

Ugu District Municipality

2nd ADJUSTMENTS BUDGET 2019/2020

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EXECUTIVE SUMMARY REPORT

1. BACKGROUND

The Annual Budget 2019/2020 was adopted by Council on the 30th May 2019 in accordance with Chapter 4 of the Municipal Finance Management Act and its regulations. The management had taken the following into consideration on compilation of the annual budget:

- The Integrated Development Plan of the municipality as reviewed for the next five year period.
- The National and Provincial Developmental Priorities and the municipality's contribution to the achievements of national targets.
- The Financial Recovery Plan and Back to Basics strategy adopted in May 2013.
- The adopted Budget Related policies and by-laws of the municipality.
- The allocations and conditions in the Division of Revenue Act of 2019.

When the annual budget 2019/2020 was prepared, the municipality had consulted the Provincial Treasury in terms of section 23(1)(b) of the Municipal Finance Management Act. During the engagement, the provincial treasury had indicated that the budget of the municipality was not funded. The management had considered the comments from provincial treasury and responded accordingly and incorporated the same in the budget documents that was submitted to council for approval.

In response to the comments by provincial treasury, the management made all the necessary attempts to cut down the current years budget to a minimum that is required to provide the basic services to the community, however the outstanding debt that was carried over from the previous financial year remained a challenge. The management then developed a strategy to approve cash collection which was the only option available to deal with the old outstanding debt.

Unfortunately, the cash collection strategy has taken longer to yield positive results, hence the National Treasury has issued a directive that the municipality must revised its annual budget in terms of Section 28 of the MFMA before the mid-term assessment is performed.

The municipality has undertaken the following approached to adjust its budget:

- **Current year budget 2019/2020**

All the non-core projects have been cancelled (i.e. Local Economic Development Programmes, SALGA game, Mayoral bursary, etc.)

Some expenditure relating to the core function of the municipality have been reduced to the minimum that is required to provide the basic services to the communities (i.e. Bulk water, electricity cost, etc.)

All the internally funded capital projects have been cancelled or delayed until the financial status of the municipality has stabilised. These projects include Oslo Beach phase 3 administration building.

- **Outstanding Creditors balance from the previous financial year**

The municipality had committed R428 million from the previous financial year. Unfortunately, the municipality does not have much options to deal with this commitment, except to improve cash collections and reduce the current expenditure to a bear minimum that is required to provide the basic services to the community

1.1 IMPLEMENTATION OF THE 2019/2020 BUDGET

The financial results of all operations for the first quarter are summarised on the S71 reports.

In the first quarter of the financial year, the municipality has raised a total revenue of R308 661 869 from services charges compared to the projected revenue of R387 513 625 for the same period. This constitutes a shortfall of R78 851 756 from the projected revenue. Despite the shortfall, the management remains confident that the municipality will realise its targeted revenue at the end of the year based on the turnaround strategy that is being implemented. It is upon this background that the management decided to not to adjust the projected revenue in the adjustments budget.

The actual expenditure on the following items has exceeded the projections during the first quarter of the current financial year:

- Employee related costs = 21%
- Contracted services = 48%

Employee related cost

The municipality has spent more than the projected expenditure on the employee related cost during the first quarter of the current financial year due to the following reasons;

- The overtime claims from the previous financial year were delayed and paid in the current financial year due to the budget constraints and cash flow challenges that were experienced in the previous financial year.

