



UMDONI MUNICIPALITY

THE J.E.W.E.L OF THE SOUTH COAST

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK BUDGET

2024/25 FINANCIAL YEAR

Tabled as final

22nd May 2024





UMDONI MUNICIPALITY

FINAL BUDGET DOCUMENTATION FOR 2024/2025 BUDGET YEAR

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1.1 MAYORS REPORT

Umdoni Municipality's limited public resources have been under significant strain for three to four years. The municipality's resource envelop has been overwhelmed by the poor condition infrastructure which had been impacted by the never ending disasters emanating from the global climate change. The 2024/25 budget of Umdoni Municipality has been prepared in line with the Integrated Development Plan (IDP), National development plan (NDP) and MFMA relevant circulars issued for further guidance. The development priorities as outlined in the IDP and NDP 2030 have been taken into cognisance. The 2024/25 budget has been prepared during the period where economic growth has averaged only 0.8 per cent since 2012, far below the level needed to address high levels of joblessness and poverty.

Service delivery challenges and requirements continue to escalate whilst internal resources and grant funding are reducing. The 2024/25 IDP took into account cognisance service delivery backlogs and the state of infrastructure. This budget has been prepared to give effect to the eradication of backlog and maintenance of the infrastructure whilst still delivering basic services.

A portion of the budget has been allocated towards roads, community facilities and sports facilities. The budget was fundamentally prepared around these main priorities. To further portray the capital budget; major allocations have been made as follows;

- 42,99% allocated towards Roads Infrastructure
- 5,21% Electrical Infrastructure
- 36,64% Community Facilities
- 5,21% Sports and recreation
- 8,45 %Transport assets

The 2023-2024 adjustment budget has an operating deficit of R 79 million. This has accumulated over previous budget cycles. This deficit must be reversed to reflect an operating surplus or as minimum a balance budget position. In order to achieve this, the following methodology is proposed to achieve a surplus budget status. If this goal is not achieved with the 2024-2025 budget cycle, the same at least be achieved in next budget cycle, taking into account service delivery requirements.

1. Full implementation of cost containment regulations and Council policy on cost containment regulations
2. Only salary and wage increase to implemented pending the outcome of the wage negotiations.
3. Reduction of all other expenditure items by 20% with exception of contracted services and expenditure items such as fuel and oil, electricity and water charges etc.
4. Maximising of realistic revenue projections to improve revenue and collectability thereof



UMDONI MUNICIPALITY

FINAL BUDGET DOCUMENTATION FOR 2024/2025 BUDGET YEAR

We have to make all effort to do more with less in this and future budget cycles.

The operational budget has been prepared taking into cognisance of the current economic conditions as well historical performance of the municipality. Tariffs have been increased by the CPI (Consumer Price Inflation), which is currently 5% with the exception of refuse removal tariffs being increased by 7%. Operating expenditure has decreased by 0,14% and the total income has increased by 7,98 % when compared with the recently adopted Adjustment Budget.

As the municipality is implementing cost containment measures, expenditure has been restricted as far as possible. Service delivery needs were given the priority whilst administrative expenditure was reduced. The Municipality has adopted a cost containment policy in this regard to give effect to the regulations promulgated.

This budget demonstrates our commitment to the community and it's well-being and to remain financially viable as an institution. The fundamental point of this budget is on maintaining the road network including storm water, upgrading community facilities and constructing sports and recreational facilities.

It is anticipated that this budget will empower the municipality to move towards achieving the strategic objectives and serve the community to the best of its abilities

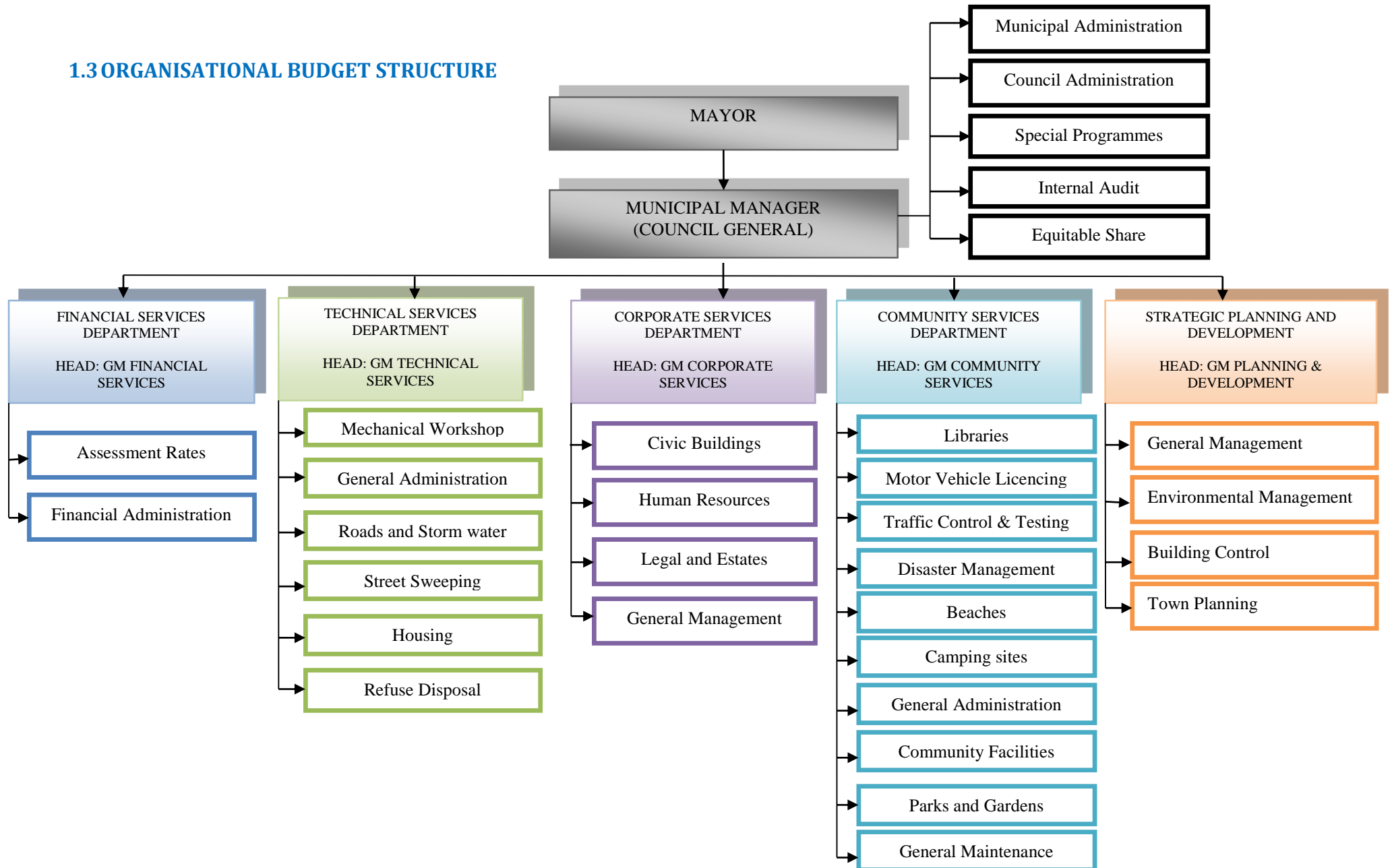
1.2 RESOLUTIONS

As required in terms of Section 16(2) of the Municipal Finance Management Act, No.56 of 2003, the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

The following resolutions are tabled resolutions for the budget;

- 1.1 That the annual capital and operating budgets of the municipality for the financial year 2024/25 are hereby tabled as set out in the following schedules:
 - a) Budgeted Financial Performance Summary by Revenue Source and Expenditure by Category as reflected in Annexure 1;
 - b) Budgeted Financial Performance - revenue and expenditure by municipal vote as reflected in Annexure 2;
 - c) Budgeted Financial Performance - revenue and expenditure by GFS as reflected in Annexure 3;
 - d) Budgeted Capital Expenditure by vote, GFS classification and funding as reflected in Annexure 4; and
- 1.2 That the tariff of charges reflected in annexure 5 is tabled for the 2024/25 financial year.
- 1.3 That the property rate randages and rebates have been reviewed; are tabled for the 2024/25 financial year for adoption as final.
- 1.4 That the A1 budget tables as presented are tabled for adoption as final.
- 1.5 That the budget related policies are tabled for adoption as final.
- 1.6 That the budget be sent to National and Provincial Treasury for further processing
- 1.7 That Council note the reduction in the operating deficit from the 2023-2024 financial year and commitment to further elimination of the reduced deficit in the 2025-2026 budget.

1.3 ORGANISATIONAL BUDGET STRUCTURE



1.4 EXECUTIVE SUMMARY OF THE 2024/25 BUDGET

1.4.1 VISION, MISSION AND OBJECTIVES OF THE UMDONI MUNICIPALITY

VISION

MISSION STATEMENT

“BY 2030 UMDONI WILL BE THE **JEWEL** OF THE SOUTH COAST.”

PRINCIPALS OF UMDONI MUNICIPALITY

- **J**OB CREATION
- **E**CONOMIC VIABILITY
- **W**ELLBEING OF THE COMMUNITY
- **E**NVIRONMENTALLY FRIENDLY ENVIRONMENT

“WORKING TOGETHER IN CONTRIBUTING TO **J**OB CREATION, **E**CONOMIC VIABILITY THROUGH SUSTAINED **L**OCAL ECONOMIC DEVELOPMENT TO ENSURE THE **W**ELL BEING OF OUR COMMUNITY IN **E**CO FRIENDLY ENVIRONMENT.”

