 971 000	↓
LED Grant	R 1 000 000	R 2 000 000	R 1 000 000	↑
Small Town Rehab		R 5 000 000	New	
KZN Human settlement	R 73 097 000	R 83 036 000	R 9 939 000	↑

1.2 Council Resolutions

The Council of UBuhlebezwe Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

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- *That the annual budget of the municipality for the financial year 2022/23 ; and indicative allocations for the two projected outer years 2023/24 and 2024/25 and related policies be approved, as set out in the following schedules and annexure:*

6.1	Budget summary	A1 Sum	
6.2	Budgeted financial performance (revenue and expenditure by standard classification)	A2 FinPerf	
6.3	Budgeted financial performance (revenue and expenditure by municipal vote)	A3 FinPerf	
6.4	Budgeted financial performance (revenue and expenditure)	A4 FinPerf	
6.5	Budgeted capital expenditure by vote, standard classification and funding	A5 CapEx	
6.6	Budgeted financial position	A6 FinPos	
6.7	Budgeted cash flows	A7 CFlow	
6.8	Cash backed reserves/accumulated surplus reconciliation	A8 ResRecon	
6.9	Asset management	A9 Asset	
6.10	Basic service delivery measurement	A10 SerDel	

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically, and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes to maintain sound financial stewardship. A

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critical review was also undertaken of expenditures on noncore and “nice to have” items.

It is about sticking to our plans despite challenging circumstances. The municipality’s aim is to eliminate wasteful spending and reduce it on non-critical items to sustain service delivery and maintain strong public finances.

The Municipality will embark on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers by implementing the debt collection and credit control policy as well as the implementation of the approved revenue enhancement strategy.

National Treasury’s MFMA Circular No. 51,54, 55,57,58,59,66,67,70,72, 74, 75,78,79,82,85, 86, 89, 90, 91, 93, 94, 97, 98, 99, 107, 108, 112,113 and 115 were used to guide the compilation of the 2022/23 MTREF.

The main challenges experienced during the compilation of the 2022/23 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and other infrastructure assets;
- The need to reprioritize projects and expenditure within the existing resource envelope given the available sources of funding;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies which makes it difficult to maintain the salaries budget within the acceptable norm as a percentage of the total operating budget; and

Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year’s capital investments needed to be factored into the budget as part of the 2022/23 MTREF process

The following budget principles and guidelines directly informed the compilation of the 2022/23 MTREF:

- The 2021/22 Special Adjustments Budget priorities and targets;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI. In addition, tariffs need to remain or move towards being cost reflective, and should consider the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been Gazetted as required by the annual Division of Revenue Act; and
- Local Government budget and financial reforms: Regulation of a “Municipal Standard Chart of Accounts’ (MSCOA) for local government.

Table 1 Consolidated Overview of the 2022/2023

UBuhlebezwe Municipality Original Budget 2022/23

R thousand	Special Adjustment Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Total Operating Revenue	169,798	184,280	189,172	199,194
Total Operating Expenditure	189,271	202,600	207,023	216,280
<i>Surplus/(Deficit for the year)</i>	-19,474	-18,320	-17,851	-17,086
Total Capital Expenditure	54,668	50,949	47,846	49,869

Total operating revenue has increased by 8.5 per cent or R 14.4 million for the 2022/23 financial year when compared to the 2021/22 Special Adjustments Budget. For the two outer years, operational revenue will increase by 2.7 and 5.3 per cent respectively, equating to a total revenue reduction of R14.9 million over the MTREF period. The increases are in line with Provincial Gazette No. 2321 dated 24 March 2022 and 2022 Division of revenue Bill (DoRB) and CPI inflationary increases.

Total operating expenditure for the 2022/23 financial year has been appropriated at R202.6 million and translates into a budgeted operational deficit of R 18.4 million. When compared to the 2021/22 Special Adjustments Budget, operational expenditure has grown by 10 per cent in the 2022/23 budget and by 2.2 and 4.4 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years decreases to R 17.8 million and R17 million respectively.

The capital budget of R 50,9 million for 2022/23 is 6.80 per cent which then translate to a decrease in comparing with 2021/22 Special Adjustment Budget. The reason for a 6.80% decrease is because of the projected completion of revamping of municipal building in 2021/22 financial year, a though analysis of prioritised projects especially for internally funded projects with the intention of ensuring that there is less tapping into reserves.

1.4 Operating Revenue Framework

For Ubuhezwe Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times, strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding, hence difficult choices must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components;

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management which aims to ensure an 80% percent annual collection rate for rates and other service charges;
- The municipality's Property Rates Policy approved in terms of the Municipal Property rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recovers costs;
- The municipality's Indigent Policy and rendering of Free Basic Services;
- The Tariff Policy of the municipality;

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Management have further adopted a conservative approach when projecting revenue and cash receipts. Council has also carefully considered the affordability of tariff increases, especially as it relates to domestic consumers whilst considering the level of service versus the associated cost. Particular attention was paid to managing revenue effectively and evaluating all spending decisions.

The following table is a summary of the 2022/2023 MTREF (classified by main revenue source):

KZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
Revenue By Source											
Property rates	2	25,178	38,921	40,154	22,999	22,999	22,999	36,710	24,602	25,685	26,840
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2,268	2,779	2,955	3,391	3,455	3,455	2,564	3,682	3,844	4,017
Rental of facilities and equipment		1,037	851	896	856	856	856	999	800	835	873
Interest earned - external investments		13,027	11,107	7,569	9,000	9,000	9,000	6,366	10,000	10,440	10,910
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		901	448	446	721	500	500	165	500	522	545
Licences and permits		2,885	2,139	4,567	3,964	3,440	3,440	2,387	3,437	3,588	3,749
Agency services		885	731	-	30	1,800	1,800	603	1,886	1,969	2,058
Transfers and subsidies		138,116	115,582	143,912	126,371	127,371	127,371	126,820	139,082	141,986	149,884
Other revenue	2	837	955	1,880	435	377	377	466	290	303	317
Gains		-	-	145	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		185,134	173,513	202,525	167,766	169,798	169,798	177,079	184,280	189,172	199,194

Percentage growth in revenue by main revenue source against total revenue

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Description	Budget Year 2021/22	%	Budget Year 2022/23	%	Budget Year 2023/24	%	Budget Year 2023/24	%
Revenue By Source								
Property rates	22,998,781.00	14%	24,602,145.00	13%	25,684,640.00	14%	26,840,449.00	13%
Service charges - refuse revenue	3,454,807.00	2%	3,682,197.60	2%	3,844,213.00	2%	4,017,203.00	2%
Rental of facilities and equipment	855,765.00	1%	800,000.00	0%	835,200.00	0%	872,784.00	0%
Interest earned - external investments	9,000,000.00	5%	10,000,000.00	5%	10,440,000.00	6%	10,909,800.00	5%
Fines, penalties and forfeits	500,000.00	0%	500,000.00	0%	522,000.00	0%	545,490.00	0%
Licences and permits	3,440,365.00	2%	3,436,612.00	2%	3,587,823.00	2%	3,749,275.00	2%
Agency services	1,800,000.00	1%	1,886,400.00	1%	1,969,402.00	1%	2,058,025.00	1%
Transfers and subsidies	127,371,000.00	75%	139,082,000.00	75%	141,986,000.00	75%	149,884,000.00	75%
Other revenue	376,901.00	0%	290,278.00	0%	303,050.00	0%	316,688.00	0%
Total Revenue	169,797,619.00	100%	184,279,632.60	100%	189,172,328.00	100%	199,193,714.00	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms an insignificant percentage of the revenue basket for the Ubuhebezwe Municipality when compared to Transfers and Subsidies. Rates and service charge revenues comprise less than 20 per cent of the total revenue mix. In the 2022/23 financial year, revenue from rates and services charges totalled to R28.2 million or 15 per cent. This increased to R29.4 million and R30.7 million in the respective outer financial years of the MTREF.

Operating grants and transfers totals R139 million in the 2022/23 financial year and increased to R141 million in 2023/24 and R149 million in 2024/25. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Transfers and Subsidies

The table below reflects all operational government grants.

Description	Allocation 21/22	Allocation 22/23	Variance	Increase/ Decrease
OPERATIONAL GRANTS				

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Equitable Share	R121 143 000	R 125 683 000	R 4 540 000	↑
Support of councillor's remuneration and ward committee		R 6 029 000		New
Finance Management Grant	R 1 920 000	R 1 890 000	R 30 000	↓
EPWP	R 2 131 000	R 2 245 000	R 114 000	↑
Library Grant	R 935 000	R 981 000	R 46 000	↑
LED Grant	R 1 000 000	R 2 000 000	R 1 000 000	↑
Library Cyber	R 242 000	R 254 000	R 12 000	↑
TOTAL	R 127 371 000	R 139 082 000	R 5 682 000	↑

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were considered to ensure the financial sustainability of the municipality. The municipality has provisionally increased domestic refuse charges by 5% and increase property rate categories and all other service charges by 5%.

Percentage movement of revenue source from year to year including outer years

Description	Budget Year 2021/22	% Increase	Budget Year 2022/23	% Increase	Budget Year 2023/24	% Increase	Budget Year 2023/25
Revenue By Source							
Property rates	22 998 781.00	7%	24 597 987.00	4.4%	25 680 300.00	4.5%	26 835 911.00
Service charges - refuse revenue	3 454 807.00	6.6%	3 682 197.60	2.4%	3 771 125.00	4.5%	3 940 826.00
Rental of facilities and equipment	855 765.00	6.5%	800 000.00	4.4%	835 200.00	4.5%	872 784.00
Interest earned - external investments	9 000 000.00	11%	10 000 000.00	4.4%	10 440 000.00	4.5%	10 909 800.00
Fines, penalties and forfeits	500 000.00	-	500 000.00	4.4%	522 000.00	4.5%	545 490.00
Licences and permits	3 440 365.00	-0.11%	3 436 612.00	4.4%	3 587 823.00	4.5%	3 749 275.00
Agency services	1 800 000.00	5.6%	1 900 000.00	4.4%	1 983 600.00	4.5%	2 072 862.00
Transfers and subsidies	127 371 000.00	9.2%	139 082 000.00	2.1%	141 986 000.00	5.6%	149 884 000.00
Other revenue	376 901.00	-23%	290 278.00	4.4%	303 050.00	4.5%	316 688.00
Total Revenue	169 797 619.00		184 219 065.00		189 109 098.00		199 127 636.00

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Property Rates

Property rates have increased by 6.95 percent from the Adjusted Budget 2021/22, which was budgeted at R 22.9 million. 2022/23 financial year we budgeted property rates at 24.6 million, we have implemented an 5% increase across all rates categories. The 1.95 percent is made up of all adjustments made which held to the sub-division of properties, additional/registration of new properties on General Valuation sub-4, changing of property categories after clients have objected with valuer and the change of use of the existing properties.

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	25,178	38,921	40,154	22,999	22,999	22,999	36,710	24,602	25,685	26,840

The amounts reflected above are after considering revenue forgone and rebates.

Comparison of property rates categories to levied for the 2022/23 financial year

Property Rates Categories	Tariffs 2021/2022	Tariffs 2022/2023	Percentage increase
Residential Property	0.0198	0.0207	5%
Industrial	0.0212	0.0222	5%
Business and Commercial	0.0202	0.0212	5%
Agricultural	0.0049	0.0051	5%
Vacant Land	0.0202	0.0212	5%
Communal Land	0.0049	0.0051	5%
State owned	0.0202	0.0212	5%
Mining	0.0224	0.0235	5%

Property Rates Summary calculations

PROPERTY RATES							
		Impermissible Rates R55000	Impermissible Rates R15000	Impermissible Rates 30%	General Rebate 20%	General Rebate 50%	
Residential	11,503,349.97	1,523,313.00					9,980,036.97
State Owned	9,340,762.40			2,802,228.72	1,307,706.74		5,230,826.94
Vacant Land	395,613.20		16,536.00				379,077.20
Agricultural	7,930,719.06		50,872.50			3,939,923.28	3,939,923.28
Public Service Infrastructure							0
Communal Land	420,223.17		12,699.00			203,762.09	203,762.09
Commercial	4,583,281.00		20,034.00				4,563,247.00
	-		-				-
Industrial	308,935.20		3,663.00				305,272.20
							24,602,145.68
						Property Rates	34,482,884.00
						Revenue Foregone	9,880,738.32
							24,602,145.68

Service Charges(Refuse and Fire)

Service Charges budget will increase by 5% in line with proposed tariffs for the 2022/23 financial year. The overall increase from 2021/22 Adjusted Budget is 6.5 percent in comparison with 2022/23 Budget Year. The budgeted amount of R3.6

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million is made up of Refuse R3,614,006 and Fire R68,191. This budgeted amount in line with the number of properties billed for Refuse and Fire services.