Contracted services

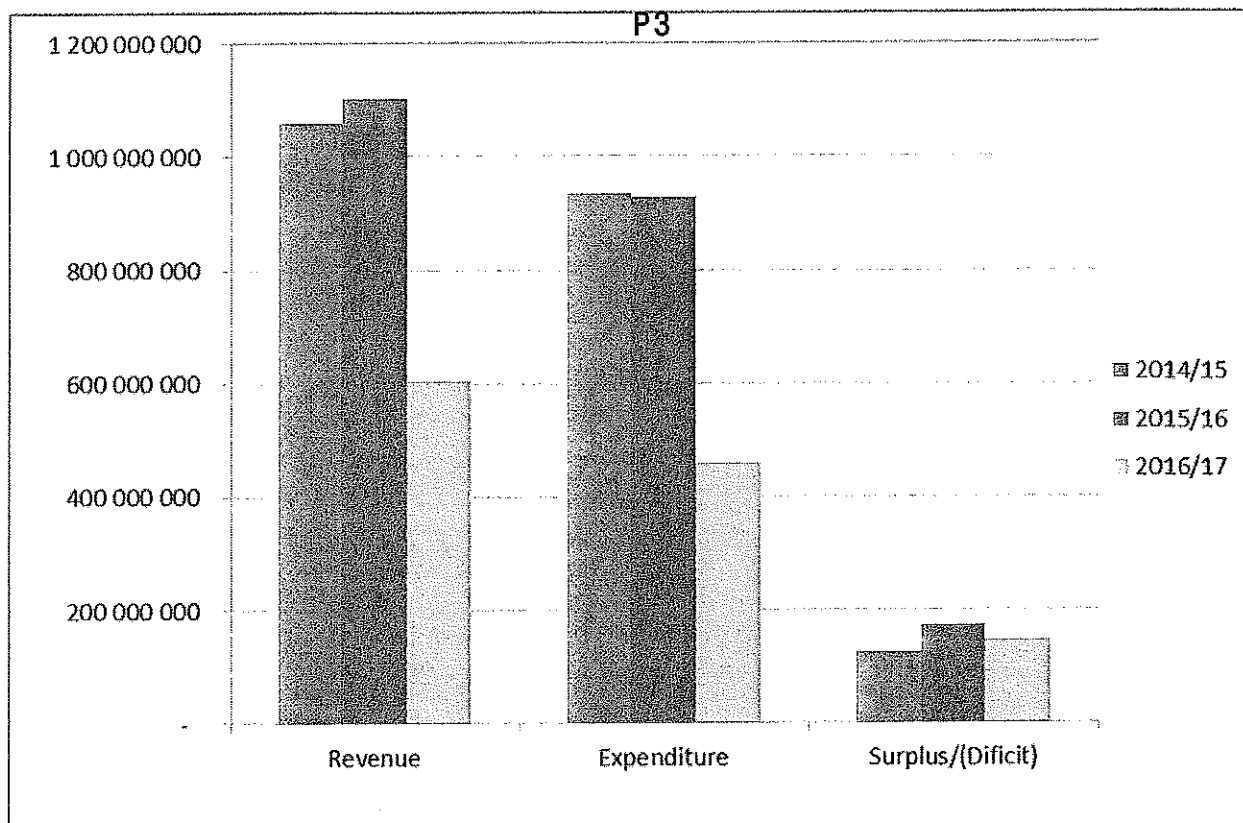
The major contributor to the over-expenditure on this expenditure type, is the Emergency services. The over-expenditure on this line item is caused by the ageing infrastructure. Unfortunately, the municipality had limited resource to provide for repairs and maintenance of the existing infrastructure in the original budget due to the competing demands to roll out new infrastructure in the previously disadvantaged areas.

Unauthorised expenditure would be taken into consideration during adjustments budget. All deviations from the normal supply chain processes have been approved by the accounting officer. Monthly reports have been submitted to the Portfolio Committee, Executive Committee and Council. In line with the adopted procedure on dealing with Unauthorised, Irregular, Fruitless and Wasteful (UIF&W) expenditure, the register of UIF&W expenditure is submitted monthly to Internal Audit for investigation in terms of S32 of the MFMA. The provisions of the MFMA have been considered in as far as they apply in the implementation of the annual budget.

1.2. FINANCIAL PERFORMANCE OVERVIEW

REVENUE vs. EXPENDITURE

	2015/16	2016/17	2017/18	2018/19	2019/20
REVENUE					
	1 103 611 113	1 056 105 900	1 065 167 742	1 062 077 004	308 661 869
EXPENDITURE					
	928 949 390	972 073 145	1 057 952 458	881 534 646	258 624 444
SURPLUS / DEFICIT	174 661 723	84 032 755	7 215 284	180 542 358	50 037 425



The municipality has maintained an operating surplus over the past 3 years and for the first quarter of the current financial year. However, the performance in the first quarter has been an increase in revenue and expenditure compared to the same period in the last financial year. The increase in revenue is caused by tariff increase that was approved by council in May 2019. There was also a slight improvement in collection resulting from the implementation of the new debt collection strategy.

The total expenditure for the first quarter of the current financial year has increased by 10.23% compared to the same period last year. The increase in expenditure is due the CPI increase.