- **L**OCAL ECONOMIC DEVELOPMENT

1.4.2 EXECUTIVE SUMMARY

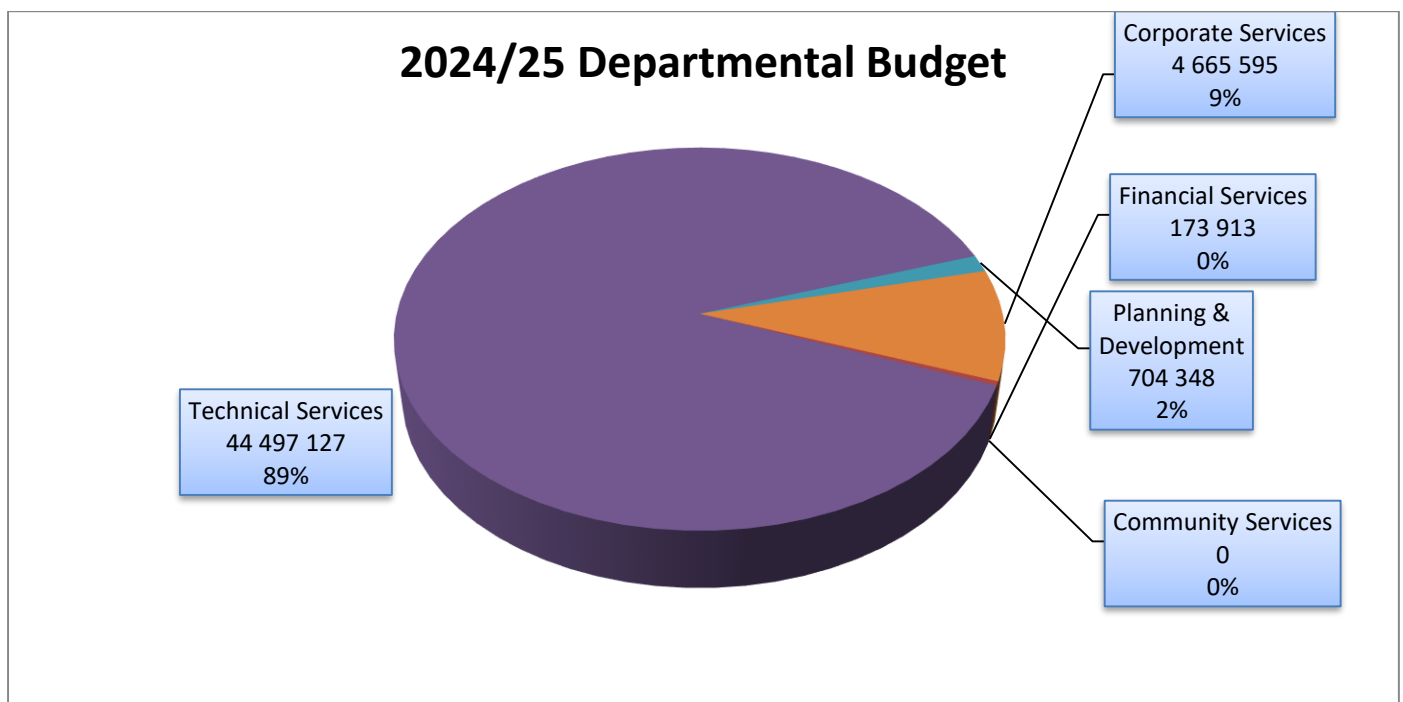
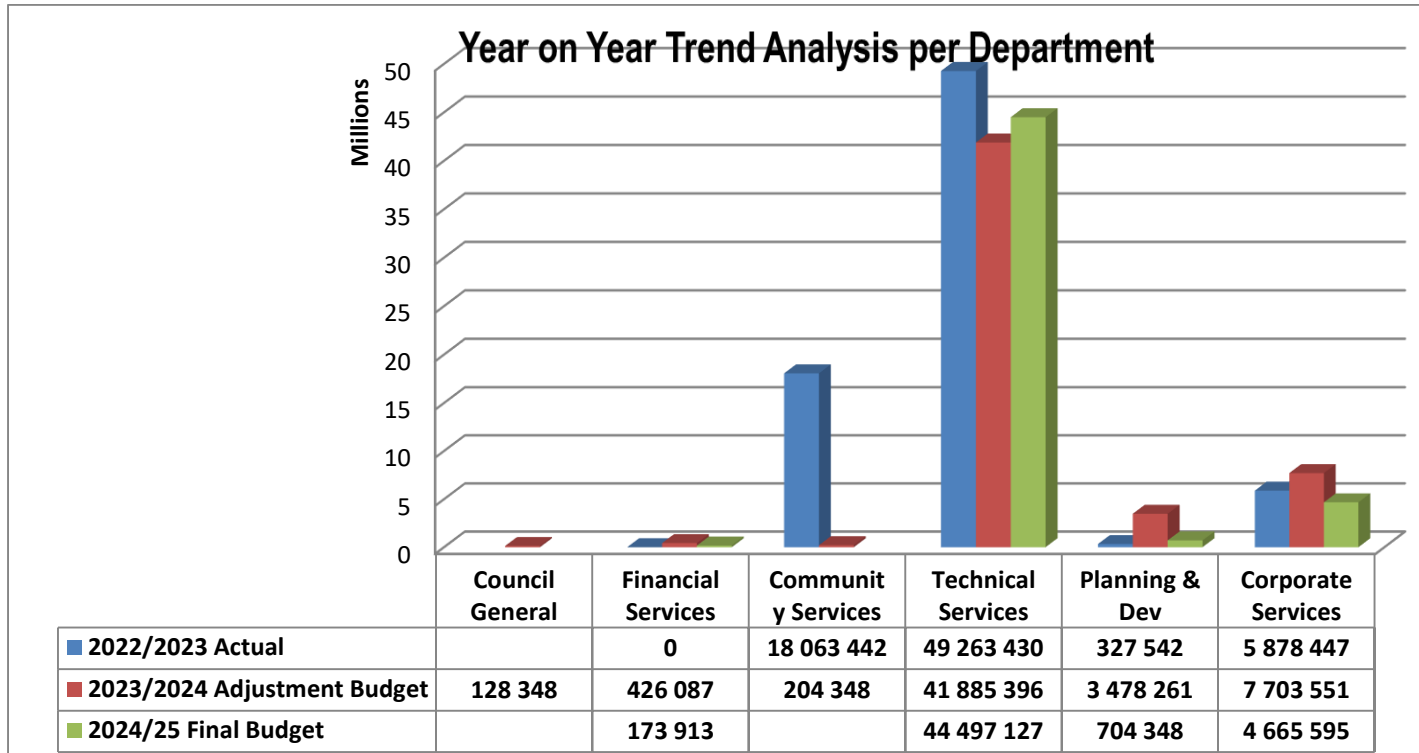
The Municipality has maintained strict financial discipline during the course of 2023-2024 financial year. A review was undertaken of expenditures on non-core items. The budget has seen reduced expenditure limits in lieu of the service delivery programs. Cost containment measures will continue to be implemented to contain spending. There is also focus to aggressively chase arrear debtors and reduce the debtors in arrear and improve cash flow and liquidity of the municipality. The challenge is to remain financially viable and remain a going concern going forward in order to continue service delivery. This budget was challenging in eliminating the operating deficit from which has been the case in the previous budget cycles. Efforts to totally eliminate the deficit in the 2024/2025 MTREF has proven to be challenging and as a result the deficit has been reduced by R 30m from the current adjusted budget. Total elimination in the 2024/2025 budget year will impact service delivery. The Municipality has used operating revenue to fund operating expenditure and reserves as a funding source for non- cash items such as deprecation and contribution for debtor's provision. The municipality is totally committed to eliminating the deficit in future budget cycles. In terms of the capital budget, it is envisaged that grant funds will be spent during the 2024-2025 year, which will improve service delivery, where projects will be completed. Another challenge is that allocations from National and Provincial departments are on the decline and the Municipality has to implement new and innovative methods of generating additional revenue through new revenue streams and improved debt collection processes.

In view of the aforementioned, the Revenue and Expenditure Framework for 2024/2025 MTREF is detailed below.

1.4.3 2024/25 CAPITAL BUDGET OVERVIEW

The 2024/25 Capital Budget has been estimated at R 57,781 incl of vat; and R50,041 excl of vat .The following graphical representation of the capital budget of the municipality is as follows:

KZN212 Umdoni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - COUNCIL GENERAL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - TECHNICAL SERVICES		13 333	20 406	8 134	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	204	287	287	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total		13 333	20 406	8 134	204	287	287	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - COUNCIL GENERAL		-	518	-	204	128	128	-	-	-	-
Vote 2 - FINANCIAL SERVICES		(5 942)	(21 280)	(53 751)	191	426	426	(12 733)	174	-	-
Vote 3 - TECHNICAL SERVICES		8 556	21 500	41 129	46 038	41 885	41 885	30 832	44 497	34 061	34 868
Vote 4 - CORPORATE SERVICES		1 709	2 168	232	5 878	7 704	7 704	1 351	4 666	-	-
Vote 5 - COMMUNITY SERVICES		581	(577)	271	-	204	204	-	-	-	-
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		15	4 174	328	1 839	3 478	3 478	1 659	704	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		4 918	6 501	(11 790)	54 151	53 826	53 826	21 109	50 041	34 061	34 868
Total Capital Expenditure - Vote	3,7	18 251	26 907	(3 656)	54 356	54 113	54 113	21 109	50 041	34 061	34 868
Capital Expenditure - Functional											
Governance and administration		1 709	2 764	929	10 652	9 415	9 415	1 351	4 840	-	-
Executive and council		-	518	-	-	98	98	-	-	-	-
Finance and administration		1 709	2 247	929	10 622	9 286	9 286	1 351	4 840	-	-
Internal audit		-	-	-	30	30	30	-	-	-	-
Community and public safety		3 255	9 781	(17 460)	15 669	20 422	20 422	13 911	20 291	10 670	34 868
Community and social services		(2 497)	11 060	(15 039)	12 233	12 416	12 416	7 393	17 682	10 670	34 868
Sport and recreation		5 752	(1 278)	(2 421)	3 436	8 006	8 006	6 518	2 609	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		13 014	12 827	4 730	28 034	23 581	23 581	5 847	22 302	19 913	-
Planning and development		15	4 174	328	1 839	3 478	3 478	1 659	704	-	-
Road transport		12 999	8 653	4 402	26 195	20 102	20 102	4 188	21 597	19 913	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		273	1 534	8 146	-	696	696	-	2 609	3 478	-
Energy sources		-	-	-	-	-	-	-	2 609	3 478	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		273	1 534	8 146	-	696	696	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3,7	18 251	26 907	(3 656)	54 356	54 113	54 113	21 109	50 041	34 061	34 868
Funded by:											
National Government		19 036	35 220	37 290	29 777	28 027	28 027	25 795	34 654	34 061	34 868
Provincial Government		-	1 459	3 475	4 957	4 174	4 174	1 659	652	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm		-	-	-	-	-	-	-	-	-	-
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	19 036	36 679	40 765	34 734	32 201	32 201	27 454	35 307	34 061	34 868
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		4 985	12 627	9 487	19 622	21 912	21 912	6 388	14 734	-	-
Total Capital Funding	7	24 020	49 306	50 251	54 356	54 113	54 113	33 842	50 041	34 061	34 868

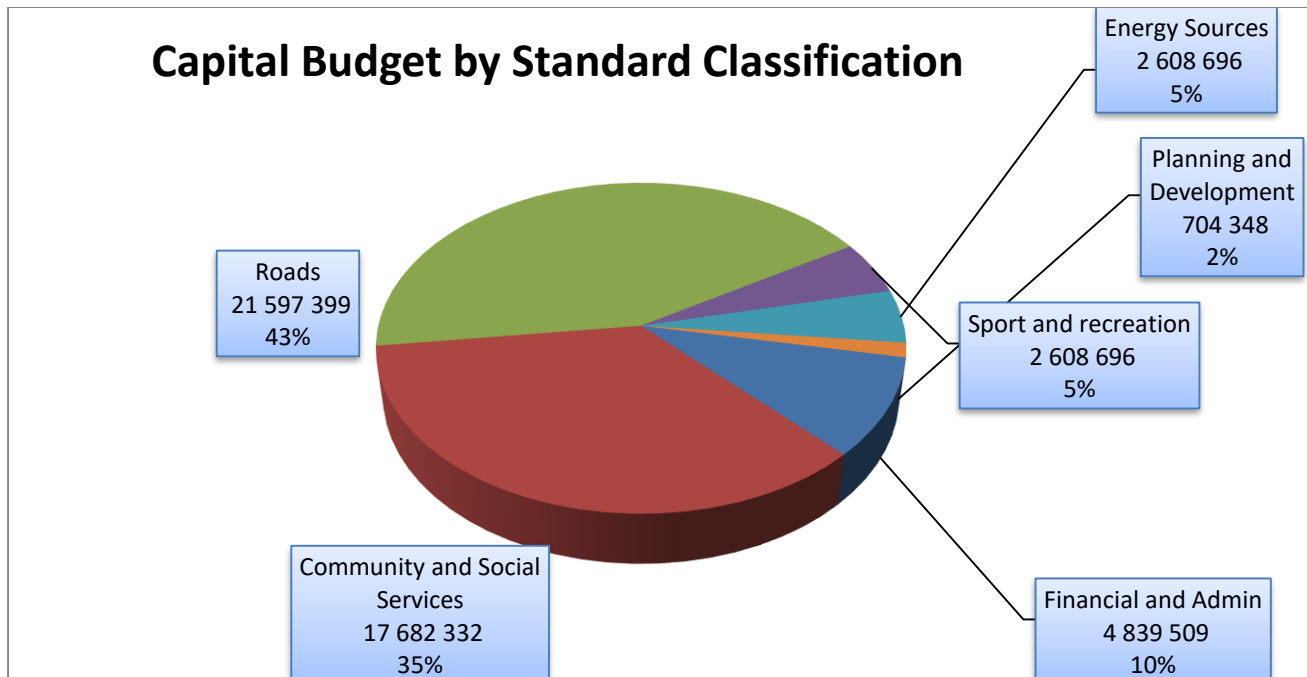


- As depicted from the the first above graph, the capital budget has decreased from R54,113 million in the adjustment budget to R50,040 million vat exclusive for the upcoming financial year. The capital budget, is geared towards upgrading of rural as well as urban roads; construction of community facilities and sportsfields. The funding of the capital budget is as follows; R34,654 million from National grants MIG, R 2,6 million for demand side and energy efficiency, from Provincial grants R 652 000 and R14,734

million from internal funding. The grants listed above are reflected exclusive of vat and the operational portion of MIG funding operational expenditure is not included in the capital funding.