Refuse and Fire			
Category	Monthly	Number of clients	Total
Households-Stuartstown	R159.20	595	R1,136,688.00
Households-Fairview	R32.30	761	R294,963.60
Business – Large	3192.7	35	R1,340,934.00
Business – Small	1095.6	64	R841,420.80
Fire services	R8.20	693	R68,191.20
			3,682,197.60

The municipality's current waste removal and fire services is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long term. The municipality has therefore reviewed the tariffs in respect of commercial users and attempted to apply an increase that would address this issue.

A 5% percent increase in the waste removal tariff for all users is proposed from 1 July 2022. Currently indigent residential consumers are subsidized in full for refuse removal. The following table compares current and proposed amounts payable from 1 July 2022:

Comparison between current waste removal fees and increases

Property Rates Categories	Monthly 2021/2022	Monthly 2022/2023	Percentage increase
Households-Stuartstown	151.61	159.2	5%
Households-Fairview	30.75	32.3	5%
Fire Services	7.84	8.2	5%
Business-Large	3040.67	3192.7	5%
Business-Small	1043.45	1095.6	5%

Rental

This refers to rental for municipal facilities and community assets(halls) the municipality budgeted the amount of R 800 000, we decide to decrease the allocation by R56 000 as we are seeing a drop in halls hire collection under community asset. Investment Properties billing is projected at R 455 626 based on rentals contracts between the municipality and the lessee.

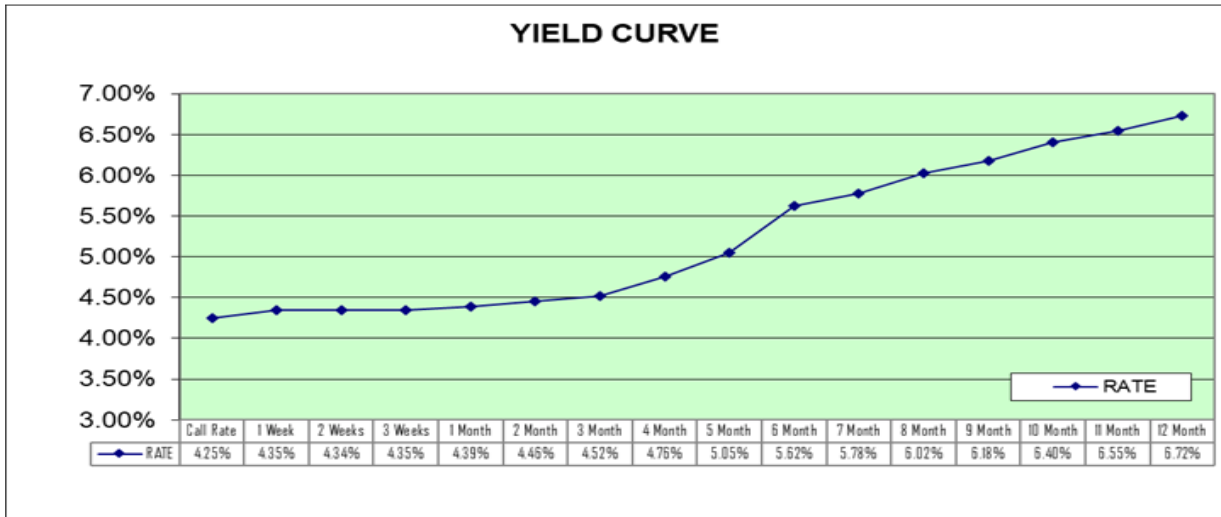
Traffic Fines

Traffic Fines budget remains the same at R 500 000. This amount is informed by our previous year Audited AFS outcome of R446 324 in collection of Fines.

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Interest on Investments

This refers to funds invested by the municipality on various institutions, for less than one year, we have budgeted an amount of R 10 000 000, this is based on the investment balance as per Investment Register M10 of R 186,200,288.09, and the average interest rates anticipated of 5.35% over the next financial year.



**Courtesy of Nedbank Public Investment Sector*

Licence and Permit

The Municipality has budgeted to receive R 3 437 000 from Licences and Permit there is a decrease of R3,000 from the Special Adjusted Budget 2021/22 which is caused by under collection of market porter by IPD.

Agency Services

The Municipality has budgeted to collect R 1,886,400 from Agency Services this has been increased the CPI inflationary rate of 4.8 percent.

Other revenue

Other revenue is decreased by 38.7 percent this is based on the collection rate of the current year.

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1.5 Operating Expenditure Framework

The total operating expenditure for 2022/2023 financial year has been appropriated at R 202 600 000. The Municipality's expenditure framework for the 2022/2023 budget is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

Summary of operating expenditure by standard classification per item

Expenditure By Type											
Employee related costs	2	63,750	69,484	83,854	87,985	88,028	88,028	77,309	91,435	95,429	99,695
Remuneration of councillors		10,304	10,052	10,436	11,097	11,097	11,097	9,505	10,689	11,159	11,662
Debt impairment	3	5,103	7,220	12,970	2,172	2,172	2,172	-	2,271	2,371	2,478
Depreciation & asset impairment	2	23,978	34,055	35,922	32,000	34,000	34,000	28,626	36,000	37,584	39,275
Finance charges		2	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	-	-	-	1,319	1,520	1,520	1,142	1,667	1,740	1,819
Contracted services		15,416	12,977	16,497	20,173	20,433	20,433	15,746	26,184	25,218	26,321
Transfers and subsidies		34,901	8,536	5,179	4,444	6,795	6,795	3,668	6,654	4,603	4,810
Other expenditure	4, 5	21,056	20,746	23,671	27,369	25,227	25,227	19,472	27,699	28,918	30,219
Losses		484	186	1,580	-	-	-	-	-	-	-
Total Expenditure		174,995	163,256	190,109	186,558	189,271	189,271	155,466	202,600	207,023	216,280

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Percentage growth in operating expenditure by main expenditure source against total operating expenditure

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework					
	<i>Special Adjusted Budget</i>	%	<i>Budget Year 2022/23</i>	%	<i>Budget Year +1 2023/24</i>	%	<i>Budget Year + 2 2024/25</i>	%
<i>R thousand</i>								
Employee related costs	88,027,872.00	47%	91,434,652.00	45%	95,429,452.00	46%	99,694,810.00	46%
Remuneration of councillors	11,097,306.00	6%	10,689,137.00	5%	11,159,459.00	5%	11,661,638.00	5%
Debt impairment	2,171,510.00	1%	2,271,399.00	1%	2,371,341.00	1%	2,478,051.00	1%
Depreciation & asset impairment	34,000,002.00	18%	36,000,000.00	18%	37,584,000.00	18%	39,275,280.00	18%
Inventory consumed	1,519,609.00	1%	1,667,000.00	1%	1,740,348.00	1%	1,818,664.00	1%
Contracted services	20,432,910.00	11%	26,183,913.00	13%	25,217,645.00	12%	26,322,114.00	12%
Transfers and subsidies	6,794,664.00	4%	6,654,153.00	3%	4,603,156.00	2%	4,810,351.00	2%
Other expenditure	25,227,365.00	13%	27,699,328.00	14%	28,918,093.00	14%	30,219,420.00	14%
Total Expenditure	189,271,238.00	100%	202,599,582.00	100%	207,023,494.00	100%	216,280,328.00	100%

Percentage movement of expenditure item from year to year including outer years

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework					
	<i>Special Adjusted Budget</i>	%	<i>Budget Year 2022/23</i>	%	<i>Budget Year +1 2023/24</i>	%	<i>Budget Year + 2 2024/25</i>	%
<i>R thousand</i>								
Employee related costs	88,027,872.00	3.9%	91,434,652.00	4.4%	95,429,452.00	4.5%	99,694,810.00	
Remuneration of councillors	11,097,306.00	-3.7%	10,689,137.00	4.4%	11,159,459.00	4.5%	11,661,638.00	
Debt impairment	2,171,510.00	4.6%	2,271,399.00	4.4%	2,371,341.00	4.5%	2,478,051.00	
Depreciation & asset impairment	34,000,002.00	5.9%	36,000,000.00	4.4%	37,584,000.00	4.5%	39,275,280.00	
Inventory consumed	1,519,609.00	9.7%	1,667,000.00	4.4%	1,740,348.00	4.5%	1,818,664.00	
Contracted services	20,432,910.00	28%	26,183,913.00	-3.7%	25,217,645.00	4.4%	26,321,393.00	
Transfers and subsidies	6,794,664.00	-2%	6,654,153.00	-30.8%	4,603,156.00	4.5%	4,810,351.00	
Other expenditure	25,227,365.00	9.8%	27,699,328.00	4.3%	28,918,093.00	4.4%	30,219,420.00	
Total Expenditure	189,271,238.00		202,599,582.00		207,023,494.00		216,279,607.00	

Employee Related Costs

The budgeted allocation for employee related costs for the 2022/23 financial year totals R91.4 million, which equals 45 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of **4.9** per cent for the 2022/23 financial year. Furthermore, the municipality made some corrections on the salary budget and adjusted posts which were over budgeted, and management took a resolution to freeze non-critical positions in the Adjusted Budget which resulted in the overall increase in employee costs by 4 percent.

An annual increase of 4.4 per cent has been included for the 2023/2024 financial year and 4.5 per cent for the 2024/2025 financial year, in line with CPI inflation rate.

Furthermore, the municipality understands that sustainable job creation remains a national priority and in finalizing the 2022/23 budget and MTREFs, the municipality has explored opportunities to promote labour intensive approaches to delivering services, and more particularly to participate fully in the Expanded Public Works Programme.

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Councillors Remuneration

The cost associated with the remuneration of councillor's is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). No percentage increase has been factored into the budget for the 2022/23 financial year as per MG & A Circular No. 25 of 2021 in respect of Determination of Upper Limits of salaries, allowances, and benefits of different members of Municipal Councils, the municipality will however monitor the situation in relation to the upper limits during the year and effect any changes through adjustment budget

The municipality re-calculated the budget allocation for the Adjusted budget 2021/22, after analysing the budget it was determined that was over budgeting of R400,000. Hence the decrease in the 2022/23 financial year in the budgeted expenditure allocation for councillor's

Depreciation and asset impairment

Depreciation and asset impairment has been informed by the Municipality's Asset Management Policy, Fixed Asset Register, and the budgeted capital expenditure for 2022/23 financial year. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R36 million for the 2022/23 financial year and equates to 18 percent of the total operating expenditure.

To estimate 2022/23 depreciation, we used average estimated useful life per each asset type and an average of 200 days as assets will be acquired during the year not beginning of the year. We then estimated for Work in Progress not yet transferred. It must be noted that some of the Capital Expenditure will still be Work in Progress at the end of 2022/23 financial year.

Asset Class	FAR	CAPEX 2022/23	Total Depreciation Estimate for 2022/23
Buildings	1,249,596.05	165,863.01	1,415,459.06
Plant and Machinery	1,828,792.38	85,067.19	1,913,859.56
Furniture and Fixtures	523,770.69	117,729.94	641,500.63
Motor Vehicles	2,107,899.91		2,107,899.91
IT Equipement	542,124.30	233,424.66	775,548.96
Infrastructure	19,489,491.60	376,977.11	19,866,468.70
Community	7,089,119.62	447,180.54	7,536,300.16
Investment Property	158,426.94		158,426.94
Intangibles	1,226,747.84	98,630.14	1,325,377.98
	34,215,969.32	1,524,872.59	35,740,000.00
DPN for WIP not yet transfred			260,000.00
			36,000,000.00

Debt impairment

The provision of debt impairment was determined based on an annual collection rate. For the 2022/23 financial year this amount equates to R2.2 million. While this expenditure is considered as non-cash item, it informed the cost associated with rendering the services of

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the municipality, as well as the municipality's realistically anticipated revenue. Furthermore, the municipality has appointed a new debt collector which has a legal side including the attachment of properties during the current year and based on the improved collection rate recently witnessed, the budgeted amount is determined sufficient.

Repairs and Maintenance

In line with repairs and maintenance plan, this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure assets. The amount of R4.6 million is allocated for the repairs and maintenance expenditure for the 2022/23 financial year. The municipality notes that the National Treasury recommends a budget of 8% of previous year Property, Plant and Equipment but as the municipality has acquired Plant in the previous year and thoroughly analysis through the revising of procurement plan, it has been determined that most of the repairs and maintenance will be done in-house.

Contracted Services

R 26.1 million has been set aside for contracted services for the 2022/23 financial year, there's an increase of 28.14% from the 2021/22 Special Adjusted budget this based on the planned outsourced, contractors and consultants & professional services expenditure for 2022/23. The most noticeable contributing relating to security services, repairs of facilities, Leasing of dumping site from uMzimkhulu, legal fees, Implementation of New General Valuation Roll to be implemented 2023/24 financial year, debt collection services, business and advisory for Town Planning projects, training, and maintenance. User departments wanted more than this but because of the limited funds and the implementation of stricter cost cutting measures allocations were limited to the above items. A more detailed brake down will be included on supporting schedule SA1.

Transfers and Grants

The social package assists households that are living below poverty line or face other circumstances that limit their ability to pay for services. To receive free service, the households are required to register in terms of the Municipality's Indigent Policy. We have allocated a budget of R3.7 million for Poverty Relief to assist the community. R600,000 has been set aside for non-employee bursaries and R2.2 million for skills development & training.

Other Expenditure

Other expenditure relates general expenditure allocated for municipality's operations, the amount of R27.6 million is projected for the 2022/23 financial year, which results in 9.80 percent increase from 2021/22 Special Adjusted Budget. The allocation is mainly based on planned programmes which will take place during the 2022/23 financial year and all other operational costs directly and indirectly contributing to the service delivery to the residents of the municipality. A more detailed brake down will be included on supporting schedule SA1.

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Summary Programmes/Projects and expenditure items

Programmes/Projects/Expenditure Items	2021/22	2022/23
Bursary Youth	R550 000.00	R600 000.00
Disaster Management	R183 636.44	R237 528.61
Back to School	R16 286.33	R16 286.33
Marketing and Tourism	R189 160.29	R176 300.00
Wet Fuel	R2 678 500	R2 815 243.00
Moral Generation	R107 000.00	R60 000.00
Municipal Name Change	-	R800 000.00
Marathon	R250 000.000	R275 000.00
Mens Programme	R59 300.00	R157 000.00
Womens Programme	R111 500.00	R80 000.00
Batho Pele	-	R20 000.00
Sport and Recreation	R210 000.00	R232 000.00
Maintenance of Halls and Facilities	R600 000.00	R600 000.00
Establishment and training of ward committee	R76 000.00	R205 500.00
Operation - Sukuma sakhe	R40 000.00	R220 000.00
Dumping site	R540 000.00	R540 000.00
Valuer	R389 923.89	R500 000.00
Sexual Assault Campaign	R39 000.00	R57 000.00
WSP Training	R1 300 000.00	R1 300 000.00
Integrated Transport Plan	R407 500.00	R987 500.00
Subdivision for municipal Properties	-	R162 863.25
Subdivision of Municipal Roads	R200 000.00	R407 460.00
Development of Urban Regeneration Strategy	-	R250 000.00
Development SDF	-	R250 000.00
Salga Games	-	R242 000.00
Reviewal of Land Use Scheme	-	R200 000.00
Town Planning and Conveyancing for Golf Course	R300 000.00	R410 000.00
Legal Advice and Litigation	R1 437 612.70	R2 500 000.00
Security Services	R5 300 000.00	R5 500 000.00
Women upliftment	R350 000.00	R200 000.00
Performing Arts	R95 000.00	R263 600.00
Arts and culture	R36 000.00	R105 500.00
IDP/Budget Review	R67 353.18	R68 000.00
Community Upliftment	R263 909.89	R400 200.00
Youth Programs	R284 000.00	R268 000.00
HIV/AIDS Awareness	R44 790.53	R110 000.00
Ward Committee	R1 084 857.28	R1 907 800.00
Public Participation	R85 927.71	R230 810.00
LED Projects	R2 240 042.75	R3 470 000.00
LED /Tourism Forum	R5 000.00	R5 500.00

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Repairs and Maintenance-Streetlights	R452 630.00	R500 000.00
Repairs and Maintenance-Roads	R300 000.00	R330 000.00
Repairs and maintenance-Plant	R400 0000.00	R440 000.00
Repairs and maintenance-Small Vehicles	R1 355 707.41	R1 400 000.00

The above expenditure project summary is budgeted for under operating expenditure.

1.6 Expenditure on allocations and grant programme

Local Financial Management Grant

Salaries for Interns	R 650 000.00
Accounting and Auditing: Conditional Assessment	R 340 000.00
Maintenance & upgrade of financial system: mscoa	R 250 000.00
Training (BTO & Internal Audit)	R 450 000.00
Municipal Finance Management Programme	R 200 000.00
Laptops	R 60 000.00
Total	R 1 950 000.00

Library and Cyber Grant

Salaries for library Department	R 1 235 000.00
Total	R 1 235 000.00

LED Grant

Installation of informal trader stalls	R 2 000 000.00
Total	R 2 000 000.00

EPWP

Skill training and development	R 2 245 000.00
Total	R 2 245 000.00

Expenditure on 3rd Party (Agent) Grants allocations

Integrated National Electrification Programme

Kwanothi/Makhinatini Electrification	R 6 994 000.00
Total	R 6 994 000.00

KZN Human settlement

HSDG: Interventions	R 79 536 000.00
ISU Partnership Grant	R 3 500 000.00
Total	R 83 036 000.00

1.7 Capital expenditure details

Summary of Capital Expenditure funding

MIG	R 30 291 000
Small Town	R 5 000 000
FMG	R 60 000
Internal Funded	R 15 598 000
Total	R 50 949 000

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Capital expenditure details:

Capital Expenditure by Asset Class/Sub-class	DEPARTMENT	SOURCE OF FUNDING	Final Budget 2022/23
Infrastructure INT			4,150,000.00
Infrastructure MIG			9,259,664.39
Ithubalethu Roads	IPD	Int	4,000,000.00
Senzakahle Road-Ward 1	IPD	Int	30,000.00
Ngcobo Road-Ward 2	IPD	Int	20,000.00
Khuzwayo Road-Ward 5	IPD	Int	40,000.00
Ngubo Road-Ward 6	IPD	Int	20,000.00
Phesi Road-Ward 9	IPD	Int	20,000.00
eGroundini-Ward 13	IPD	Int	20,000.00
Mpiyamandla Access Road	IPD	MIG	2,313,078.95
Little Flower to Fairview Road (Direct)	IPD	MIG	3,582,196.55
Little Flower to Fairview Road (Indirect)	IPD	MIG	1,092,249.93
Hlongwa Roads (ward 3)	IPD	MIG	992,217.52
Mdabu access (ward 12)	IPD	MIG	1,279,921.44
Community Assets INT			-
Community Assets MIG			10,248,553.49
Xolani Vezi Sportfield	Sport and Recreation	MIG	6,499,885.78
Nonkwenkwane Sportfield (Ward 3) (Direct)	Sport and Recreation	MIG	3,311,804.37
Nonkwenkwane Sportfield (Ward 3) (Indirect)	Sport and Recreation	MIG	436,863.34
Community Halls INT			-
Community Halls MIG			9,056,882.56
Plain Hill Hall(Direct)	Community- Multi-purpose Halls	MIG	4,043,900.16
Plain Hill Hall(Indirect)	Community- Multi-purpose Halls	MIG	593,229.50
Madungeni Hall(Direct)	Community- Multi-purpose Halls	MIG	4,011,053.09
Madungeni Hall(Indirect)	Community- Multi-purpose Halls	MIG	408,699.81
Buildings MIG			1,725,899.56
Buildings Int			2,300,000.00
Buildings SMALL TOWN			5,000,000.00
Jolivet Outdoor Gym(Direct)	Technical	MIG	1,514,285.13
Golf Course ReFurb	Technical	Int	1,300,000.00
Statistics Building Refurb	Technical	Int	1,000,000.00
Jolivet Outdoor Gym(indirect)	Technical	MIG	211,614.43
Light Industrial Park	SD	Small Town	5,000,000.00
Electrification			400,000.00
Golf Course Electrification	IPD	Int	200,000.00
CRU Electrification	IPD	Int	200,000.00
Other Equipment			2,696,000.00
Tractor	Refuse	Int	680,000.00
1,8m Slesher	Refuse	Int	90,000.00
Chain Saw	Refuse	Int	8,000.00
Auger with bits and adaptor	Refuse	Int	8,000.00
Ride On Mower	Refuse	Int	90,000.00
Fire Equipment	fire	Int	110,000.00
3*Loud Hailers	SD	Int	25,000.00
Lawn Mower	Refuse	Int	10,000.00
CCTV Camaras Installation	Corporate	Int	1,000,000.00
2x Car Washes	Corporate	Int	80,000.00
4x Carports (Fire Department)	Corporate	Int	60,000.00
UPS systems for new server room	Corporate	Int	210,000.00
3x Turnstyle Gates	Corporate	Int	170,000.00
Security Gates	Corporate	Int	5,000.00
Wash Bay	SD	Int	50,000.00
Livestock fencing	SD	Int	100,000.00
Computer and IT Equipment INT			920,000.00
Computer and IT Equipment FMG			60,000.00
Laptops	Corporate	Int	400,000.00
FMG laptops	BTO	FMG	60,000.00
Other IT Equipment	Corporate	Int	70,000.00
Biometric Scan	Corporate	Int	50,000.00
Technical Equipment for new boardroom	Corporate	Int	400,000.00
Office Furniture			1,640,000.00
Plastic Chairs Hall	SD	Int	60,000.00
Building Furniture SD(Traffic)	SD	Int	340,000.00
Municipal boardroom furniture	Corporate	Int	1,000,000.00
Cleaning Equipment (Office &Fleet)	Corporate	Int	20,000.00
Generator for PI Hall	Corporate	Int	200,000.00
4x Safes for Gun storage	Corporate	Int	20,000.00
Intangible			900,000.00
Software licenses	Corporate	Int	900,000.00
Land			2,592,000.00
Land Acquisition(Mariathal)	IPD	Int	250,000.00
Municipal Exist Point	IPD	Int	100,000.00
Purchase of parking space and driveway	IPD	Int	2,000,000.00
Transfer station	IPD	Int	242,000.00
Total Expenditure			50,949,000.00
MIG Expenditure			30,291,000.00
FMG			60,000.00
Small Town			5,000,000.00
Internal Expenditure			15,598,000.00
Total Expenditure			50,949,000.00

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- Please that the municipality has no backlogs in Capital expenditure from previous years. The renewal and upgrading of existing assets in the 2022/23 financial year only makes up 5.2% from the capital expenditure budgeted.