The majority of the capital budget is allocated under Technical Services Department. As Technical Services is a service delivery department, this shows Umdoni's commitment to providing infrastructure for sustainable continuity of municipal operations.

Focus has been on the road networks, Community halls and Sports fields.



The above graph categorises the capital budget by standard classification, with roads and stormwater receiving 43%; Sport & Recreation 5%; Community and Social Services at 35%, Finance and adminisrtaion at 10%, Planning and development 2%. Major functions delivering services to the communities had been allocated with higher proportions of the slice.

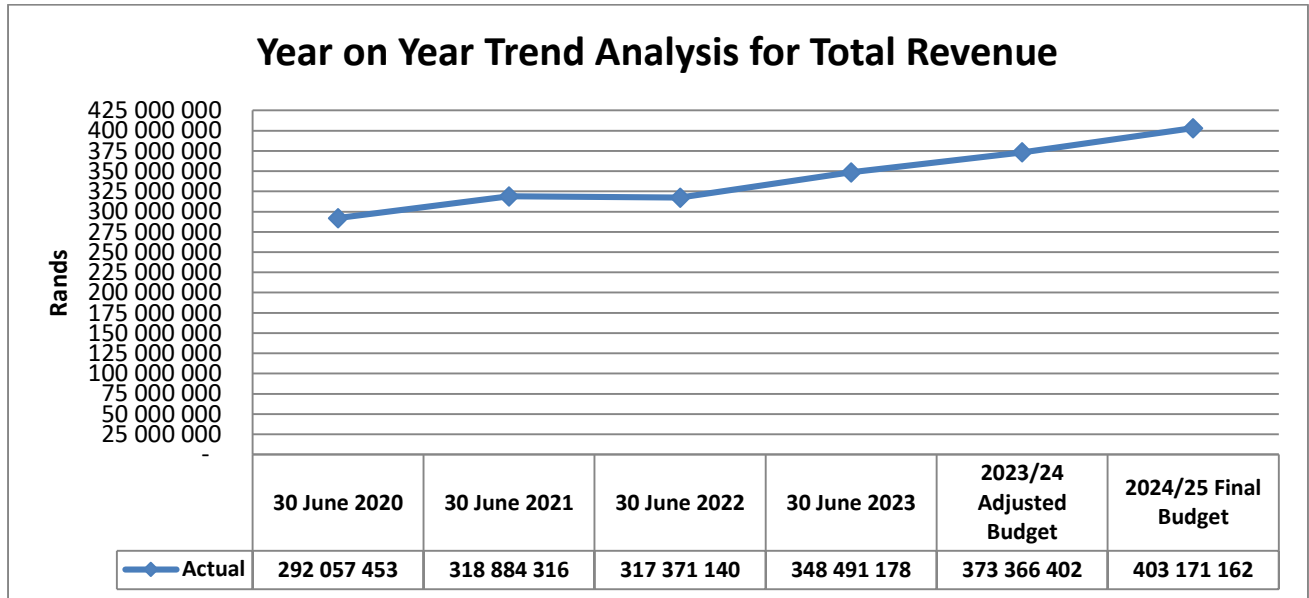
1.4.4 2024/25 OPERATIONAL BUDGET OVERVIEW

KZN212 Umdoni - Table A4 Budgeted Financial Performance (revenue and expenditure)

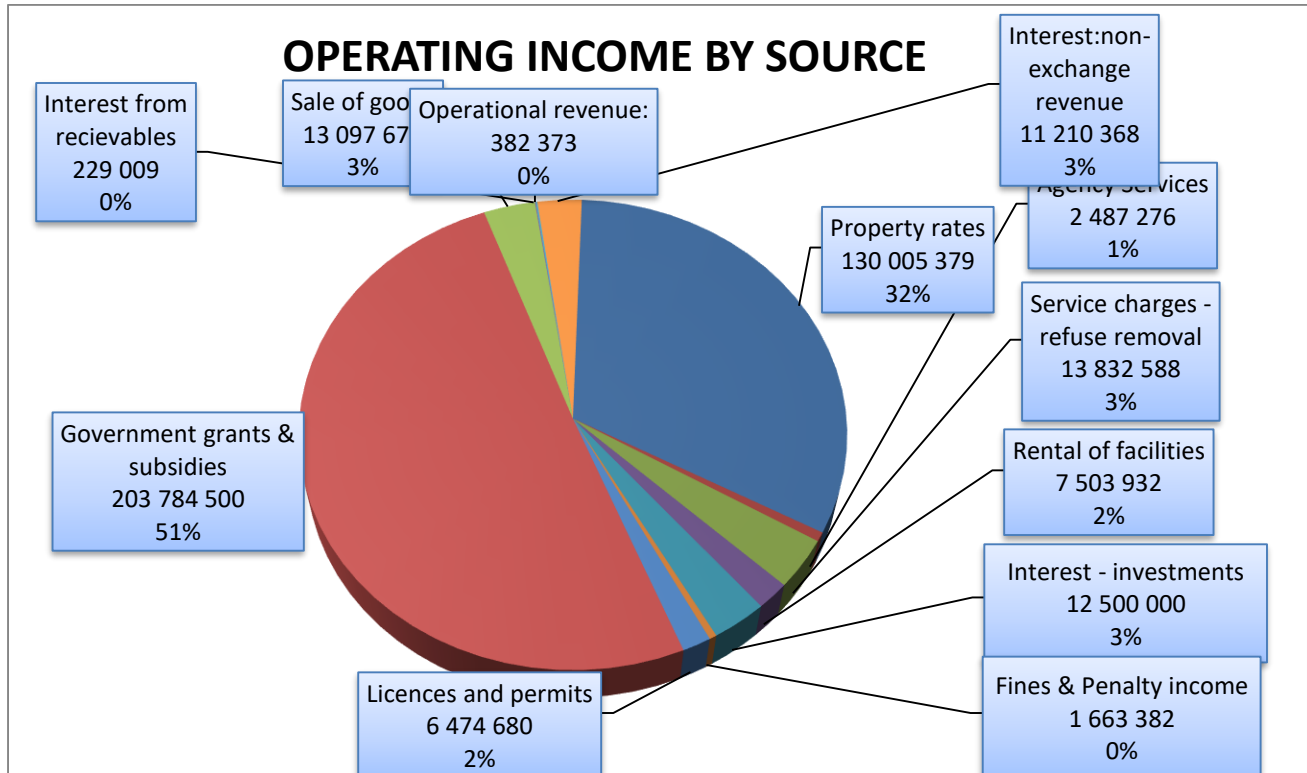
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	0	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	10 344	10 222	10 575	12 959	12 964	12 964	8 108	13 833	14 469	15 120
Sale of Goods and Rendering of Services		3 570	3 429	3 326	3 384	3 670	3 670	1 762	13 098	10 209	9 485
Agency services		1 633	2 384	2 087	2 369	2 369	2 369	1 764	2 487	2 602	2 719
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		269	949	1 528	218	218	218	1 195	229	239	250
Interest earned from Current and Non Current Assets		7 404	7 151	13 513	8 276	10 500	10 500	9 862	12 500	13 075	13 663
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		5 788	6 737	7 176	6 988	7 147	7 147	4 999	7 504	7 849	8 202
Licence and permits		11	5	17	-	2	2	1	2	2	2
Operational Revenue		584	517	1 352	1 344	364	364	365	382	400	418
Non-Exchange Revenue											
Property rates	2	99 524	103 814	110 977	128 181	128 627	128 627	89 408	130 005	135 648	141 888
Surcharges and Taxes		6 657	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		5 833	1 298	2 744	1 584	1 584	1 584	356	1 663	1 740	1 818
Licences or permits		177 017	6 710	6 846	6 915	6 165	6 165	2 616	6 473	6 771	7 076
Transfer and subsidies - Operational		14	167 033	178 131	189 779	191 941	191 941	133 337	203 785	197 509	192 590
Interest		-	6 030	8 053	6 153	7 817	7 817	7 962	11 210	11 726	12 254
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	262	-	-	-	-	-	-	-
Other Gains		-	1 091	1 902	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		318 649	317 371	348 491	368 149	373 366	373 366	261 734	403 171	402 238	405 485
Expenditure											
Employee related costs	2	134 045	136 787	145 634	169 704	169 055	169 055	100 780	180 736	189 234	197 939
Remuneration of councillors		15 078	14 687	15 271	16 478	16 478	16 478	11 179	17 631	18 442	19 272
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	12 796	4 098	4 712	7 509	8 839	8 839	3 255	12 076	12 632	13 200
Debt impairment	3	17 415	(1 875)	18 434	7 000	7 000	7 000	-	7 000	7 322	7 651
Depreciation and amortisation		42 378	102 369	(8 455)	42 944	43 873	43 873	30 058	40 873	43 873	43 873
Interest		174	16	19	-	3	3	-	2	2	2
Contracted services		88 530	69 892	122 880	133 324	136 039	136 039	63 465	124 356	120 930	119 667
Transfers and subsidies		3 213	1 868	650	4 733	4 414	4 414	994	3 505	3 666	3 831
Irrecoverable debts written off		-	-	9 056	-	-	-	-	-	-	-
Operational costs		48 449	56 751	55 231	67 586	67 651	67 651	37 544	66 535	69 712	72 759
Losses on disposal of Assets		12 034	1	4 119	-	-	-	1	-	-	-
Other Losses		-	129	-	-	-	-	-	-	-	-
Total Expenditure		374 112	384 723	367 551	449 278	453 353	453 353	247 276	452 715	465 814	478 196
Surplus/(Deficit)		(55 463)	(67 352)	(19 060)	(81 129)	(79 986)	(79 986)	14 457	(49 544)	(63 576)	(72 711)
Transfers and subsidies - capital (monetary allocations)	6	21 802	42 473	46 705	39 944	36 971	36 971	28 259	40 603	35 170	42 093
Transfers and subsidies - capital (in-kind)	6	-	259	258	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(33 660)	(24 620)	27 903	(41 185)	(43 015)	(43 015)	42 716	(8 942)	(28 406)	(30 618)
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(33 660)	(24 620)	27 903	(41 185)	(43 015)	(43 015)	42 716	(8 942)	(28 406)	(30 618)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(33 660)	(24 620)	27 903	(41 185)	(43 015)	(43 015)	42 716	(8 942)	(28 406)	(30 618)
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(33 660)	(24 620)	27 903	(41 185)	(43 015)	(43 015)	42 716	(8 942)	(28 406)	(30 618)

OPERATING REVENUE

The estimated operating income has been projected at R403,171 million. An analysis of prior year trend levels of income is reflected below:



Income levels have been projected based on current actual collection levels and the 2024/25 budget indicates income levels which are realistic and attainable by the municipality. The collection rate is estimated at 85% on refuse removal and 91,72% on property rates due to the interventions which had already commenced of handing over debtors for collection. The impact of the global economic crisis, economic conditions in the Republic of South Africa as well as current inflation rates have been considered extensively during the establishment of these income levels, as a substantial amount of consumers will not be able to afford increases above the inflation.