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1.8 Annual Budget Tables:

1.8.1 Explanatory notes to MBRR Table A1-Budget Summary for 2022/2023 Financial year.

KZN434 Ubuhebezwe - Table A1 Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands										
Financial Performance										
Property rates	22,630	24,775	21,321	22,999	22,999	22,999	20,515	24,602	25,685	26,840
Service charges	2,268	2,779	2,955	3,391	3,455	3,455	2,564	3,682	3,844	4,017
Investment revenue	13,027	11,107	7,569	9,000	9,000	9,000	6,031	10,000	10,440	10,910
Transfers recognised - operational	138,116	115,582	143,912	126,371	127,371	127,371	126,123	139,082	141,986	149,884
Other own revenue	6,545	5,124	7,935	6,006	6,973	6,973	4,325	6,913	7,217	7,542
Total Revenue (excluding capital transfers and contributions)	182,587	159,367	183,692	167,766	169,798	169,798	159,558	184,280	189,172	199,194
Employee costs	64,749	69,765	84,094	87,985	88,028	88,028	77,309	91,435	95,429	99,695
Remuneration of councillors	10,304	10,052	10,436	11,097	11,097	11,097	9,505	10,689	11,159	11,662
Depreciation & asset impairment	23,890	34,055	35,922	32,000	34,000	34,000	28,626	36,000	37,584	39,275
Finance charges	2	-	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	397	638	814	1,319	1,520	1,520	1,140	1,667	1,740	1,819
Transfers and grants	34,901	8,536	5,179	4,444	6,795	6,795	6,795	6,654	4,603	4,810
Other expenditure	42,399	41,130	51,373	49,713	47,832	47,832	34,294	56,155	56,507	59,019
Total Expenditure	176,641	164,176	187,818	186,558	189,272	189,272	157,668	202,600	207,024	216,280
Surplus/(Deficit)	5,945	(4,809)	(4,126)	(18,792)	(19,474)	(19,474)	1,890	(18,320)	(17,851)	(17,086)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	31,316	33,358	26,482	28,262	32,262	32,262	21,376	35,351	31,563	32,852
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	930	-	-	-	-	30	-	-	-
Surplus/(Deficit) after capital transfers & contributions	37,261	29,479	22,357	9,470	12,788	12,788	23,296	17,031	13,712	15,766
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	37,261	29,479	22,357	9,470	12,788	12,788	23,296	17,031	13,712	15,766
Capital expenditure & funds sources										
Capital expenditure	35,709	54,091	98,635	44,995	54,668	54,668	131,235	50,949	47,847	49,869
Transfers recognised - capital	20,961	25,502	42,154	28,262	32,262	32,262	62,889	35,351	31,563	32,851
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	14,748	28,589	56,481	16,733	22,406	22,406	68,345	15,598	16,284	17,017
Total sources of capital funds	35,709	54,091	98,635	44,995	54,668	54,668	131,235	50,949	47,847	49,869
Financial position										
Total current assets	191,946	188,553	198,791	274,405	241,955	241,955	225,777	188,872	196,682	205,533
Total non current assets	291,467	323,615	343,611	346,818	367,088	371,088	997,367	401,255	413,567	432,046
Total current liabilities	36,668	24,653	25,945	1,451	16,419	16,419	(42,087)	62,509	71,446	74,533
Total non current liabilities	7,217	7,142	11,149	7,142	11,149	11,149	(8,709)	11,149	11,640	12,164
Community wealth/Equity	404,731	397,180	389,534	611,130	585,475	585,475	(725,717)	516,349	527,044	550,762
Cash flows										
Net cash from (used) operating	64,982	46,332	67,550	70,611	24,247	24,247	476,934	57,115	57,645	61,672
Net cash from (used) investing	(10,383)	(52,947)	(57,182)	-	(54,668)	(54,668)	-	(50,949)	(47,787)	(49,809)
Net cash from (used) financing	(1,421)	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	155,455	148,840	159,208	70,611	128,788	128,788	706,837	134,953	144,811	156,674
Cash backing/surplus reconciliation										
Cash and investments available	155,455	148,840	159,208	183,957	195,470	195,470	174,318	123,190	128,110	133,874
Application of cash and investments	26,910	14,697	16,543	(40,836)	5,163	5,163	(120,218)	10,835	17,498	18,158
Balance - surplus (shortfall)	128,545	134,143	142,665	224,793	190,307	190,307	294,536	112,354	110,612	115,717
Asset management										
Asset register summary (WDV)	300,200	314,957	327,293	345,318	371,088	371,088	371,088	401,255	413,567	432,046
Depreciation	23,890	29,935	32,799	32,000	34,000	34,000	34,000	36,000	37,584	39,275
Renewal and Upgrading of Existing Assets	18,023	20,592	28,915	11,850	18,450	18,450	18,450	2,650	2,767	2,891
Repairs and Maintenance	4,167	2,200	2,184	3,849	3,888	3,888	3,888	4,688	4,894	5,114
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	1,274	7,073	9,416	9,551	9,551	9,551	9,881	9,881	10,315	10,780
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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- Table A1 is a budget summary and provides a concise overview of Ubuhebezwe Local Municipality's budget from all the major financial perspectives (operating, capital expenditure, financial position, cash flow and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasise the importance of the municipal budget being funded. The Budget Summary provides the key information in this regard:

Transfer recognised is reflected on the Financial Performance Budget

Internally generated funds are financed from a combination of the operating surplus and accumulated cash-backed surplus from previous years. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The municipality is committed to provide free basic services to the needy community. In addition, the municipality continues to make progress in addressing service delivery backlogs.

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1.8.2 Explanatory notes to MBRR Table A2-Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into its functional areas. Municipal revenue, operating expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

KZN434 Ubuhebezwe - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional	1									
<i>Governance and administration</i>		139,534	150,492	172,032	155,344	155,320	155,320	168,641	177,329	186,817
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		139,534	150,492	172,032	155,344	155,320	155,320	168,641	177,329	186,817
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		27,604	11,910	8,565	8,865	9,891	9,891	10,142	8,190	8,557
Community and social services		2,788	3,377	3,644	4,231	4,231	4,231	4,348	2,141	2,236
Sport and recreation		21	29	-	-	-	-	-	-	-
Public safety		6,614	8,504	4,921	4,633	5,660	5,660	5,795	6,050	6,322
Housing		18,181	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		44,496	28,474	26,623	28,429	33,458	33,458	37,450	31,669	32,965
Planning and development		1,975	544	99	88	1,088	1,088	7,099	103	108
Road transport		42,521	27,930	26,524	28,341	32,370	32,370	30,351	31,566	32,857
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2,268	2,779	2,955	3,391	3,391	3,391	3,614	3,773	3,943
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2,268	2,779	2,955	3,391	3,391	3,391	3,614	3,773	3,943
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	213,903	193,654	210,174	196,028	202,060	202,060	219,847	220,961	232,282
Expenditure - Functional										
<i>Governance and administration</i>		88,526	99,765	125,742	111,908	114,361	114,361	120,601	125,825	131,402
Executive and council		23,085	16,670	24,059	24,670	24,187	24,187	25,769	26,903	28,114
Finance and administration		67,491	82,973	97,605	87,217	90,153	90,153	94,832	98,922	103,288
Internal audit		(2,050)	123	4,077	21	21	21	-	-	-
<i>Community and public safety</i>		41,202	25,976	27,897	32,553	31,552	31,552	33,348	34,815	36,382
Community and social services		18,193	8,968	8,284	11,755	10,758	10,758	11,864	12,386	12,943
Sport and recreation		462	296	62	297	247	247	277	289	302
Public safety		3,838	15,475	17,975	18,472	18,517	18,517	18,971	19,805	20,697
Housing		18,710	1,236	1,577	2,030	2,030	2,030	2,236	2,335	2,440
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		19,876	24,165	22,477	30,116	30,676	30,676	34,732	31,828	33,261
Planning and development		8,204	12,842	10,312	14,289	14,829	14,829	18,664	17,397	18,180
Road transport		11,672	11,323	12,165	15,827	15,847	15,847	16,068	14,432	15,081
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		26,539	14,177	15,044	11,770	12,540	12,540	13,758	14,363	15,011
Energy sources		15,860	2,968	3,958	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		10,680	11,209	11,085	11,770	12,540	12,540	13,758	14,363	15,011
<i>Other</i>	4	246	92	4	210	143	143	161	168	175
Total Expenditure - Functional	3	176,389	164,176	191,163	186,558	189,271	189,271	202,600	206,999	216,232
Surplus/(Deficit) for the year		37,513	29,479	19,011	9,471	12,788	12,788	17,247	13,962	16,050

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1.8.3 Explanatory notes to MBRR Table A3-Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure. This means it is possible to present the operating surplus or deficit of a vote. The table shows the analysis of the surplus or deficit.

KZN434 Ubuhebezwe - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote										
Vote 1 - Executive & Council	1	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		139,534	150,492	172,032	155,344	155,320	155,320	168,641	177,329	186,817
Vote 3 - Community and Social Services		2,788	3,377	3,644	4,231	4,231	4,231	4,348	2,141	2,236
Vote 4 - Housing		18,181	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		6,614	8,504	4,921	4,633	5,660	5,660	5,795	6,050	6,322
Vote 6 - Road Transport		42,521	27,930	26,524	28,341	32,370	32,370	30,351	31,566	32,857
Vote 7 - Waste Management		2,268	2,779	2,955	3,391	3,391	3,391	3,614	3,775	3,943
Vote 8 - Energy Services		-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		1,975	544	99	88	1,088	1,088	7,099	103	108
Vote 10 - Sports & Recreation		21	29	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - 0		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	213,903	193,654	210,174	196,028	202,060	202,060	219,847	220,961	232,282
Expenditure by Vote to be appropriated										
Vote 1 - Executive & Council	1	21,035	16,793	28,136	24,691	24,208	24,208	25,769	26,903	28,114
Vote 2 - Finance and Admin		67,491	82,973	97,605	87,217	90,153	90,153	94,832	98,922	103,288
Vote 3 - Community and Social Services		18,226	9,078	8,321	11,651	10,662	10,662	11,864	12,386	12,943
Vote 4 - Housing		18,710	1,236	1,577	2,030	2,030	2,030	2,236	2,335	2,440
Vote 5 - Public Safety		3,838	15,475	17,975	18,472	18,517	18,517	18,971	19,805	20,697
Vote 6 - Road Transport		11,672	11,323	12,165	15,827	15,847	15,847	16,068	14,432	15,081
Vote 7 - Waste Management		10,680	11,209	11,085	11,770	12,540	12,540	13,758	14,363	15,011
Vote 8 - Energy Services		15,860	2,968	3,958	-	-	-	-	-	-
Vote 9 - Planning & Development		8,204	12,842	10,312	14,289	14,829	14,829	18,664	17,397	18,180
Vote 10 - Sports & Recreation		428	187	26	281	223	223	257	268	280
Vote 11 - Other		246	92	4	210	143	143	161	168	175
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - 0		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	176,389	164,176	191,163	186,438	189,151	189,151	202,580	206,978	216,210
Surplus/(Deficit) for the year	2	37,513	29,479	19,011	9,591	12,908	12,908	17,268	13,983	16,072

1.8.4 Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total revenue is projected at R 184 280 000 in 2022/2023. Out of that revenue is an amount of R24 604 000 which is estimated to be collected from property rates.

Transfers recognised operating includes the local government equitable share and other grants from national and provincial government. It is noted that the grants remain a significant and high funding source for the municipality.