KZN212 Umdoni - Table A4 Budgeted Financial Performance (revenue and expenditure) increases/decreases										
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24		2024/25 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2024/25	%Change	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue										
Exchange Revenue										
Service charges - Waste Management	2	10 344	10 222	10 575	12 959	12 964	13 833	6,70%	14 469	15 120
Sale of Goods and Rendering of Services		3 570	3 429	3 326	3 384	3 670	13 098	256,92%	10 209	9 485
Agency services		1 633	2 384	2 087	2 369	2 369	2 487	5,00%	2 602	2 719
Interest		-	-	-	-	-	-	0,00%	-	-
Interest earned from Receivables		269	949	1 528	218	218	229	5,00%	239	250
Interest earned from Current and Non Current Assets		7 404	7 151	13 513	8 276	10 500	12 500	19,05%	13 075	13 663
Dividends		-	-	-	-	-	-	0,00%	-	-
Rent on Land		-	-	-	-	-	-	0,00%	-	-
Rental from Fixed Assets		5 788	6 737	7 176	6 988	7 147	7 504	5,00%	7 849	8 202
Licence and permits		11	5	17	-	2	2	5,00%	2	2
Operational Revenue		584	517	1 352	1 344	364	382	5,00%	400	418
Non-Exchange Revenue								0,00%		
Property rates	2	99 524	103 814	110 977	128 181	128 627	130 005	1,07%	135 648	141 888
Surcharges and Taxes		6 657	-	-	-	-	-	0,00%	-	-
Fines, penalties and forfeits		5 833	1 298	2 744	1 584	1 584	1 663	5,00%	1 740	1 818
Licences or permits		177 017	6 710	6 846	6 915	6 165	6 473	5,00%	6 771	7 076
Transfer and subsidies - Operational		14	167 033	178 131	189 779	191 941	203 785	6,17%	197 509	192 590
Interest		-	6 030	8 053	6 153	7 817	11 210	43,42%	11 726	12 254
Fuel Levy		-	-	-	-	-	-	0,00%	-	-
Operational Revenue		-	-	-	-	-	-	0,00%	-	-
Gains on disposal of Assets		-	-	262	-	-	-	0,00%	-	-
Other Gains		-	1 091	1 902	-	-	-	0,00%	-	-
Discontinued Operations		-	-	-	-	-	-	0,00%	-	-
Total Revenue (excluding capital transfers and contributions)		318 649	317 371	348 491	368 149	373 366	403 171	7,98%	402 238	405 485

Total Revenue in overall has increased significantly by R29,805 million when compared to the 2023/2024 financial year. This is mainly caused by the grants to be received from government departments and the additional revenue from own revenue of property rate, investment interest, interest on debtors being the main contributors.

Property Rates

As indicated in the graph above, 32% of the income anticipated to be recognized by the municipality relates to property rates. The slight increase of 1% is due to the increased tariffs and the estimated number of indigent customers. Property rates tariff has a 5% increase in the 2024/2025 financial year which is within the limit of CPI.

Grants and Subsidies

Included in the grants and subsidies is the equitable share allocation which has been calculated at R182,950 million on, followed by R1,9 million allocated for the Finance Management Grant, as well as R 10,9 million from the Departments of Arts and Culture(DSRAC) for library services. In addition, R 1.249 million has been allocated for the EPWP grant. The municipality has also been allocated an amount of R1,676 million for MIG (Operational portion). Grants and subsidies consists of 51% of the total revenue budget compared to 50% in the 2023/2024 budget indicated a slight increase on dependency grants. There are reductions in certain grants from National and Provincial departments as compared to previous allocations, depicts a clear indication that the economy is not performing well, limiting growth.

Service Charges

The service charges approximate 3% of the total revenue budget. Tariffs have been increased by 7%. These charges relate only to the refuse service. The revenue has increased by 6,7% from the adjustment budget. The refuse service is currently operating a loss of R 19 229 million and R 16 645 million per the audited annual financial statements 2022-2023. The concept of cost reflective tariffs per MFMA circular 126 and 128 as well as MFMA circular issued in prior year advise of the implementation of cost reflective tariffs in order for the service to be sustainable. The municipality has commenced with the exercise of moving to and implementing cost reflective tariffs in future budget years to come with gradual implementation in order to lessen the financial impact on consumers. The tariff tool issued by National Treasury is being used as a guide to determine cost reflective tariffs. This process is currently in progress.

Sale goods and operational revenue

This revenue source comprises of Scholar patrol revenue, sub-divisions fees, cemetery fees etc. Other revenues approximate 3% of the total revenue budget. A tariff Increase of 5% has been applied to this category of revenue. This also includes the income in respect of INEP grant for electrification hence the increase of 257% when compared to the adjustment budget.

Rental of Facilities

The rental of facilities approximates 2% of the total revenue budget. It has increased by 5% when compared to current year budget. The performance of the current year has been satisfactory hence the increment. The rentals from municipal properties and hire of halls are budgeted under this revenue source.

Fines & Penalty Income

Fines and Penalty Income amounts to a 0,42% of the total revenue budget. The overall increase equates to 5%. Traffic fines issued by traffic department and library fines are budgeted under this revenue source.

License and Permits

License and Permits approximates 2% of the total revenue budget. They have been increased by 5%. Driver's license and learner's license income is budgeted under this category.

Interest Earned- External Investments

Interest Earned on External Investments equates to 3% of the total revenue budget. It has been increased by 19,05%, taking into account the fluctuations of balances in our investments accounts during the year and versatile investment portfolio. There also interests anticipated to be generated from these fixed deposits accounts.

Interest Earned- Outstanding Debtors

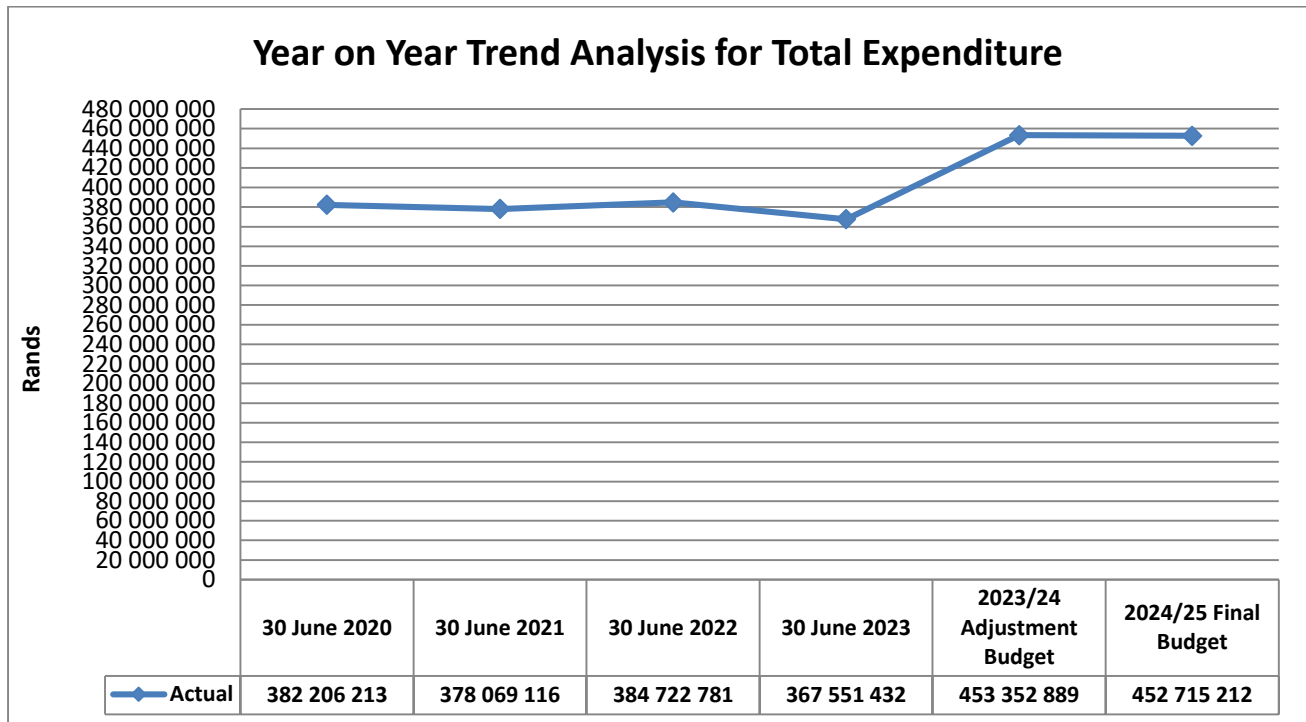
Interest Earned on Outstanding Debtors consists of 3% of the total revenue budget. As the debtors book is increasing, the projection for the next year has been increased by 43% when compared to the current year due to the fact that debtors whose accounts are in arrear for longer than 30 days will attract interest on their respective accounts. There has been an increasing trend this regard during the last budget and adjustment budget cycle. The steep increase emanates from the high debtor's book and characterized by the rates withholding and affordability issues of our customers as impacted by the negative economic realities.

Agency fee

Agency fee approximates 1% of the total revenue budget. It has been increased by 5%. Motor vehicle licensing commission is budgeted under this category. In the current year, the municipality is struggling to receive monies regularly due to operational issues between the department and the municipality. However, journals will be processed at year end to account for the revenue as the municipality prepares financial statements based on accrual accounting basis.

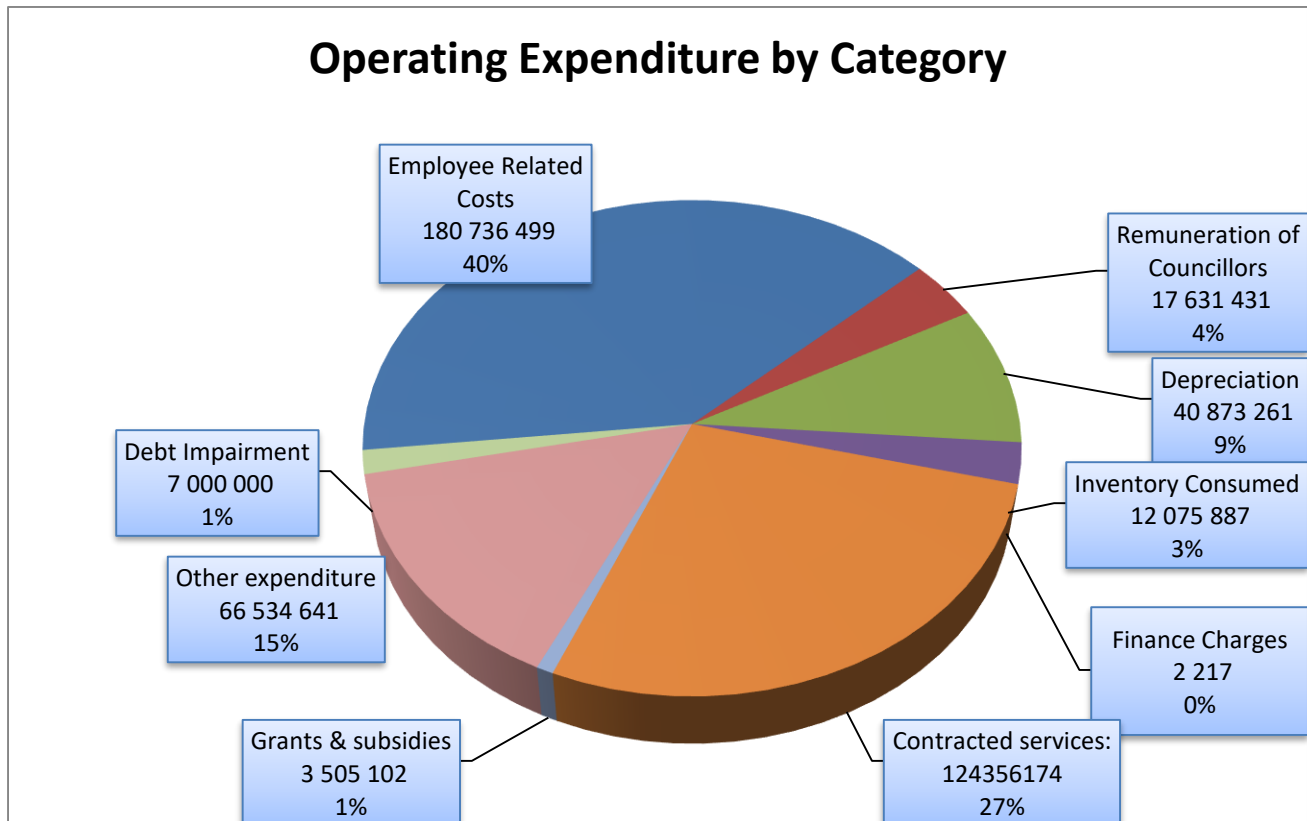
OPERATING EXPENDITURE

The total operating expenditure has been estimated at R452,715 million. This amount is lower than the adjustment budget expenditure in an effort to reduce the operating deficit. The graph below reflects the trend of expenditure levels as follows:



Whilst our income base has been limited due to the current economic times and limits on tariff increases, the day to day operational expenditure is increasing, which is attributable to inflationary increases and increased service delivery expectations. Operating expenditure has been reduced to a minimum to accommodate service delivery needs. The focus is to spend the limited income that we have on expenditure that matters, and improve the lives of the communities that we serve. In this vein Council has also considered cost containment measures and its policy to limit expenditure to only service delivery expenditure. Due to the operating deficit of R 79 million which is reflected in the adjustment budget for 2023-2024, all expenditure levels were reviewed by Management and the Budget steering committee and where appropriate kept expenditure levels at the same or reduced by 20% in some cases taking into account fixed term contractual obligations of the Municipality. Strict financial control and discipline is required, together with strict implementation of the cost containment regulations.

Expenditure on the 2024/25 budget has been allocated as follows:



Employee Related costs

The graph above shows that 44% of budgeted expenditure will be spent on Employee Related Costs. The total remuneration when combined with councillors remuneration exceeds the norm of 25%-40% by 4 %. It should be noted that service delivery departments are short staffed as a results they tend to spend more on overtime to cover for the staff shortages. There is also an EPWP program to be funded internally which is aiming at boosting capacity of the service delivery departments. This category of expenditure has increased by 7%, given the uncertainty regarding the outcome of the wage negotiations. Once the agreed increase percentage is known, the necessary adjustments from this category to repairs and maintenance and other priorities will be made to the estimates.

Remuneration of Councillors

Councillors Allowance has been increased by 7% dependent on the upper limits to be issued by the Minister and the MEC concurrence. Once the agreed increase percentage is known, the necessary adjustments will be made to the estimates.

Other expenditure

Other expenditure has been reduced to accommodate service delivery needs. In line with the cost containment measures and numerous circulars, various expenditure items have been reduced such as travelling, advertising, printing and stationery and consultants. The overall decrease equates 1,65 % when compared to the 2023/2024 adjustment budget. Budgeted under this category is electricity and water usage (R 14.6 million), telephone bills (R1,2 million), audit fees (R2,6 million), fuel (R8,1 million), protective clothing (R5,1 million), payments to Department of Transport for driver's license cards, ward committee stipends (R2,3 million), expenditure incurred towards indigent households (R2,1 million), etc. Insurance is also budgeted at R3,3 million. Operating lease of plant and equipment (R 3,3 million). This category takes up about 15% of the total operating expenditure.

Contracted Services

The contracted services is 27% of total expenditure. Included in the contracted services; is R 2 million for Shark Nets; R 1,4 million for swimming supervision; R 4,3 million for Accounting, Auditing and Valuation Roll Services. In addition to the above, budget for the provision of gel amounts to R 642 000 thousand. A further appropriation has been made for the UGU Entities which amounts to R2,4 million. The municipality has further, appropriated under the contracted services category; R329.6 thousand for the internal audit services. Furthermore, R 700 000 thousand has been aside for Sport and Recreation projects. The municipality has also budgeted for; under this category, R19,9 million towards security services; R4,4 million for legal costs and litigation under Council. Funds to repair refuse trucks have been set aside at R2 million; R15 million for the landfill site operation has been provided for. R4,6 million has been appropriated for verge maintenance for the whole municipal area.

Repairs and Maintenance expenditure has been classified under contracted services as per the classification from the MSCOA Charts. A portion of the budget (R20 million) has been appropriated for repairs and maintenance of infrastructure. Included in the R118,2 million; R1,8 million has been allocated for the repairs and Maintenance of the plant; R2,89 million for fleet repairs. The municipality has noted that the budget for repairs and maintenance is below the norm of 8% of PPE as it is currently sitting at 7,8%. In the current year, the municipality has been engaged in the condition assessment of infrastructure in order to properly budget for the maintenance. A provision of R20 million has been made to conduct the maintenance of infrastructure.

Grants and Subsidies

The municipality has set aside funds; under the Grants and Subsidies category; R 3.5 million. This expenditure item is broken down as follows;

Row Labels	Sum of Total
AMAKHOSI	179 600,00
Community Development: Child Programmes	104 800,00
Community Development: Elderly	184 792,00
Co-Orp Development/LED	1 200 000,00
Disability	44 000,00
Emergency Relief Expenses	1 127 721,00
HIV AIDS Day	28 000,00
Indigent families	295 000,00
Sukhuma Sakhe	120 000,00
Youth Development	221 189,00
Grand Total	3 505 102,00

Depreciation and Asset Impairment

In compliance with the MFMA and budget circulars, the municipality has budgeted for the Depreciation and Asset Impairment at R 40,8 million. Budget for this item has been estimated after taking into account GRAP requirements and possible impairment losses and reversals there off.

Debt Impairment

As part of the operating budget, the municipality has provided for debt impairment at R 7 million. The provision has been made to accommodate contributions to provisions of doubtful debtors. The provision for the new year has been slightly increased due to increase in the debt book as a result of debtors not paying on time and to accommodate the rare payers who are withholding their payments to the approximate value which is estimated at R 10 million. The municipality follows its own methodology when it comes to estimating the debt impairment as it is outlined in the Impairment policy. As per the impairment policy, debts are impaired if they are beyond 90 days as at the end of the financial year. Therefore, the impairment contribution to provision is made up of the impairment for the part of the revenue billed during the year and three months of the previous year.

The municipality has taken into account the qualitative factors like the handing over of debtors when estimating this impairment and the impact to be yielded to the debtor's book. Management envisions successful legal battle with customers refusing to pay for services rendered hence not providing higher debt impairment despite the notable increasing debtor's book.



Other Materials

The municipality has under this item budgeted for printing and stationery and cleaning material (Inventory consumed) as required by MSCOA classification requirements. Consumables amounts to R1,7 million and R10,2 million for materials and supplies.

1.5 2024/25 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK TABLES

Umdoni Municipality has approved the 2024/25 annual budget in the format that is in accordance with the budget regulations, where possible, as follows:

- a) Budgeted Financial Performance Summary by Revenue Source and Expenditure Category for all Departments as reflected in Annexure 1;
- b) Budgeted Financial Performance - revenue and expenditure by municipal vote as reflected in Annexure 2;
- c) Budgeted Financial Performance - revenue and expenditure by GFS as reflected in Annexure 3;
- d) Budgeted Capital Expenditure by vote, GFS classification and funding as reflected in Annexure 4; and
- e) Budgeted Capital Expenditure by line item as reflected in Annexure 5
- f) A1 Schedule

The above, and all other budget related documents including policies shall be submitted to Provincial and National Treasury.

1.6 TARIFF OF CHARGES – 2024/25 FINANCIAL YEAR

The tariff of charges for 2024/2025 financial year have been reviewed on an individual basis by all respective departments to be cost reflective in the case of refuse (7%) and 5% for all other tariffs. Property rates tariffs have been increased by 5%. The revised tariff of charges has been included in Annexure 5 for comment.

1.7 PROPERTY RATES RANDAGES AND REBATES – 2024/25 FINANCIAL YEAR

The Municipality is aware that current economic conditions may affect the ability of some ratepayers to pay their rate bill according to the new valuation attached to individual properties and has therefore proposed a 5 % increase in the rate randage for 2024/2025 financial year. An additional 5% rebates will also be passed to ratepayers in the categories of residential, sectional title, commercial and industrial. Therefore, for 2024/25 financial year, property rates will increase by 5% and an additional rebate of 5% as contained in the 2023/2024 budget to be continued in the 2024/2025 budget cycle.

Category	2024/2025 Rates Randage	2023/2024 Rates Randage
Residential	R0,011966	R 0,011396
Commercial / Business	R 0.017350	R 0.016524
Industrial	R 0.015315	R 0.014586
Mining	R0.017350	R 0.016524
Agricultural Farms and Smallholdings	R 0.002991	R 0.002849
State Owned Property	Known as Public Service Purpose	Known as Public Service Purpose
Public Service Infrastructure	R 0.002991	R 0.002849
Vacant Other	R 0.029913	R 0.028489
Public Benefit Organization	R 0,002991	R 0.002849
Multiple Purpose	Rated on dominant use	
Public Service Purposes	R 0,016034	R 0.015270

	R
Residential (R 60,000 elective and 15,000 legislated)	75,000.00
Vacant Other	15,000.00
Disabled Persons/Pensioners/Indigent (Incl R 75000 above)	370,000.00
Medium to High Density level developments (Sectional Titles and Share blocks) 4% on rates due for the financial year	
Annual payments on or before a date to be determined - 3,5% discount on annual payment of rates and refuse provided payment is made by the stipulated due date.	
5% additional rebate on the following categories of properties: Residential, Industrial, Commercial, Agricultural, Vacant Other	



PART 2 - SUPPORTING DOCUMENTATION

*

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

The budget process is guided by various legislative frameworks and regulations, including the Local Government Municipal Finance Management, No, 56 of 2003, the Municipal Systems Act, 2000 and the municipal Budget and Reporting Regulations

Adherence to these guidelines and regulations are imperative during the budget preparation to ensure an effective, credible and sustainable budget. The review of past practices and performance is further necessary, to identify areas of weakness which can be addressed, as well as maintain the level of performance in areas where this has been achieved.

The process embarked upon for the preparation of the 2024/25 budget can be illustrated below:



2.2 OVERVIEW OF THE ALIGNMENT OF THE BUDGET WITH THE IDP

The alignment of the budget to the integrated development plan is crucial in order to ensure the effectiveness of any budget. Both the integrated development plan and the budget has incorporated these priorities and action plans, and therefore assisted in the alignment of both the budget and the integrated development plan.

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Program Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organizational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

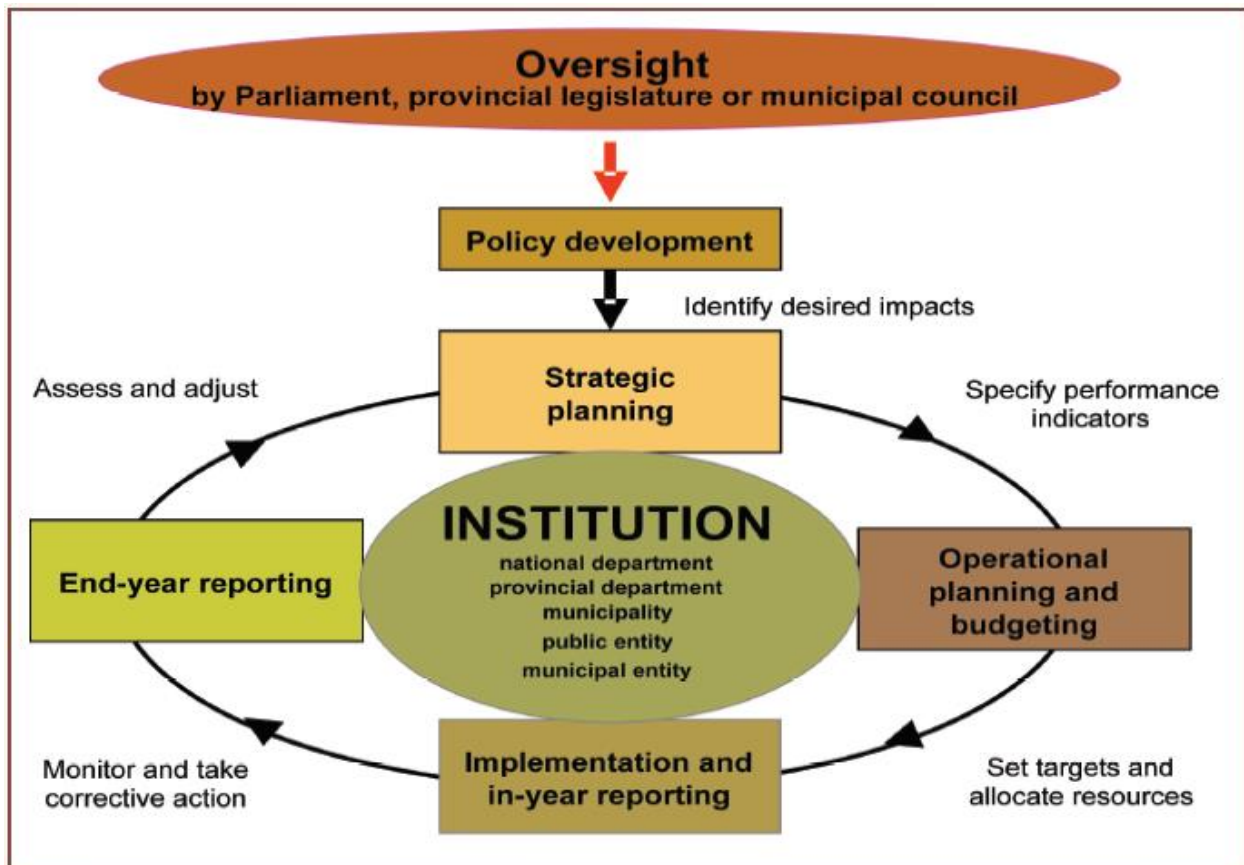


Figure 1 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore intends to adopt fully one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts to be used by the municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