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KZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	22,630	24,775	21,321	22,999	22,999	22,999	20,515	24,602	25,685	26,840
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2,268	2,779	2,955	3,391	3,455	3,455	2,564	3,682	3,844	4,017
Rental of facilities and equipment		1,037	851	896	856	856	856	994	800	835	873
Interest earned - external investments		13,027	11,107	7,569	9,000	9,000	9,000	6,031	10,000	10,440	10,910
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		901	448	446	721	500	500	160	500	522	545
Licences and permits		2,885	2,139	4,567	3,964	3,440	3,440	2,156	3,437	3,588	3,749
Agency services		885	731	-	30	1,800	1,800	603	1,886	1,969	2,058
Transfers and subsidies		138,116	115,582	143,912	126,371	127,371	127,371	126,123	139,082	141,986	149,884
Other revenue	2	837	955	1,880	435	377	377	411	290	303	317
Gains		-	-	145	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		182,587	159,367	183,692	167,766	169,798	169,798	159,558	184,280	189,172	199,194
Expenditure By Type											
Employee related costs	2	64,749	69,765	84,094	87,985	88,028	88,028	77,309	91,435	95,429	99,695
Remuneration of councillors		10,304	10,052	10,436	11,097	11,097	11,097	9,505	10,689	11,159	11,662
Debt impairment	3	5,103	7,220	11,355	2,172	2,172	2,172	-	2,271	2,371	2,478
Depreciation & asset impairment	2	23,890	34,055	35,922	32,000	34,000	34,000	28,626	36,000	37,584	39,275
Finance charges	2	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	397	638	814	1,319	1,520	1,520	1,140	1,667	1,740	1,819
Contracted services		15,322	12,977	14,881	20,173	20,433	20,433	15,486	26,184	25,218	26,321
Transfers and subsidies		34,901	8,536	5,179	4,444	6,795	6,795	6,795	6,654	4,603	4,810
Other expenditure	4, 5	21,151	20,746	23,556	27,369	25,227	25,227	18,808	27,699	28,918	30,219
Losses		824	186	1,580	-	-	-	-	-	-	-
Total Expenditure		176,641	164,176	187,818	186,558	189,272	189,272	157,668	202,600	207,024	216,280
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		5,945	(4,809)	(4,126)	(18,792)	(19,474)	(19,474)	1,890	(18,320)	(17,851)	(17,086)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	31,316	33,358	26,482	28,262	32,262	32,262	21,376	35,351	31,563	32,852
Transfers and subsidies - capital (in-kind - all)		-	930	-	-	-	-	30	-	-	-
Surplus/(Deficit) after capital transfers & contributions		37,261	29,479	22,357	9,470	12,788	12,788	23,296	17,031	13,712	15,766
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		37,261	29,479	22,357	9,470	12,788	12,788	23,296	17,031	13,712	15,766
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		37,261	29,479	22,357	9,470	12,788	12,788	23,296	17,031	13,712	15,766
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		37,261	29,479	22,357	9,470	12,788	12,788	23,296	17,031	13,712	15,766

1.8.5 Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification, and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote, capital expenditure by standard classification, and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The capital programme is funded by grants, donations where necessary and internally generated funds.
- Ubuhebezwe capital budget is mainly funded by grants with MIG and Small-Town Rehabilitation being the highest funders. It must also be noted that the electrification project is budgeted for under capital expenditure simply because whilst the project is still work in progress is becomes capital in nature; however as soon as the project is transferred to the home owners, it then gets transferred to operational expenditure.

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Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
Capital expenditure - Vote	1										
Multi-year expenditure, to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 8 - Energy Services		-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 10 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - 0		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure, to be appropriated	2										
Vote 1 - Executive & Council		552	1,158	1,878	50	62	62	2,040	-	-	-
Vote 2 - Finance and Admin		2,811	2,360	6,968	2,866	3,063	3,063	7,971	4,985	5,202	5,433
Vote 3 - Community and Social Services		5,833	1,485	3,495	13,574	13,547	13,547	15,036	9,292	9,665	10,061
Vote 4 - Housing		3,807	11,214	18,664	10,000	16,600	16,600	27,353	-	-	-
Vote 5 - Public Safety		2,884	13,252	15,745	1,615	1,610	1,610	17,268	110	115	120
Vote 6 - Road Transport		15,233	13,518	35,400	9,801	12,175	12,175	43,504	13,410	13,963	14,552
Vote 7 - Waste Management		-	302	3,095	410	160	160	3,145	886	925	967
Vote 8 - Energy Services		-	-	-	-	-	-	-	200	209	218
Vote 9 - Planning & Development		4,590	7,086	13,298	4,352	3,414	3,414	13,604	10,092	5,316	5,555
Vote 10 - Sports & Recreation		0	3,716	93	2,327	4,036	4,036	1,315	11,974	12,454	12,963
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - 0		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		35,709	54,091	98,635	44,995	54,668	54,668	131,235	50,949	47,847	49,869
Total Capital Expenditure - Vote		35,709	54,091	98,635	44,995	54,668	54,668	131,235	50,949	47,847	49,869
Capital Expenditure - Functional											
Governance and administration		3,363	3,517	8,846	2,916	3,126	3,126	10,010	4,985	5,202	5,433
Executive and council		552	1,158	1,878	50	62	62	2,040	-	-	-
Finance and administration		2,811	2,360	6,968	2,866	3,063	3,063	7,971	4,985	5,202	5,433
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		12,524	29,667	37,996	27,516	35,793	35,793	60,972	21,376	22,233	23,144
Community and social services		5,833	1,485	3,495	13,574	13,547	13,547	15,036	9,292	9,665	10,061
Sport and recreation		0	3,716	93	2,327	4,036	4,036	1,315	11,974	12,454	12,963
Public safety		2,884	13,252	15,745	1,615	1,610	1,610	17,268	110	115	120
Housing		3,807	11,214	18,664	10,000	16,600	16,600	27,353	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		19,822	20,605	43,749	10,553	12,385	12,385	51,853	23,502	19,279	20,107
Planning and development		4,590	7,086	8,349	752	210	210	8,349	10,092	5,316	5,555
Road transport		15,233	13,518	35,400	9,801	12,175	12,175	43,504	13,410	13,963	14,552
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	302	8,044	4,010	3,364	3,364	8,400	1,086	1,134	1,185
Energy sources		-	-	4,949	3,600	3,204	3,204	5,255	200	209	218
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	302	3,095	410	160	160	3,145	886	925	967
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	35,709	54,091	98,635	44,995	54,668	54,668	131,235	50,949	47,847	49,869
Funded by:											
National Government		18,077	16,434	32,768	28,262	32,262	32,262	53,324	30,351	31,563	32,851
Provincial Government		2,884	9,068	9,386	-	-	-	9,565	5,000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	20,961	25,502	42,154	28,262	32,262	32,262	62,889	35,351	31,563	32,851
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		14,748	28,589	56,481	16,733	22,406	22,406	68,345	15,598	16,284	17,017
Total Capital Funding	7	35,709	54,091	98,635	44,995	54,668	54,668	131,235	50,949	47,847	49,869

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1.8.6 Explanatory notes to Table A6-Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet)
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version.
- Any movement on the budgeted financial performance or the capital budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalent at year end.
- Table SA3 provides a detailed analysis of the major components of a number of items, including:
 - Call investments deposits.
 - Consumer debtors.
 - Property, plant and equipment.
 - Trade and other payables.
 - Provisions non-current.
 - Change in net assets.
 - Reserves.
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets on the municipality belong to the community.

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
ASSETS											
Current assets											
Cash		24,574	43,143	2,432	174,957	32,262	32,262	(2,813)	10,000	9,940	10,387
Call investment deposits	1	130,881	105,697	156,776	9,000	163,208	163,208	177,131	113,190	118,170	123,488
Consumer debtors	1	16,591	22,211	22,317	67,326	36,353	36,353	49,318	41,130	42,940	44,872
Other debtors		10,700	9,151	8,971	14,772	1,849	1,849	(6,260)	16,269	16,985	17,749
Current portion of long-term receivables		-	-	-	-	-	-	118	-	-	-
Inventory	2	9,199	8,350	8,295	8,350	8,284	8,284	8,284	8,284	8,648	9,037
Total current assets		191,946	188,553	198,791	274,405	241,955	241,955	225,777	188,872	196,682	205,533
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		20,671	23,407	23,248	23,473	23,248	23,248	22,742	23,129	24,147	25,233
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	269,393	298,888	315,991	315,373	338,039	338,039	971,560	368,912	379,801	396,760
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		1,404	1,321	4,372	1,663	4,992	4,992	3,065	4,405	4,599	4,806
Other non-current assets		-	-	-	4,809	4,809	4,809	-	4,809	5,020	5,246
Total non current assets		291,467	323,615	343,611	345,318	371,088	371,088	997,367	401,255	413,567	432,046
TOTAL ASSETS		483,413	512,168	542,403	619,723	613,043	613,043	1,223,144	590,128	610,249	637,579
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	(253)	-	-	-
Trade and other payables	4	33,403	19,680	25,354	1,451	16,419	16,419	(41,834)	57,129	72,218	75,335
Provisions		3,265	4,973	591	-	-	-	-	-	-	-
Total current liabilities		36,668	24,653	25,945	1,451	16,419	16,419	(42,087)	57,129	72,218	75,335
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		7,217	7,142	11,149	7,142	11,149	11,149	(8,709)	11,149	11,640	12,164
Total non current liabilities		7,217	7,142	11,149	7,142	11,149	11,149	(8,709)	11,149	11,640	12,164
TOTAL LIABILITIES		43,885	31,795	37,094	8,593	27,568	27,568	(50,796)	68,278	83,858	87,499
NET ASSETS	5	439,529	480,373	505,309	611,130	585,475	585,475	1,273,940	521,849	526,391	550,080
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		404,357	396,807	389,160	611,130	585,475	585,475	(725,717)	521,476	526,016	549,707
Reserves	4	374	374	374	-	-	-	374	374	374	374
TOTAL COMMUNITY WEALTH/EQUITY	5	404,731	397,180	389,534	611,130	585,475	585,475	(725,717)	521,849	526,390	550,081

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- Please note that the closing/opening balances appearing on A6 Budgeted Financial Position are from 2021/2022 Interim AFS as of 31 March 2022.

1.8.7 Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

KZN434 Ubuhebezwe - Table A7 Budgeted Cash Flows											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		12,879	9,915	10,612	13,843	13,843	13,843	-	18,692	19,514	20,393
Service charges		-	-	-	2,041	2,041	2,041	-	2,031	2,121	2,216
Other revenue		6,678	7,901	10,450	3,621	3,721	3,721	40,647	17,800	18,584	19,420
Transfers and Subsidies - Operational	1	135,403	162,245	178,969	209,450	208,450	208,450	208,935	229,112	238,038	198,579
Transfers and Subsidies - Capital	1	-	-	-	28,262	32,262	32,262	-	35,351	31,563	32,852
Interest		13,027	11,107	7,569	-	-	-	-	10,000	10,440	10,910
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(103,002)	(144,835)	(140,050)	(99,082)	(236,069)	(236,069)	223,679	(249,218)	(258,012)	(217,887)
Finance charges		(2)	-	-	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	(87,523)	-	-	3,673	(6,654)	(4,603)	(4,810)
NET CASH FROM/(USED) OPERATING ACTIVITIES		64,982	46,332	67,550	70,611	24,247	24,247	476,934	57,115	57,645	61,672
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		32,906	266	336	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(43,289)	(53,212)	(57,517)	-	(54,668)	(54,668)	-	(50,949)	(47,787)	(49,809)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(10,383)	(52,947)	(57,182)	-	(54,668)	(54,668)	-	(50,949)	(47,787)	(49,809)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(1,421)	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,421)	-	-	-	-	-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD		53,178	(6,615)	10,368	70,611	(30,420)	(30,420)	476,934	6,166	9,857	11,863
Cash/cash equivalents at the year begin:	2	102,277	155,455	148,840	-	159,208	159,208	229,903	128,788	134,953	144,811
Cash/cash equivalents at the year end:	2	155,455	148,840	159,208	70,611	128,788	128,788	706,837	134,953	144,811	156,674

- These cashflow projections listed here are based on current year collection rate and previous years Audited Annual Financial Statements.

Cashflow Projection			
Description	%	Budgeted	Amount
Licences and Permits	66%	3,436,612.00	2,268,163.92
Agency income	67%	1,886,400.00	1,263,888.00
Fines	70%	500,000.00	350,000.00
Rentals	62%	800,000.00	496,000.00
Other reveune	79%	290,278.00	229,319.62
Interest	100%	10,000,000.00	10,000,000.00
Property Rate	76%	24,602,145.00	18,697,302.00
Service Charges	56%	3,682,197.00	2,062,030.32
Vat Refund excepted			13,193,100.00

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The municipality holds short-term investments. The total investments as of 30 April 2022 totaled to R 186 200 288.09 Plus primary account amounting to R 1 736 209.81. Unspent grants as of 30 April 2022 R12 234 159.15 leaving cash and cash equivalents available on 30 April 2022 at R175 702 338.75. The fixed cost per month is estimated at R12.7 million which translate that the municipality can in a shorter term manage to meet its obligations excluding reliance on Grants.