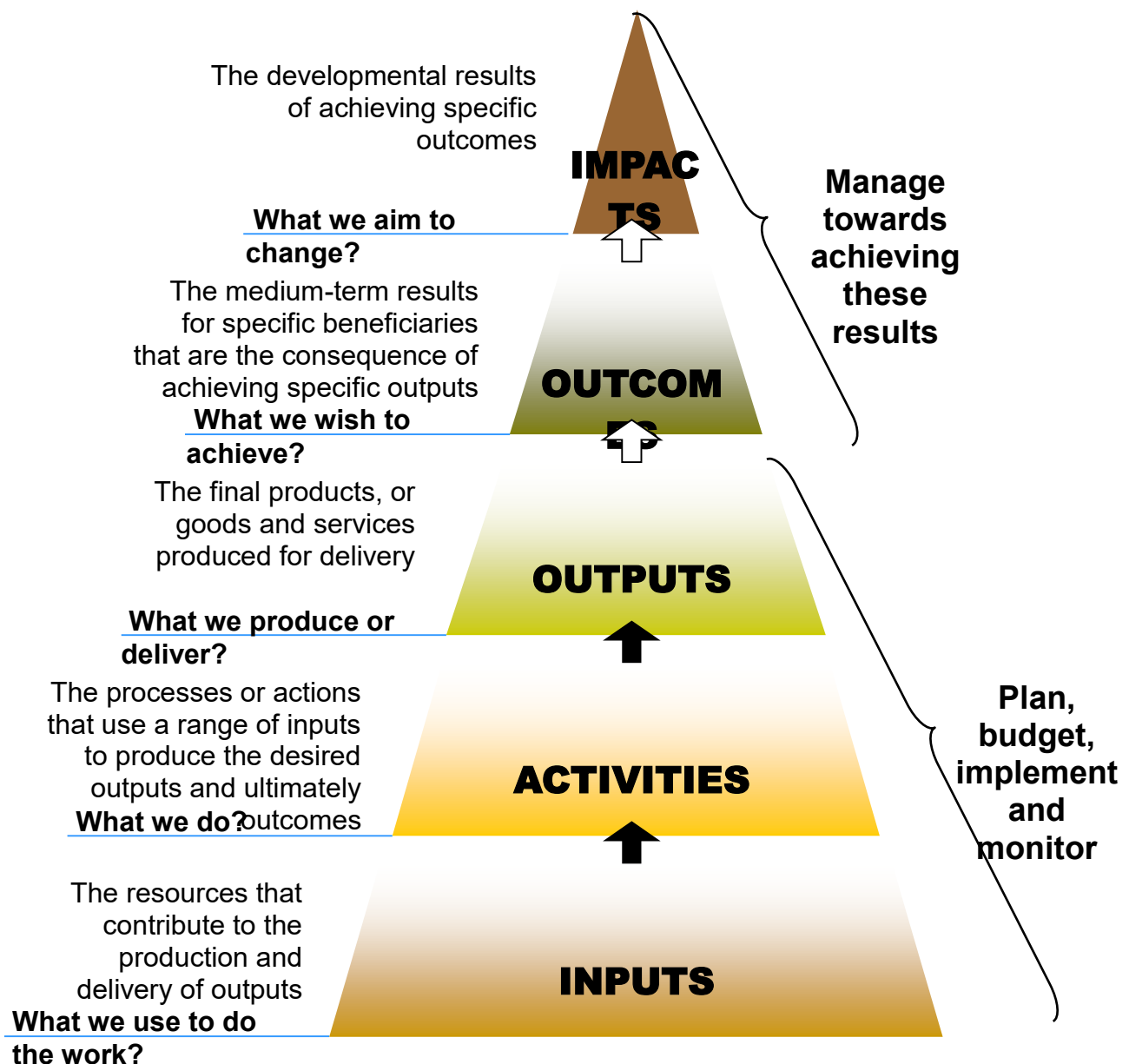


Table: Definition of performance information concepts

2.4 OVERVIEW OF THE BUDGET RELATED POLICIES

The budget related policies are currently under review and any comments or suggestions received during the public participation process will be considered and updated for Council to consider approving in May 2024. The current policies are included as attachments to the budget document.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

The budgeting assumptions that inform the 2024/25 budget preparation are as follows:

Revenue

- All revenue levels were based on current and past year actual trends, and therefore resulted in a realistic revenue base and kept in line with inflation as far as possible;
- Property rates tariffs has a 5% increase
- Refuse removal has an increase of 7% moving towards cost reflective tariffs.
- All other income has increased by 5 % in order to maintain affordability and credibility taking into account the prevailing current trends.
- The municipality is forecasting to collect 85% of its billed revenue from consumers in order to improve the financial viability of the municipality.
- Encourage new development to establish in Umdoni in order to expand the rates base.

Expenditure

- Expenditure levels have reduced taking into account service delivery requirements. The Operating budget deficit of R 79 million on the 2023/2024 adjustments budget must be eliminated to reflect a surplus budget position.
- The following areas were targeted in terms expenditure:
 - Employee related costs and Councilor Allowances- budgeted for at 7%
 - General expenses reduced by 20%
 - Repairs and maintenance reduced by 20%
 - Contracted services reduced by 20% taking into account valid contracts in place.
 - Employee costs were budgeted at an estimated increase of 7% in the absence of a new collective agreement. Councilor Allowances 7% depending on final determination by Minister and MEC concurrence.
 - Administrative costs were reduced by 20%

External factors

Over the next three years, South Africa's economy is forecast to grow at an average of 1.6 per cent, a moderate improvement on the 1.4 per cent average expected at the time of the 2023 MTBPS. The outlook is supported by an expected recovery in household spending as inflation declines, and an increase in energy-related fixed investments. Power cuts and operational problems in freight rail and ports continue to disrupt economic activity and limit the country's export potential. Comprehensive reforms are underway in these sectors, although it will take time to see recovery in growth. Household consumption is under pressure from high living costs, and investment remains low due to weak confidence and challenging business conditions linked to structural constraints. South Africa has experienced over a decade of weak economic growth, GDP has averaged only 0.8 per cent annually since 2012, entrenching high levels of unemployment and poverty. To turn the tide and raise economic growth sustainably, government is prioritising energy and logistics reforms, along with measures to arrest the decline in state capacity. Successful efforts to improve the fiscal position, complete structural reforms and bolster the capacity of the state will, in combination, reduce borrowing costs, raise confidence, increase investment and employment, and accelerate economic growth. The National Treasury estimates real economic growth of 0.6 per cent in 2023. This is a decrease from growth of 0.8 per cent projected in the 2023 MTBPS due to weaker than expected outcomes in the third quarter of 2023, resulting in downward revisions to household spending growth and spending on gross fixed investment. GDP growth is projected to average 1.6 per cent from 2024 to 2026 as the frequency of power cuts declines, lower inflation supports household consumption, and employment and credit extensions recover gradually. New energy projects will improve fixed investments and business sentiment. To accelerate GDP growth after an extended period of weak economic performance, South Africa needs large-scale private investment. Government is working to improve the fiscal position, complete structural reforms and bolster the capacity of the state to reduce borrowing costs, raise confidence, increase investment, and put the economy on a higher job creating growth path.

General inflation outlook and its impact on the municipal activities

These are key factors that have been taken into consideration in the compilation of the 2024/25 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate which equals or slightly above the CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (85 per cent) of annual billings for refuse removal and 91% for property rates. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored. A group of ratepayers has decided to withhold payments due to service delivery matters which are of concern to them. The withheld payments will be made as their concerns are addressed by the Municipality. Their ability to pay is confirmed.

Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of approximately to 100 per cent is achieved on operating and capital expenditure for the 2024/25 MTREF of which performance has been factored into the cash flow budget.

Asset management / repairs and maintenance/asset renewal/ appropriations aligned to infrastructure plans

Repairs and maintenance budget is slightly below the norm (7,8%) as the municipality cannot afford more than what's budgeted. Some of the roads which are in a dire state have been earmarked for renewal, that expenditure is classified as capital expenditure.

The asset renewal expenditure has been allocated at 30% of the total capital expenditure which is below the 40% norm. Some of the roads even though they in bad condition do not qualify to be classified as renewal, as a result they are budgeted under the repairs and maintenance.

In 2021/22 financial year, the municipality embarked on conducting conditional assessments and development of maintenance plans in a bid to apply for funding. The municipality is now using those maintenance plans in the form of conditional assessment report and allocates funding to eradicate the backlog of the infrastructure that requires maintenance on year by year basis. The programme was launched in 2021/22 financial year. Therefore, appropriations made are aligned to plan.

Overview of budget funding

The budget is funded and as such the main table A7 for cash flow statement attest to that by reflecting positive net cash flows for budget year and the two outer years. In addition to that, investments are currently at R 183,267 million as at 30th April 2024. However, it is also anticipated that customers will continue to pay when the massive repairs and maintenance project is being rolled out. The current coverage ratio is estimated at six months.

KZN212 Umdoni - Table A7 Budgeted Cash Flows											
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		119 835	52 245	69 604	114 184	95 744	95 744	(132 012)	119 240	124 614	131 020
Service charges		255	(6 774)	(2 082)	12 853	11 653	11 653	–	11 758	12 299	12 852
Other revenue		8 455	(9 282)	(3 125)	57 810	57 009	57 009	(3 853)	58 233	53 584	53 883
Transfers and Subsidies - Operational	1	178 877	122 930	190 154	190 594	191 941	191 941	(137 587)	198 806	197 509	192 590
Transfers and Subsidies - Capital	1	24 719	7 332	37 810	39 944	34 171	34 171	(27 034)	40 603	35 170	42 093
Interest		637	(3 361)	(3 855)	8 276	10 500	10 500	–	12 695	13 278	13 876
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(2 162)	(47 815)	(28 761)	(359 162)	(369 419)	(369 419)	(85 973)	(386 545)	(397 483)	(408 777)
Interest		–	–	–	–	(3)	(3)	–	(2)	(2)	(2)
Transfers and Subsidies	1	–	–	–	(4 483)	(4 835)	(4 835)	–	(3 505)	(3 666)	(3 831)
NET CASH FROM/(USED) OPERATING ACTIVITIES		330 617	115 275	259 743	60 016	26 762	26 762	(386 459)	51 281	35 302	33 704
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		7 482	24 345	84 069	(52 501)	(63 236)	–	(25 441)	(54 067)	(37 714)	(36 078)
NET CASH FROM/(USED) INVESTING ACTIVITIES		7 482	24 345	84 069	(52 501)	(63 236)	–	(25 441)	(54 067)	(37 714)	(36 078)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		94	17	27	10	10	10	49	50	50	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		94	17	27	10	10	10	49	50	50	–
NET INCREASE/ (DECREASE) IN CASH HELD		338 193	139 636	343 839	7 525	(36 464)	26 772	(411 852)	(2 736)	(2 361)	(2 374)
Cash/cash equivalents at the year begin:	2	194 357	205 355	192 265	254 939	161 185	161 185	1	131 394	128 604	126 243
Cash/cash equivalents at the year end:	2	532 550	344 991	536 105	262 464	124 722	187 958	(411 851)	128 658	126 243	123 869

Explanatory Notes

- Property rates has been estimated based on the collection rate of 91% on annual billings, sitting at R119,2 million.
- Service charges-waste management had been estimated at 85% collection rate on annual billings, sitting at R11,7 million.



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- Other revenue is higher than the one appropriated for under financial performance due to vat refunds anticipated. In addition to that, unallocated deposits are provided for under this category as per the National Treasury's mapping.
- Suppliers and employee's payments took into account the opening balance as a results of accruals which are anticipated to exist as at year end.