Investment Register M10:

UBUHLEBEZWE MUNICIPALITY 2021 - 2022 Financial Year Investment Register for April 2022																
Institution	Acc No	Acc Type	Maturity Date	Interest Rate (% pa)	Balance Per Statement 1-Apr	(Bank charges)	(Withdrawals)	Deposits	Month End Interest Earned	Balance Per Statement 30-Apr	Month End Interest Accrued	Interest Accrued To date	Earned Interest To date	Balance Per General Ledger 30-Apr	Difference	Interest Income received
ABSA Bank - 21M	2080309987	Call account	6/30/2022	5.29	21000000.00	-	-	-	-	21,000,000.00	91.307	146,090.95	0.00	21,000,000.00	-	91,306.85
ABSA Bank - 36m	9356939209	Call Account		4.60	12,863,083.95	-130.00	-6,000,000.00	-	107,997.53	6,970,951.48	2,807.47	1,000,322.44	6,970,951.48	-	102,792.38	
First National Bank - Equit. Share	8214919698.8	Call Account		2.40	293,507.62	-	-	-	660.59	294,168.21	-	19,221.27	294,168.21	-	660.59	
First National Bank - Sangqobha Housing	8224816621.8	Sangqobha Housing		2.40	745,167.67	-	-	-	1,590.37	746,758.04	-	12,839.88	746,758.04	-	1,590.37	
First National Bank - Equit. Share	848788021.54	2 Months - Fixed Deposit	16-Aug	4.08	-	-	-	-	-	-	-	-	63,064.22	-	-	
First National Bank - Equit. Share	8289235611.3	Tithe deeds	30-Jan	2.40	101,983.92	-	-	-	222.13	102,206.05	-	1,804.72	102,206.05	-	222.13	
First National Bank - Equit. Share	8287999000	Call Account housing		3.85	29,246.57	-	-	-	98.56	29,345.13	-	863.39	29,345.13	-	98.56	
NED Bank	78810763/154	90 Days - Fixed Deposit	1-Jul	4.45	-	-	-	-	-	-	-	-	-	-	-	
NED Bank	78810763/157	1 Day - Fixed Deposit	1-Jul	4.45	-	-	-	-	-	-	-	-	-	-	-	
NED Bank	78810763/158	90 Days - Fixed Deposit	4-Oct	4.45	-	-	-	-	-	-	-	-	-	231,643.94	-	
NED Bank	78810763/154	90 Days - Fixed Deposit	12-Apr	4.40	20,462,811.16	-20,697,152.39	-	234,341.23	0.00	-	-	-	234,341.23	0.00	27,124.24	
NED Bank	78810763/165	152 Days - Fixed Deposit	13-Jan	5.20	26,000,000.00	-	-	-	-	26,000,000.00	111,123.29	407,452.06	26,000,000.00	-	111,123.29	
NED Bank	78810763/159	6 Months - Fixed Deposit	12-Jan	5.00	-	-	-	-	-	-	-	-	666,027.41	-	-	
NED Bank	78810763/160	6 Months - Fixed Deposit	30-Mar	4.85	-	-	-	-	-	-	-	-	601,267.12	-	-	
NED Bank	78810763/161	3 Months - Fixed Deposit	7-Jan	4.39	-	-	-	-	-	-	-	-	231,167.32	-	-	
NED Bank	78810763/162	Call Account		3.65	1,012,133.97	-	-	3,452.40	1,015,586.37	-	-	-	1,015,586.37	-	3,452.40	
NED Bank	78810763/163	90 DAYS	7-Feb	4.55	-	-	-	-	-	-	-	-	86,387.67	-	-	
NED Bank	78810763/166	90 Days - Fixed Deposit	12-Jul	5.15	-	-	20,697,152.39	-	20,697,152.39	55,485.38	55,485.38	-	20,697,152.39	55,485.38	-	
NED Bank	78810763/118	Notice Account		2.50	395,414.08	-10,800,000.00	14,000,000.00	24,704.97	3,620,119.05	-	-	-	3,620,119.05	-	24,704.97	
STD Bank - Equit. Share new	8687307-004	3 Months - Fixed Deposit	30-Nov	4.23	-	-	-	-	-	-	-	-	396,426.83	-	-	
STD Bank - Equit. Share	8687307-001	Retail/Wholesale Call Deposit	25-Jul	1.30	129,684.99	-	-	189.73	129,874.72	-	-	-	129,874.72	-	189.73	
STD Bank - Equit. Share	8687307-008	3 Months - Fixed Deposit	15-Jul	2.00	16,299.28	-	-	35.26	16,334.54	-	-	-	16,334.54	-	35.26	
STD Bank - Equit. Share	8687307-018	1 Month - Fixed Deposit	23-Sep	4.17	-	-	-	-	-	-	-	-	102,352.29	-	-	
STD Bank - Equit. Share	8687307-019	1 Month - Fixed Deposit	5-Jul	4.10	-	-	-	-	-	-	-	-	8,481.39	-	-	
STD Bank - Equit. Share	8687307-020	1 Month - Fixed Deposit	6-Sep	4.20	-	-	-	-	-	-	-	-	107,364.46	-	-	
STD Bank - Equit. Share	8687307-021	4 Months - Fixed Deposit	9-Nov	4.70	-	-	-	-	-	-	-	-	411,797.26	-	-	
STD Bank - Equit. Share	8687307-022	1 Month - Fixed Deposit	27-Sep	4.38	-	-	-	-	-	-	-	-	75,513.70	-	-	
STD Bank - Equit. Share	8687307-023	2 Months - Fixed Deposit	6-Nov	4.20	-	-	-	-	-	-	-	-	107,912.42	-	-	
STD Bank - Equit. Share	8687307-024	3 Months - Fixed Deposit	16-Jan	4.48	-	-	-	-	-	-	-	-	-	-	-	
STD Bank - Equit. Share	8687307-025	2 Months - Fixed Deposit	9-Jan	4.18	-	-	-	-	-	-	-	-	-	-	-	
STD Bank - Equit. Share	8687307-026	2 Months - Fixed Deposit	9-Mar	4.74	-	-	-	-	-	-	-	-	411,589.87	-	-	
STD Bank - Equit. Share	8687307-027	6 Months - Fixed Deposit	6-May	5.18	25,000,000.00	-	-	-	-	25,000,000.00	-	-	25,000,000.00	-	-	
Std Bank - Equit. Share	8687307-031	90 DAYS	30-Jan	5.15	20,000,000.00	-	-	-	-	20,000,000.00	-	-	20,000,000.00	-	-	
STD Bank - Equit. Share	8687307-028	3 Months - Fixed Deposit	11-Apr	4.50	15,374,441.29	-15,546,929.88	-	172,488.59	-	-	-	-	172,488.59	-	172,488.59	
STD Bank - Equit. Share	8687307-030	153 DAYS	30-Jan	4.96	26,823,387.13	-	-	-	-	26,823,387.13	-	-	26,823,387.13	-	-	
STD Bank - Equit. Share	8687307-029	4 Months - Fixed Deposit	24-May	5.08	18,207,443.84	-	-	-	-	18,207,443.84	-	-	18,207,443.84	-	-	
STD Bank - Equit. Share	8687307-032	1 Month - Fixed Deposit	13-Jul	5.10	-	-	15,374,441.29	-	-	15,374,441.29	-	-	15,374,441.29	-	-	
					188,454,605.47	-130.00	-53,044,082.27	50,071,593.68	545,781.36	186,027,768.24	260,722.99	611,835.86	5,027,865.66	186,027,768.24	-	591,284.94
NEDBANK	1214909418	Current Account	30-Apr		14,981,333.29	-	-	-	-	873,957.24	-	-	14,981,333.29	-	-	
First National Bank	525241619.4	Current Account	30-Apr		647,085.51	-	-	-	1,295.34	648,380.85	-	-	648,380.85	-	1,295.34	
Cash and Cash Equivalent					204,083,014.27	-130.00	-53,044,082.27	50,071,593.68	547,076.70	187,763,978.05	260,722.99	611,835.86	5,087,509.72	187,763,978.05	-	592,580.28

1.8.8 Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- In essence, the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be funded
- As part of the budgeting and planning guidelines that informed the compilation of the 2022/23 MTREF the end objective of the medium framework was to ensure the budget is funded aligned to section 18 of the MFMA.
- Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2022/2023 MTREF is funded.

UBuhlebezwe Municipality Original Budget 2022/23

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash and investments available											
Cash/cash equivalents at the year end	1	155,455	148,840	159,208	70,611	128,788	128,788	706,837	134,953	144,811	156,674
Other current investments > 90 days		0	-	-	113,346	66,682	66,682	(532,519)	(11,764)	(16,701)	(22,799)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		155,455	148,840	159,208	183,957	195,470	195,470	174,318	123,190	128,110	133,874
Application of cash and investments											
Unspent conditional transfers		1,266	934	3,495	-	609	609	(14,017)	8,646	19,379	20,247
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	15,163	1,648	1,308	(47,978)	(6,595)	(6,595)	(97,493)	(14,340)	(12,749)	(13,451)
Other provisions		10,482	12,115	11,740	7,142	11,149	11,149	(8,709)	11,149	11,640	12,164
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		26,910	14,697	16,543	(40,836)	5,163	5,163	(120,218)	5,455	18,270	18,960
Surplus(shortfall)		128,545	134,143	142,665	224,793	190,307	190,307	294,536	117,734	109,839	114,915

1.8.9 Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality is working towards meeting both recommendations but the budget for Ubuhebezwe is adequate to secure the ongoing health of the municipality's infrastructure.
- Ubuhebezwe municipality has resolved to utilize internal staff when renewing assets where feasible. This has also reduced the cost of renewal of assets whilst assets are still being renewed. This was done in order to ensure that assets are renewed whilst lesser budget is allocated towards renewal. The cost of renewal is therefore embedded in the salaries of staff members.

UBuhlebezwe Municipality Original Budget 2022/23

KZN434 Ubuhebezwe - Table A9 Asset Management

R thousand	Description	Ref	Current Year 2021/22					2022/23 Medium Term Revenue & Expenditure Framework			
			Audited Outcomes 2018/19	Audited Outcomes 2019/20	Audited Outcomes 2020/21	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CAPITAL EXPENDITURE											
	Total New Assets	1	17,686	33,562	69,783	33,145	36,218	36,218	48,299	45,081	46,977
	Roads Infrastructure		1,878	11	15,930	9,451	11,825	11,825	13,260	13,806	14,388
	Storm water Infrastructure		4,588	5,173	10,122	3,600	3,204	3,204	200	209	218
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		6,466	5,184	26,052	13,051	15,029	15,029	13,460	14,015	14,606
	Community Facilities		7,254	13,400	13,598	13,474	13,397	13,397	14,057	9,419	9,804
	Sport and Recreation Facilities		511	3,716	93	2,327	4,036	4,036	11,974	12,454	12,963
	Community Assets		7,265	17,116	13,690	15,801	17,433	17,433	26,051	21,873	22,767
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	1,086	2,199	420	20	20	240	251	262
	Housing		26	(250)	(132)	-	-	-	-	-	-
	Other Assets		26	826	2,068	420	20	20	240	251	262
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Licences and Rights		1,723	1,723	4,265	311	320	320	210	219	229
	Intangible Assets		1,723	1,723	4,265	311	320	320	210	219	229
	Computer Equipment		918	400	1,772	550	478	478	1,430	1,490	1,555
	Furniture and Office Equipment		77	168	681	1,885	2,530	2,530	1,440	1,503	1,571
	Machinery and Equipment		117	6,125	14,909	635	407	407	3,023	3,023	3,159
	Transport Assets		594	2,010	6,755	492	-	-	2,592	2,706	2,828
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	Total Renewal of Existing Assets	2	13,713	18,722	26,258	10,350	16,950	16,950	2,450	2,558	2,673
	Roads Infrastructure		6,974	6,195	6,281	350	350	350	150	157	164
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		8,974	6,195	6,281	350	350	350	150	157	164
	Community Facilities		37	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		895	1,000	1,000	-	-	-	-	-	-
	Community Assets		933	7,028	1,038	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		3,807	11,489	18,940	10,000	16,600	16,600	2,300	2,401	2,509
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		3,807	11,489	18,940	10,000	16,600	16,600	2,300	2,401	2,509
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-	-	-
	Transport Assets		-	-	-	-	-	-	-	-	-
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	Total Upgrading of Existing Assets	6	4,310	1,870	2,657	1,500	1,500	1,500	200	209	218
	Roads Infrastructure		4,310	1,331	1,774	-	-	-	-	-	-
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		4,310	1,331	1,774	-	-	-	-	-	-
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	539	883	1,500	1,500	1,500	200	209	218
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	539	883	1,500	1,500	1,500	200	209	218
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-	-	-
	Transport Assets		-	-	-	-	-	-	-	-	-
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	Total Capital Expenditure	4	35,709	54,154	98,698	44,995	54,668	54,668	50,949	47,847	49,869
	Roads Infrastructure		15,162	7,537	23,985	9,801	12,175	12,175	13,410	13,963	14,552
	Storm water Infrastructure		4,588	5,173	10,122	3,600	3,204	3,204	200	209	218
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		19,250	12,711	34,107	13,401	15,379	15,379	13,610	14,122	14,730
	Community Facilities		7,291	13,437	13,635	13,474	13,397	13,397	14,057	9,419	9,804
	Sport and Recreation Facilities		1,406	4,717	1,093	2,327	4,036	4,036	11,974	12,454	12,963
	Community Assets		8,697	18,154	14,728	15,897	17,433	17,433	26,051	21,873	22,767
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		3,807	13,114	22,022	11,920	18,120	18,120	2,740	2,861	2,989
	Housing		26	(250)	(132)	-	-	-	-	-	-
	Other Assets		3,807	12,664	21,890	11,920	18,120	18,120	2,740	2,861	2,989
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Licences and Rights		1,723	1,723	4,265	311	320	320	210	219	229
	Intangible Assets		1,723	1,723	4,265	311	320	320	210	219	229
	Computer Equipment		918	400	1,772	550	478	478	1,430	1,490	1,555
	Furniture and Office Equipment		77	168	681	1,885	2,530	2,530	1,440	1,503	1,571
	Machinery and Equipment		117	6,125	14,909	635	407	407	3,023	3,023	3,159
	Transport Assets		594	2,010	6,755	492	-	-	2,592	2,706	2,828
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	Total ASSET REGISTER SUMMARY - Asset class		35,709	54,154	98,698	44,995	54,668	54,668	50,949	47,847	49,869
	ASSET REGISTER SUMMARY - PPE (W/DV)	5	300,200	314,957	327,293	345,318	371,088	371,088	401,255	413,567	432,046
	Roads Infrastructure		126,419	125,023	113,462	131,969	133,840				