2.6 OVERVIEW OF MEDIUM TERM OUTLOOK: OPERATING REVENUE AND EXPENDITURE

The following table is a breakdown of the operating revenue over the medium-term:

Table 1 Breakdown of the operating revenue and expenditure over the medium-term

KZN212 Umdoni - Table A1 Budget Summary										
Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Financial Performance										
Property rates	99 524	103 814	110 977	128 181	128 627	128 627	89 408	130 005	135 648	141 888
Service charges	10 344	10 222	10 575	12 959	12 964	12 964	8 108	13 833	14 469	15 120
Investment revenue	7 404	7 151	13 513	8 276	10 500	10 500	9 862	12 500	13 075	13 663
Transfer and subsidies - Operational	14	167 033	178 131	189 779	191 941	191 941	133 337	203 785	197 509	192 590
Other own revenue	201 363	29 151	35 295	28 954	29 334	29 334	21 019	43 049	41 537	42 224
Total Revenue (excluding capital transfers and contributions)	318 649	317 371	348 491	368 149	373 366	373 366	261 734	403 171	402 238	405 485
Employee costs	134 045	136 787	145 634	169 704	169 055	169 055	100 780	180 736	189 234	197 939
Remuneration of councillors	15 078	14 687	15 271	16 478	16 478	16 478	11 179	17 631	18 442	19 272
Depreciation and amortisation	42 378	102 369	(8 455)	42 944	43 873	43 873	30 058	40 873	43 873	43 873
Interest	174	16	19	-	3	3	-	2	2	2
Inventory consumed and bulk purchases	12 796	4 098	4 712	7 509	8 839	8 839	3 255	12 076	12 632	13 200
Transfers and subsidies	3 213	1 868	650	4 733	4 414	4 414	994	3 505	3 666	3 831
Other expenditure	166 428	124 898	209 720	207 910	210 691	210 691	101 010	197 891	197 964	200 078
Total Expenditure	374 112	384 723	367 551	449 278	453 353	453 353	247 276	452 715	465 814	478 196
Surplus/(Deficit)	(55 463)	(67 352)	(19 060)	(81 129)	(79 986)	(79 986)	14 457	(49 544)	(63 576)	(72 711)
Transfers and subsidies - capital (monetary allocations)	21 802	42 473	46 705	39 944	36 971	36 971	28 259	40 603	35 170	42 093
Transfers and subsidies - capital (in-kind)	-	259	258	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(33 660)	(24 620)	27 903	(41 185)	(43 015)	(43 015)	42 716	(8 942)	(28 406)	(30 618)
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(33 660)	(24 620)	27 903	(41 185)	(43 015)	(43 015)	42 716	(8 942)	(28 406)	(30 618)
Capital expenditure & funds sources										
Capital expenditure	18 251	26 907	(3 656)	54 356	54 113	54 113	21 109	50 041	34 061	34 868
Transfers recognised - capital	19 036	36 679	40 765	34 734	32 201	32 201	27 454	35 307	34 061	34 868
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	4 985	12 627	9 487	19 622	21 912	21 912	6 388	14 734	-	-
Total sources of capital funds	24 020	49 306	50 251	54 356	54 113	54 113	33 842	50 041	34 061	34 868



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KZN212 Umdoni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		170 783	153 150	168 172	179 580	178 427	178 427	192 862	185 955	180 630
Operational Revenue:General Revenue:Equitable Share		166 149	147 611	162 218	173 612	173 612	173 612	182 950	181 999	176 425
Operational:Revenue:General Revenue:Fuel Levy		-	-	-	-	-	-	-	-	-
2014 African Nations Championship Host City Operating Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Agriculture Research and Technology		-	-	-	-	-	-	-	-	-
Agriculture, Conservation and Environmental		-	-	-	-	-	-	-	-	-
Arts and Culture Sustainable Resource Management		-	-	-	-	-	-	-	-	-
Community Library		-	-	-	-	-	-	-	-	-
Department of Environmental Affairs		-	-	-	-	-	-	-	-	-
Department of Tourism		-	-	-	-	-	-	-	-	-
Department of Water Affairs and Sanitation Masibambane		-	-	-	-	-	-	-	-	-
Emergency Medical Service		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand-side [Schedule 5B]		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1 398	1 976	1 772	1 401	1 401	1 401	1 249	-	-
HIV and Aids		-	-	-	-	-	-	-	-	-
Housing Accreditation		-	-	-	-	-	-	-	-	-
Housing Top structure		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Khayelitsha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		2 000	1 950	1 950	1 950	1 950	1 950	1 900	2 000	2 200
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Disaster Grant [Schedule 5B]		-	-	-	-	-	-	5 033	-	-
Municipal Human Settlement Capacity Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Natural Resource Management Project		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Operation Clean Audit		-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant		-	-	-	-	-	-	-	-	-
Public Service Improvement Facility		-	-	-	-	-	-	-	-	-
Public Transport Network Operations Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Restructuring - Seed Funding		-	-	-	-	-	-	-	-	-
Revenue Enhancement Grant Debtors Book		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	-	-	-	-	-	-	-
Terrestrial Invasive Alien Plants		-	-	-	-	-	-	-	-	-
Water Services Operating Subsidy Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Health Hygiene in Informal Settlements		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		1 236	1 613	2 232	1 802	1 464	1 464	1 730	1 966	2 005
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Smart Connect Grant		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		-	-	-	-	-	-	-	-	-
WiFi Grant [Department of Telecommunications and Postal Services		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Traditional Leaders - Imbizo		-	-	-	-	-	-	-	-	-
Department of Water and Sanitation Smart Living Handbook		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	-	-	815	-	-	-	-	-
Municipal Restructuring Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant		-	-	-	-	-	-	-	-	-
Programme and Project Preparation Support Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		9 838	9 731	10 268	11 014	13 514	13 514	10 976	11 554	11 960
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		9 838	9 731	10 268	11 014	13 514	13 514	10 976	11 554	11 960
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Libraries, Archives and Museums		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Public Transport		-	-	-	-	-	-	-	-	-
Road Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
Sports and Recreation		-	-	-	-	-	-	-	-	-
Waste Water Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other Grant Providers:		-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts		-	-	-	-	-	-	-	-	-
Foreign Government and International Organisations		-	-	-	-	-	-	-	-	-
Households		-	-	-	-	-	-	-	-	-
Non-profit Institutions		-	-	-	-	-	-	-	-	-
Private Enterprises		-	-	-	-	-	-	-	-	-
Public Corporations		-	-	-	-	-	-	-	-	-
Higher Educational Institutions		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	180 621	162 881	178 440	190 594	191 941	191 941	203 838	197 509	192 590

Table 3 MBRR SA 18 – Transfers and grant receipts

Capital Transfers and Grants										
National Government:		23 483	30 640	42 399	34 244	32 171	32 171	39 799	35 170	42 093
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant(Schedule 5B)		23 483	30 640	42 399	34 244	32 171	32 171	36 799	35 170	38 093
Municipal Water Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Public Transport Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Rural Household Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant [Schedule 4B]		-	-	-	-	-	-	-	-	-
Municipal Human Settlement		-	-	-	-	-	-	-	-	-
Community Library		-	-	-	-	-	-	-	-	-
Integrated City Development Grant [Schedule 4B]		-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant [Schedule 4B]		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	3 000	-	4 000
Khayelitsha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Public Transport Network Operations Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant (Schedule 5B)		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
WiFi Connectivity		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		-	-	-	-	-	-	-	-	-
Aquaponic Project		-	-	-	-	-	-	-	-	-
Restition Settlement		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Restructuring Seed Funding		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		126 456	71 043	5 726	5 700	2 000	2 000	750	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		-	-	-	-	-	-	-	-	-
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Housing		126 456	65 043	2 926	-	-	-	-	-	-
Infrastructure		-	6 000	2 800	5 700	2 000	2 000	750	-	-
Libraries, Archives and Museums		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Public Transport		-	-	-	-	-	-	-	-	-
Road Infrastructure		-	-	-	-	-	-	-	-	-
Sports and Recreation		-	-	-	-	-	-	-	-	-
Waste Water Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other Grant Providers:		-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts		-	-	-	-	-	-	-	-	-
Foreign Government and International Organisations		-	-	-	-	-	-	-	-	-
Households		-	-	-	-	-	-	-	-	-
Non-Profit Institutions		-	-	-	-	-	-	-	-	-
Private Enterprises		-	-	-	-	-	-	-	-	-
Public Corporations		-	-	-	-	-	-	-	-	-
Higher Educational Institutions		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants		5	149 939	101 683	48 125	39 944	34 171	34 171	40 549	35 170
TOTAL RECEIPTS OF TRANSFERS & GRANTS			330 560	264 564	226 565	230 538	226 112	226 112	244 387	232 679
										234 683



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2.6.1 Expenditure on grants and reconciliations of unspent funds

Table 2 MBRR SA19 - Expenditure on transfers and grant programmes

KZN212 Umdoni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		166 919	157 302	167 863	178 765	178 427	178 427	192 862	185 955	180 630
Operational Revenue:General Revenue:Equitable Share		161 997	151 763	162 218	173 612	173 612	173 612	182 950	181 999	176 425
Operational:Revenue:General Revenue:Fuel Levy		-	-	-	-	-	-	-	-	-
2014 African Nations Championship Host City Operating Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Agriculture Research and Technology		-	-	-	-	-	-	-	-	-
Agriculture, Conservation and Environmental		-	-	-	-	-	-	-	-	-
Arts and Culture Sustainable Resource Management		-	-	-	-	-	-	-	-	-
Community Library		-	-	-	-	-	-	-	-	-
Department of Environmental Affairs		-	-	-	-	-	-	-	-	-
Department of Tourism		-	-	-	-	-	-	-	-	-
Department of Water Affairs and Sanitation Masibambane		-	-	-	-	-	-	-	-	-
Emergency Medical Service		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand-side [Schedule 5B]		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1 398	1 976	1 772	1 401	1 401	1 401	1 249	-	-
HIV and Aids		-	-	-	-	-	-	-	-	-
Housing Accreditation		-	-	-	-	-	-	-	-	-
Housing Top structure		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Khayelitsha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		2 000	1 950	1 950	1 950	1 950	1 950	1 900	2 000	2 200
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Disaster Grant [Schedule 5B]		-	-	-	-	-	-	5 033	-	-
Municipal Human Settlement Capacity Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Natural Resource Management Project		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Operation Clean Audit		-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant		-	-	-	-	-	-	-	-	-
Public Service Improvement Facility		-	-	-	-	-	-	-	-	-
Public Transport Network Operations Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Restructuring - Seed Funding		-	-	-	-	-	-	-	-	-
Revenue Enhancement Grant Debtors Book		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	-	-	-	-	-	-	-
Terrestrial Invasive Alien Plants		-	-	-	-	-	-	-	-	-
Water Services Operating Subsidy Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Health Hygiene in Informal Settlements		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		1 524	1 613	1 923	1 802	1 464	1 464	1 730	1 956	2 005
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Smart Connect Grant		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		-	-	-	-	-	-	-	-	-
WiFi Grant [Department of Telecommunications and Postal Services		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Traditional Leaders - Imbizo		-	-	-	-	-	-	-	-	-
Department of Water and Sanitation Smart Living Handbook		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Restructuring Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Programme and Project Preparation Support Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		10 098	9 731	10 268	13 014	15 014	15 014	10 976	11 554	11 960
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		10 098	9 731	10 268	11 014	11 014	11 014	10 976	11 554	11 960
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	2 000	4 000	4 000	-	-	-
Libraries, Archives and Museums		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Public Transport		-	-	-	-	-	-	-	-	-
Road Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
Sports and Recreation		-	-	-	-	-	-	-	-	-
Waste Water Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other Grant Providers:		-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts		-	-	-	-	-	-	-	-	-
Foreign Government and International Organisations		-	-	-	-	-	-	-	-	-
Households		-	-	-	-	-	-	-	-	-
Non-profit Institutions		-	-	-	-	-	-	-	-	-
Private Enterprises		-	-	-	-	-	-	-	-	-
Public Corporations		-	-	-	-	-	-	-	-	-
Higher Educational Institutions		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		177 017	167 033	178 131	191 779	193 441	193 441	203 838	197 509	192 590