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1.8.10 Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. The Municipality continues to make good progress with the eradication of backlogs:
- The number of households registered for indigent in 2022/2023 is expected to increase therefore entitled to receiving Free Basic Services, this is covered by municipality's equitable share.

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Household service targets	1									
Water:										
Piped water inside dwelling		254	254	254	254	254	254	254	254	254
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		254	254	254	254	254	254	254	254	254
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	254	254	254	254	254	254	254	254	254
Sanitation/Sewerage:										
Flush toilet (connected to sewerage)		560	560	560	560	560	560	560	560	560
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		560	560	560	560	560	560	560	560	560
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	560	560	560	560	560	560	560	560	560
Energy:										
Electricity (at least min.service level)		1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Refuse:										
Removed at least once a week		1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455
<i>Minimum Service Level and Above sub-total</i>		1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		952	952	952	1,150	1,150	1,150	1,250	1,250	1,250
Sanitation (free minimum level service)		952	952	952	1,150	1,150	1,150	1,250	1,250	1,250
Electricity/other energy (50kwh per household per month)		58	58	58	68	68	68	107	107	107
Refuse (removed at least once a week)		58	58	58	68	68	68	107	107	107
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		16,244	16,959	16,975	16,244	16,959	16,975	16,244	16,959	16,975
Water (kilolitres per household per month)		68	68	68	68	68	68	68	68	68
Sanitation (kilolitres per household per month)		121	121	121	121	121	121	121	121	121
Sanitation (Rand per household per month)		684	684	684	684	684	684	684	684	684
Electricity (kwh per household per month)		152	159	159	152	159	159	152	159	159
Refuse (average litres per week)		477	498	498	477	498	498	477	498	498
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		1,274	7,073	9,416	9,551	9,551	9,551	9,881	10,315	10,780
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	1,274	7,073	9,416	9,551	9,551	9,551	9,881	10,315	10,780

PART 2

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Executive Committee members, the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the mayor.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.
- The budget is further interrogated by the Executive Committee, Finance Committee and Management Committee during a strategic planning session.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTERGRATED DEVELOPMENT PLAN

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation, which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the newly developed IDP includes the following

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key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The details of all revenue, operational expenditure and capital expenditure which are aligned to the goals and action plans in the Integrated Development Plan are outlined in the supporting documentation **S4 to S6**.

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Borrowing Management

The municipality currently does not have external borrowings. The municipality's credit worthiness has not been assessed; however, there are no plans to utilize this facility in the next two years

Debtors and Creditor's Management

Creditors are paid twice a month in order to cater for SMME's and in order to avoid late payments thereby incurring interests.

The Credit Control and Debt collection policy was adopted in order to tighten up debt collection. Furthermore, the municipality utilizes services of debt collectors to collect from all defaulting debtors.

2.4 OVERVIEW OF BUDGET RELATED-POLICIES

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

- Credit Control and debts Collection policies
- Asset Management Policy
- Budget Policy
- Supply Chain Management Policy
- Virement Policy

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- Banking and Investment Policy
- General Rates and Refuse Tariffs
- Contracts management
- Assets Disposal Policy
- Property Rate Policy
- Indigent Policy
- Funding and Reserves Policy
- Bad Debt written off and Provision for bad debts Policy
- Inventory Policy
- MFMA Circular 97 - Cost Containment Measures 2019
- SCM Policy on Infrastructure Procurement and Delivery Management

All the above policies are available on the municipality's website.

2.5. OVERVIEW OF BUDGET ASSUMPTIONS

The final budget was prepared in accordance with guidelines and assumptions as outlined in Municipal Budget and Reporting Regulations, taking into consideration the following aspects:

- National budget assumptions, guidelines and projections;
- Alignment with national and provincial priorities;
- Headline inflation and gross domestic products forecasts; and
- Revenue assumptions with regard to grants allocation in terms of revised DORA.
- Anticipated own revenue from rates and services charges, sundry charges and other revenues and affordability of ratepayers and consumer services;
- The ability of municipality to collect revenue (payment level);
- Operating expenditure cost drivers and growth thereof;
- Capital budget funding model;
- Protecting the poor by ensuring access to basic services

2.6 OVERVIEW OF BUDGET FUNDING

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from grant funding. Other funding is derived from Property rates, drivers licences, investments, rentals and operating and capital grants and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

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- Growth in the municipal area and economic development;
- Revenue management and enhancement;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels such as Town planning.

2.7 ANNUAL BUDGETS AND SDBIPs –INTERNAL DEPARTMENT

See attached

2.8 CONTRACTS HAVING BUDGETARY IMPLICATIONS

The municipality does not have contracts that go beyond the current Final budget year and the two outer years.

In terms of the municipality's supply chain management policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the bid evaluation and adjustment committees must obtain formal financial comments from the Financial Management Division of the Budget and Treasury Office Department.

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List of external mechanisms

KZN434 Ubuhebezwe - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.	
		Number			R thousand	
Nedbank Group Limited	Mths	60	Provision of Banking	31 August 2026	R 885.00	Rate based per service
Markallo Revenue Solutions	Mths	26	Debt Collection Services	31 December 2024	12%	
Sparks and Ellis (PTY) LTD	Mths	36	Supply and Delivery of Fire, Disaster and Traffic Uniform	30 November 2024	R 18 013.48	Rate based per item
Inkazimulo Business and Advisory	Mths	24	a Period of 2 years	30 June 2023	R 1 849 774.08	
Tourvest Travel	Mths	36	Provision of Travel Agent Services	31 August 2024	R 592.25	Rate based per service
SNLM Holdings	Mths	36	Generator)	31 August 2024	R 342 632.17	
Denhere Knibbs and Associates	Mths	24	System and Risk Management System	30 June 2023	R 900 000.00	
BTMN Engineering	Mths	36	Managers	30 June 2023	R 5 231 256.00	
Izingola Project	Mths	36	Managers	30 June 2023	R 6 103 125.00	
Thokomela Engineering	Mths	36	Managers	30 June 2023	R 6 176 362.00	
Thabani Project	Mths	36	Managers	30 June 2023	R 4 394 250.00	
Ardicpoint (PTY) LTD /a Civil Designer SA	Mths	24	Supply and Installation of Civil Design Software	30 June 2023	R 447 503.00	
Pro Secure (PTY) LTD	Mths	24	Supply and Installation CCTV Surveillance Cameras	31 August 2023	R 723 904.88	
Shedule (PTY) LTD	Mths	36	Access and Turnstyle	23 June 2024	R 800 000.00	
Konica Minolta SA	Mths	24	Photocopying Machines	31 January 2023	R 1 532 466.54	
Bidvest Steiner	Mths	24	Provision of Hygiene Services	28 February 2023	R 341 145.31	
Mobile Telephone Networks (PTY) LTD	Mths	24	Panel of Cellphone and Data Services	28 February 2023	R 5 963.39	Rate based per unit/ service
Telkom SA SOC LTD	Mths	24	Panel of Cellphone and Data Services	28 February 2023	R 6,788.00	Rate based per unit/ service
CHM Vuwani Computer Solutions (KZN) PTY LTD	Mths	24	Office 365 and Mimecast Licences	31 January 2023	R 999 857.75	
Ayanda Mtanga Communications (PTY) LTD	Mths	36	Advertising	31 December 2023	R 5 938.65	Rate based per unit
Sevipro 100 cc /a Generator World	Mths	36	Generator) Traffic Unit	30 November 2023	R 393 000.00	
Mobile Telephone Networks (PTY) LTD	Mths	24	Internet Services	12 September 2022	R 1 590 637.92	
600 SA Holdings (PTY) LTD	Mths	36	The Configuration of Skip Truck	30 September 2023	R 608 350.00	
Splenda Electrical	Mths	36	Conditioning Units	01 September 2022	R 45 672.25	
MMK Group (PTY) LTD	Mths	36	2021/2022-2021/2022-2022/2023	30 June 2023	11.5%	
Makhaotse Narasimbu and Associates	Mths	36	2021/2022-2021/2022-2022/2023	30 June 2023	9.5%	
Buchule Engineers (PTY) LTD	Mths	36	2021/2022-2021/2022-2022/2023	30 June 2023	12%	
BI Infrastructure Consultants (PTY) LTD	Mths	36	2021/2022-2021/2022-2022/2023	30 June 2023	13.5%	
Vumasa (PTY) LTD	Mths	36	2021/2022-2021/2022-2022/2023	30 June 2023	10%	
Zizame Consulting Engineers	Mths	36	2021/2022-2021/2022-2022/2023	30 June 2023	8%	
Nelstar (PTY) LTD	Mths	48	Supply and Installation of Tracker on Municipal Vehicle	30 September 2022	R 279 741.10	
Datacentrix (PTY) LTD	Mths	36	IT Infrastructure	31 August 2022	R 2 622 998.57	
Cell C Services	Mths	48	Provision of Cellular and Data Package	01 July 2022	R 3 902 880.00	
The Document Warehouse (PTY) LTD	Mths	36	Files	30 May 2024	R 187.94	Rate based
Melgobis (Pty) Ltd	Yrs	5	the Valuation Roll for Implementation 1 July 2023 and	30 June 2028	R 2 197 906.72	
Cphe Chle Trading (Pty) Ltd	Mths	36	Supply and Delivery of Uniform	09 January 2025	R 41 760.32	Rate based per unit/service
Indaloehle Environmental Consultants (Pty) Ltd	Mths	27	Professional Environmental Management Services for a	30 June 2024	-	
Nzingwe Consultancy	Mths	27	Period of 2021/2022, 2022/2023 and 2023/2024	30 June 2024	-	
Sinohydro Consultancy (Pty) Ltd	Mths	27	Period of 2021/2022, 2022/2023 and 2023/2024	30 June 2024	-	
Sivest SA (Pty) Ltd	Mths	27	Period of 2021/2022, 2022/2023 and 2023/2024	30 June 2024	-	
Hanslab (Pty) Ltd	Mths	27	Period of 2021/2022, 2022/2023 and 2023/2024	30 June 2024	-	
NorthShore Trading 257cc	Mths	6	Construction of Meyi Sportfield	31 August 2023	R 3 888 181.16	
Igoda Projects (Pty) Ltd	Mths	6	for 386 Connections Ward 7			Contact awaiting for Budget according to IPD Department
Splenda Electrical	Mths	2	Construction of High Master Project in Ward 9	31 July 2023	R 1 279 364.96	
Black Bulls Building and Projects	Mths	6	Construction of Hlongwa Road Phase 1 and 2		R 2 197 686.40	Awaiting for Handover site as Kickoff date for the contract