UMDONI MUNICIPALITY

FINAL BUDGET DOCUMENTATION FOR 2024/2025 BUDGET YEAR

Capital expenditure of Transfers and Grants									
National Government:	21 802	40 473	42 865	34 244	32 171	32 171	39 799	35 170	42 093
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]	21 802	40 473	42 709	34 244	32 171	32 171	36 799	35 170	38 093
Municipal Water Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Public Transport Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Rural Household Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant [Schedule 4B]	-	-	-	-	-	-	-	-	-
Municipal Human Settlement	-	-	-	-	-	-	-	-	-
Community Library	-	-	-	-	-	-	-	-	-
Integrated City Development Grant [Schedule 4B]	-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant [Schedule 4B]	-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	3 000	-	4 000
Khayelitsha Urban Renewal	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]	-	-	157	-	-	-	-	-	-
Municipal Systems Improvement Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Public Transport Network Operations Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant (Schedule 5B)	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
WIFI Connectivity	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	-	-	-	-	-	-	-	-	-
Aquaponic Project	-	-	-	-	-	-	-	-	-
Restion Settlement	-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Restructuring Seed Funding	-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant	-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant	-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant	-	-	-	-	-	-	-	-	-
Provincial Government:	-	2 000	3 996	-	3 300	3 300	750	-	-
Capacity Building	-	-	-	-	-	-	-	-	-
Capacity Building and Other	-	-	-	-	-	-	-	-	-
Disaster and Emergency Services	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Infrastructure	-	2 000	3 996	-	3 300	3 300	750	-	-
Libraries, Archives and Museums	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Public Transport	-	-	-	-	-	-	-	-	-
Road Infrastructure	-	-	-	-	-	-	-	-	-
Sports and Recreation	-	-	-	-	-	-	-	-	-
Waste Water Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
All Grants	-	-	-	-	-	-	-	-	-
Other Grant Providers:	-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts	-	-	-	-	-	-	-	-	-
Foreign Government and International Organisations	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Non-Profit Institutions	-	-	-	-	-	-	-	-	-
Private Enterprises	-	-	-	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-	-	-	-
Higher Educational Institutions	-	-	-	-	-	-	-	-	-
Parent Municipality / Entity	-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	21 802	42 473	46 862	34 244	35 471	35 471	40 549	35 170	42 093
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	198 819	209 505	224 993	226 023	228 912	228 912	244 387	232 679	234 683

2.6.2 COUNCILLOR AND EMPLOYEE BENEFITS

Table 5 - Supporting Table SA22 Summary councillor and staff benefit

KZN212 Umdoni - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
		A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>	1									
Basic Salaries and Wages		12 996	12 874	13 486	14 361	14 361	14 361	15 366	16 073	16 796
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		444	249	288	527	527	527	564	590	617
Cellphone Allowance		1 638	1 564	1 497	1 590	1 590	1 590	1 701	1 779	1 859
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors	4	15 078	14 687	15 271	16 478	16 478	16 478	17 631	18 442	19 272
% increase			(2,6%)	4,0%	7,9%	–	–	7,0%	4,6%	4,5%
<u>Senior Managers of the Municipality</u>	2									
Basic Salaries and Wages		5 204	5 224	5 092	5 476	6 672	6 672	5 437	5 687	5 949
Pension and UIF Contributions		11	14	13	13	13	13	13	13	14
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	42	127	57	272	272	272	449	470	492
Cellphone Allowance	3	51	52	39	57	57	57	58	60	63
Housing Allowances	3	–	–	–	–	–	–	–	–	–
Other benefits and allowances	3	1	1	1	82	82	82	1	1	1
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Entertainment		–	–	–	–	–	–	–	–	–
Scarcity		–	–	–	–	–	–	–	–	–
Acting and post related allowance		–	–	–	–	–	–	–	–	–
In kind benefits		–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality	4	5 309	5 417	5 201	5 900	7 095	7 095	5 958	6 232	6 519
% increase			2,0%	(4,0%)	13,4%	20,3%	–	(16,0%)	4,6%	4,6%
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		85 574	90 731	90 887	107 391	103 958	103 958	112 391	117 745	123 161
Pension and UIF Contributions		15 115	15 486	16 002	18 191	17 958	17 958	20 409	21 348	22 330
Medical Aid Contributions		5 895	6 280	6 439	10 284	9 330	9 330	11 154	11 667	12 204
Overtime		5 554	7 666	8 500	4 528	8 006	8 006	6 733	7 042	7 366
Performance Bonus		6 656	6 735	7 087	8 499	8 213	8 213	9 130	9 549	9 989
Motor Vehicle Allowance	3	–	–	–	439	83	83	83	87	91
Cellphone Allowance	3	213	204	233	275	343	343	279	292	305
Housing Allowances	3	342	405	459	1 992	1 748	1 748	2 097	2 193	2 294
Other benefits and allowances	3	1 291	2 210	2 375	1 792	1 915	1 915	2 210	2 311	2 418
Payments in lieu of leave		3 267	(2 499)	1 706	4 418	3 718	3 718	3 500	3 661	3 829
Long service awards		–	–	–	1 518	1 700	1 700	1 785	1 868	1 954
Post-retirement benefit obligations	6	4 828	4 153	6 753	3 410	4 074	4 074	4 278	4 474	4 680
Entertainment		–	–	–	–	–	–	–	–	–
Scarcity		–	–	–	–	–	–	–	–	–
Acting and post related allowance		–	–	(7)	1 066	915	915	730	764	799
In kind benefits		–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff	4	128 736	131 370	140 433	163 804	161 959	161 959	174 779	183 002	191 420
% increase			2,0%	6,9%	16,6%	(1,1%)	–	7,9%	4,7%	4,6%
Total Parent Municipality		149 123	151 474	160 905	186 182	185 533	185 533	198 368	207 677	217 211



2.7 ANNUAL BUDGET AND SDBIP's – Internal Departments

SDBIP Document is tabled as a separate document.

2.8 CAPITAL EXPENDITURE DETAILS

TABLE 15-MBRR- TABLE A5 CAPEX

KZN212 Umdoni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - COUNCIL GENERAL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - TECHNICAL SERVICES		13 333	20 406	8 134	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	204	287	287	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total		13 333	20 406	8 134	204	287	287	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - COUNCIL GENERAL		-	518	-	204	128	128	-	-	-	-
Vote 2 - FINANCIAL SERVICES		(5 942)	(21 280)	(53 751)	191	426	426	(12 733)	174	-	-
Vote 3 - TECHNICAL SERVICES		8 556	21 500	41 129	46 038	41 885	41 885	30 832	44 497	34 061	34 868
Vote 4 - CORPORATE SERVICES		1 709	2 168	232	5 878	7 704	7 704	1 351	4 666	-	-
Vote 5 - COMMUNITY SERVICES		581	(577)	271	-	204	204	-	-	-	-
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		15	4 174	328	1 839	3 478	3 478	1 659	704	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		4 918	6 501	(11 790)	54 151	53 826	53 826	21 109	50 041	34 061	34 868
Total Capital Expenditure - Vote	3,7	18 251	26 907	(3 656)	54 356	54 113	54 113	21 109	50 041	34 061	34 868
Capital Expenditure - Functional											
Governance and administration		1 709	2 764	929	10 652	9 415	9 415	1 351	4 840	-	-
Executive and council		-	518	-	-	98	98	-	-	-	-
Finance and administration		1 709	2 247	929	10 622	9 286	9 286	1 351	4 840	-	-
Internal audit		-	-	-	30	30	30	-	-	-	-
Community and public safety		3 255	9 781	(17 460)	15 669	20 422	20 422	13 911	20 291	10 670	34 868
Community and social services		(2 497)	11 060	(15 039)	12 233	12 416	12 416	7 393	17 682	10 670	34 868
Sport and recreation		5 752	(1 278)	(2 421)	3 436	8 006	8 006	6 518	2 609	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		13 014	12 827	4 730	28 034	23 581	23 581	5 847	22 302	19 913	-
Planning and development		15	4 174	328	1 839	3 478	3 478	1 659	704	-	-
Road transport		12 999	8 653	4 402	26 195	20 102	20 102	4 188	21 597	19 913	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		273	1 534	8 146	-	696	696	-	2 609	3 478	-
Energy sources		-	-	-	-	-	-	-	2 609	3 478	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		273	1 534	8 146	-	696	696	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3,7	18 251	26 907	(3 656)	54 356	54 113	54 113	21 109	50 041	34 061	34 868
Funded by:											
National Government		19 036	35 220	37 290	29 777	28 027	28 027	25 795	34 654	34 061	34 868
Provincial Government		-	1 459	3 475	4 957	4 174	4 174	1 659	652	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm		-	-	-	-	-	-	-	-	-	-
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	19 036	36 679	40 765	34 734	32 201	32 201	27 454	35 307	34 061	34 868
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		4 985	12 627	9 487	19 622	21 912	21 912	6 388	14 734	-	-
Total Capital Funding	7	24 020	49 306	50 251	54 356	54 113	54 113	33 842	50 041	34 061	34 868

2.9 LEGISLATION COMPLIANCE STATUS

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

All amendments to the supply chain regulations have been updated in the Municipal policy.

2.10 OTHER SUPPORTING DOCUMENTS

Table 16 MBRR Table SA1 - Supporting detail to budgeted financial performance

KZN212 Umdoni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
REVENUE ITEMS:											
Non-exchange revenue by source											
Property rates	6										
Total Property Rates		104 574	113 550	125 874	124 819	125 460	125 460	89 538	144 051	150 232	157 143
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		5 050	9 736	14 897	(3 362)	(3 167)	(3 167)	130	14 046	14 584	15 255
Net Property Rates		99 524	103 814	110 977	128 181	128 627	128 627	89 408	130 005	135 648	141 888
Exchange revenue service charges											
Service charges - Electricity	6										
Total Service charges - Electricity		-	-	-	-	-	-	0	-	-	-
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - Electricity		-	-	-	-	-	-	0	-	-	-
Service charges - Water	6										
Total Service charges - Water		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - Water		-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management											
Total Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	6										
Total refuse removal revenue		10 045	9 613	10 021	12 454	12 459	12 459	7 771	13 293	13 904	14 530
Total landfill revenue		299	609	554	504	504	504	337	540	565	590
less Revenue Foregone (in excess of one removal a week to indigent households)		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - Waste Management		10 344	10 222	10 575	12 959	12 964	12 964	8 108	13 833	14 469	15 120

Table 17 Surplus/(Deficit) calculations for the trading services

KZN212 Umdoni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)- Trading Services										
Functional Classification Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue - Functional										
<i>Trading services</i>		10 539	11 114	12 086	13 150	13 155	13 155	14 033	14 678	15 339
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		10 539	11 114	12 086	13 150	13 155	13 155	14 033	14 678	15 339
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	10 539	11 114	12 086	13 150	13 155	13 155	14 033	14 678	15 339
Expenditure - Functional										
<i>Trading services</i>		27 890	29 476	34 829	43 740	43 890	43 890	43 907	45 916	47 905
Energy sources		2 931	1 716	4 480	5 294	5 294	5 294	4 794	5 014	5 153
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		24 959	27 760	30 349	38 446	38 596	38 596	39 114	40 902	42 752
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	27 890	29 476	34 829	43 740	43 890	43 890	43 907	45 916	47 905
Surplus/(Deficit) for the year		(17 352)	(18 362)	(22 744)	(30 590)	(30 735)	(30 735)	(29 874)	(31 237)	(32 566)

Explanatory Notes

As evident in the above table, the trading services are operating at a deficit. Waste management is currently operating at a deficit. This is due to the fact that tariffs currently are not cost reflective, of which the municipality has taken a step forward by implementing phased-in cost reflective tariffs. Solid waste tariffs have been increased by 7%. Also, the municipality is providing free basic services to rural areas, of which that has compounded the deficit. The funding for that is equitable share.

With regards to electricity, the municipality is not trading in electricity but has budgeted for street lights maintenance and the free basic electricity to indigent households.

Contract having future budgetary implications

- No contracts in place

2.11 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, T C Ndlela, Municipal Manager of Umdoni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act, No.56 of 2003 and, to the extent as indicated in the budget documents, the regulations made under this Act, and that the annual budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

PRINT NAME: T C NDLELA

MUNICIPAL MANAGER OF: UMDONI MUNICIPALITY

SIGNATURE: _____

DATE: 17 MAY 2024