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2.9 MONTHLY TARGETS FOR REVEUNE, EXPENDITURE AND CASH FLOW

Budgeted monthly revenue and expenditure

KZN434 Ubuhebezwe - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework				
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25		
Revenue By Source																		
Property rates		2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	24,602	25,685	26,840		
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Service charges - refuse revenue		307	307	307	307	307	307	307	307	307	307	307	307	3,682	3,844	4,017		
Rental of facilities and equipment		67	67	67	67	67	67	67	67	67	67	67	67	800	835	873		
Interest earned - external investments		833	833	833	833	833	833	833	833	833	833	833	833	10,000	10,440	10,910		
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Fines, penalties and forfeits		42	42	42	42	42	42	42	42	42	42	42	42	500	522	545		
Licences and permits		286	286	286	286	286	286	286	286	286	286	286	286	3,437	3,588	3,749		
Agency services		157	157	157	157	157	157	157	157	157	157	157	157	1,886	1,969	2,058		
Transfers and subsidies		11,590	11,590	11,590	11,590	11,590	11,590	11,590	11,590	11,590	11,590	11,590	11,590	139,062	141,986	149,884		
Other revenue		24	24	24	24	24	24	24	24	24	24	24	24	290	303	317		
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Revenue (excluding capital transfers and contributions)		15,357	15,357	15,357	15,357	15,357	15,357	15,357	15,357	15,357	15,357	15,357	15,357	184,280	189,172	199,194		
Expenditure By Type																		
Employee related costs		7,620	7,620	7,620	7,620	7,620	7,620	7,620	7,620	7,620	7,620	7,620	7,620	91,435	95,429	99,695		
Remuneration of councillors		891	891	891	891	891	891	891	891	891	891	891	891	10,689	11,159	11,662		
Debt impairment		189	189	189	189	189	189	189	189	189	189	189	189	2,271	2,371	2,478		
Depreciation & asset impairment		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000	37,584	39,275		
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Inventory consumed		139	139	139	139	139	139	139	139	139	139	139	139	1,667	1,740	1,819		
Contracted services		2,182	2,182	2,182	2,182	2,182	2,182	2,182	2,182	2,182	2,182	2,182	2,182	26,184	25,218	26,321		
Transfers and subsidies		555	555	555	555	555	555	555	555	555	555	555	555	6,654	4,603	4,810		
Other expenditure		2,308	2,308	2,308	2,308	2,308	2,308	2,308	2,308	2,308	2,308	2,308	2,308	27,699	28,918	30,219		
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Expenditure		16,883	16,883	16,883	16,883	16,883	16,883	16,883	16,883	16,883	16,883	16,883	16,883	202,600	207,024	216,280		
Surplus/(Deficit)		(1,527)	(1,527)	(1,527)	(1,527)	(1,527)	(1,527)	(1,527)	(1,527)	(1,527)	(1,527)	(1,527)	(1,527)	(18,320)	(17,851)	(17,086)		
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946	35,351	31,563	32,852		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Surplus/(Deficit) after capital transfers & contributions		1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	17,031	13,712	15,766		
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Share of surplus/(deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Surplus/(Deficit)	1	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	17,031	13,712	15,766		

Budgeted monthly capital expenditure

Single-year expenditure to be appropriated	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 2 - Finance and Admin	415	415	415	415	415	415	415	415	415	415	415	415	4,985	5,202	5,433	
Vote 3 - Community and Social Services	774	774	774	774	774	774	774	774	774	774	774	774	9,292	9,665	10,061	
Vote 4 - Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 5 - Public Safety	9	9	9	9	9	9	9	9	9	9	9	9	110	115	120	
Vote 6 - Road Transport	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	13,410	13,963	14,552	
Vote 7 - Waste Management	74	74	74	74	74	74	74	74	74	74	74	74	886	925	967	
Vote 8 - Energy Services	17	17	17	17	17	17	17	17	17	17	17	17	200	209	218	
Vote 9 - Planning & Development	841	841	841	841	841	841	841	841	841	841	841	841	10,092	5,316	5,555	
Vote 10 - Sports & Recreation	998	998	998	998	998	998	998	998	998	998	998	998	11,974	12,454	12,963	
Vote 11 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 12 - (NAME OF VOTE 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - (NAME OF VOTE 13)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - (NAME OF VOTE 14)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital single-year expenditure sub-total	2	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	50,949	47,847	49,869
Total Capital Expenditure	2	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	50,949	47,847	49,869

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- Budgeted monthly cashflow**

KZN434 Ubuhebezwe - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand															
Cash Receipts By Source															
Property rates	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	18,692	19,514	20,393
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	169	169	169	169	169	169	169	169	169	169	169	169	2,031	2,121	2,216
Rental of facilities and equipment	41	41	41	41	41	41	41	41	41	41	41	41	496	518	541
Interest earned - external investments	833	833	833	833	833	833	833	833	833	833	833	833	10,000	10,440	10,910
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	29	29	29	29	29	29	29	29	29	29	29	29	350	365	382
Licences and permits	189	189	189	189	189	189	189	189	189	189	189	189	2,268	2,368	2,475
Agency services	105	105	105	105	105	105	105	105	105	105	105	105	1,264	1,319	1,379
Transfers and Subsidies - Operational	19,093	19,093	19,093	19,093	19,093	19,093	19,093	19,093	19,093	19,093	19,093	19,093	229,112	238,038	198,579
Other revenue	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	13,422	14,013	14,644
Cash Receipts by Source	23,136	23,136	23,136	23,136	23,136	23,136	23,136	23,136	23,136	23,136	23,136	23,136	277,636	288,697	251,518
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946	35,351	31,563	32,852
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	26,082	26,082	26,082	26,082	26,082	26,082	26,082	26,082	26,082	26,082	26,082	26,082	312,987	320,260	284,370
Cash Payments by Type															
Employee related costs	8,569	8,569	8,569	8,569	8,569	8,569	8,569	8,569	8,569	8,569	8,569	8,569	102,824	107,348	112,179
Remuneration of councillors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions - water & other inventory	139	139	139	139	139	139	139	139	139	139	139	139	1,667	1,740	1,819
Contracted services	9,684	9,684	9,684	9,684	9,684	9,684	9,684	9,684	9,684	9,684	9,684	9,684	116,214	119,156	72,782
Transfers and grants - other municipalities	555	555	555	555	555	555	555	555	555	555	555	555	6,654	4,603	4,810
Transfers and grants - other	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	26,999	28,187	29,455
Other expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Payments by Type	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,196	254,358	261,034	221,045
Other Cash Flows/Payments by Type															
Capital assets	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	4,246	50,949	47,787	49,809
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	126	126	126	126	126	126	126	126	126	126	126	126	1,514	1,581	1,652
Total Cash Payments by Type	25,568	25,568	25,568	25,568	25,568	25,568	25,568	25,568	25,568	25,568	25,568	25,568	306,821	310,403	272,507
NET INCREASE/(DECREASE) IN CASH HELD	514	514	514	514	514	514	514	514	514	514	514	514	6,166	9,857	11,863
Cash/cash equivalents at the monthly year begin	128,788	129,302	129,815	130,329	130,843	131,357	131,870	132,384	132,898	133,412	133,926	134,439	128,788	134,953	141,811
Cash/cash equivalents at the monthly year end	129,302	129,815	130,329	130,843	131,357	131,870	132,384	132,898	133,412	133,926	134,439	134,953	134,953	141,811	148,674

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2.10 COUNCILLORS AND EMPLOYEE BENEFITS

• Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1	6,113	5,958	6,909	7,052	7,052	7,052	7,118	7,431	7,765
Pension and UIF Contributions		673	713	72	496	496	496	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		1,199	1,173	1,180	1,199	1,199	1,199	1,199	1,252	1,308
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		2,319	2,209	2,275	2,351	2,351	2,351	2,373	2,477	2,589
Sub Total - Councillors		10,304	10,052	10,436	11,097	11,097	11,097	10,689	11,159	11,662
% increase	4		(2.4%)	3.8%	6.3%	-	-	(3.7%)	4.4%	4.5%
Senior Managers of the Municipality										
Basic Salaries and Wages	2	2,736	2,005	2,590	4,278	4,278	4,278	4,150	4,332	4,527
Pension and UIF Contributions		5	236	237	9	9	9	11	11	12
Medical Aid Contributions		-	48	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		414	382	66	548	548	548	650	678	709
Motor Vehicle Allowance	3	355	290	35	516	516	516	645	673	704
Cellphone Allowance	3	1	-	-	-	-	-	-	-	-
Housing Allowances	3	-	5	13	-	-	-	-	-	-
Other benefits and allowances	3	0	106	155	182	182	182	181	189	197
Payments in lieu of leave		-	128	170	244	244	244	155	162	169
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		3,511	3,200	3,266	5,777	5,777	5,777	5,791	6,046	6,318
% increase	4		(8.8%)	2.0%	76.9%	-	-	0.2%	4.4%	4.5%
Other Municipal Staff										
Basic Salaries and Wages		39,432	43,361	45,099	55,022	55,065	55,065	57,667	60,176	62,856
Pension and UIF Contributions		6,760	7,065	7,504	9,004	9,004	9,004	9,891	10,326	10,790
Medical Aid Contributions		3,890	1,195	2,881	3,829	3,829	3,829	3,912	4,084	4,268
Overtime		16	-	-	3,430	3,430	3,430	3,364	3,512	3,670
Performance Bonus		3,036	3,201	3,363	5,273	5,273	5,273	5,344	5,580	5,831
Motor Vehicle Allowance	3	995	776	646	2,235	2,235	2,235	1,908	1,992	2,081
Cellphone Allowance	3	2	61	28	53	53	53	48	50	52
Housing Allowances	3	18	69	86	116	116	116	134	139	146
Other benefits and allowances	3	2,575	2,975	4,512	1,370	1,370	1,370	1,296	1,352	1,413
Payments in lieu of leave		1,802	2,063	2,163	1,621	1,621	1,621	1,860	1,942	2,029
Long service awards		437	342	38	218	218	218	220	230	240
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		58,963	61,107	66,320	82,173	82,216	82,216	85,643	89,383	93,376
% increase	4		3.6%	8.5%	23.9%	0.1%	-	4.2%	4.4%	4.5%
Total Parent Municipality		72,778	74,359	80,022	99,048	99,091	99,091	102,124	106,589	111,356

UBuhlebezwe Municipality Original Budget 2022/23

- Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		516,516		216,572			733,088
Chief Whip			-		-			-
Whip			270,145		134,448			404,593
Executive Mayor			645,644		259,615			905,259
Deputy Executive Mayor			516,516		216,572			733,088
MPAC Chair			262,214		131,806			394,020
Executive Committee			1,024,524		474,708			1,499,232
Total for all other councillors			3,882,127		2,137,641			6,019,768
Total Councillors	8	-	7,117,686	-	3,571,362			10,689,048
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,044,113	12,690	211,393	164,656		1,432,852
Chief Finance Officer			735,001	9,599	181,554	119,700		1,045,854
Director - Corp Services			855,001	10,799	61,554	119,700		1,047,054
Director - IPD			735,001	9,599	188,393	119,700		1,052,693
Director - Social Development			780,651	10,056	184,841	126,091		1,101,639
								-

2.11 LEGISLATION COMPLIANCE STATUS

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

- **Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed interns undergoing training in various divisions of the Financial Services Department.

- **Budget and Treasury Office**

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

- **Audit Committee**

An Audit Committee has been established and is fully functional.

- **Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.10 MUNICIPAL MANAGER'S QUALITY CERTIFICATE