Please refer to further analysis of revenue and expenditure below:

Service Charges: Water

Water sales is seasonal commodity. It is slow during the first quarter of the financial year and it is expected to pick-up during the second quarter. The seasonal fluctuations in water revenue is attributed to Ugu being a holiday destination and most people move to the coast during the Summer and Easter Holidays. The meter readings for the month of September 2019 would only be invoiced in October 2019, hence the revenue that was earned in the month of September is not included in this report. The incorrect data in the billing system resulted to incomplete billings and this had a negative effect in our collections. However, the revenue that was projected in the original budget will not be adjusted as the service provider is currently on site, assisting with the cleansing of data in the billing module.

Interest Earned – Outstanding Debtors

In the current financial year, the municipality has started to charge interest on outstanding debtors in terms of its amended policy.

Remuneration of Councillors

P4

The position of the mayor has been vacant for the first quarter of the current financial year. This vacancy was caused by resignation of the previous mayor in May 2019, hence there were savings in the councillor's allowances.

Depreciation

Depreciation of fixed assets is a non-cash line item and no transactions were processed for the first quarter of the financial year due to the challenges relating to the implementation of the assets module. Therefore, the savings of the total allocation for depreciation has no effect on the adjustments budget.

Finance Charges

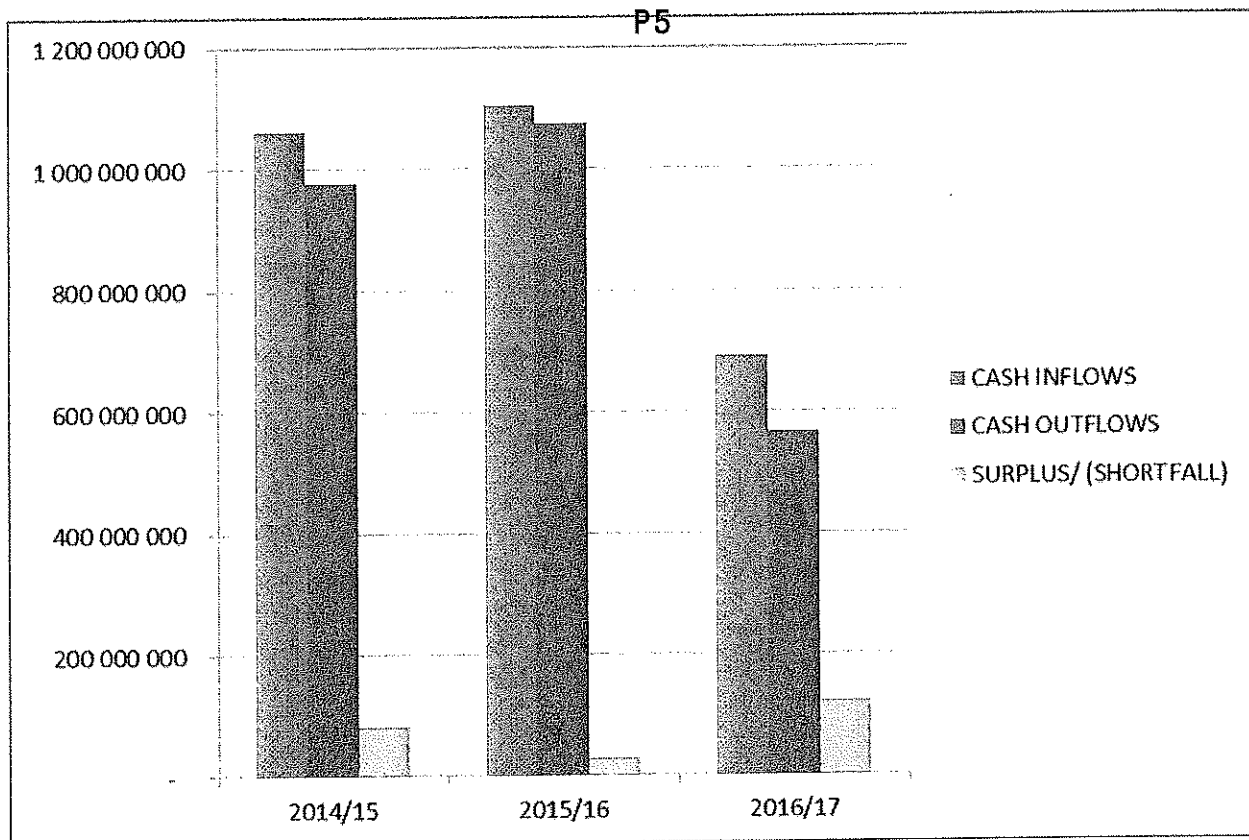
The current savings on the finance cost is caused by the misallocation of the finance cost transactions in the general ledger. All the misallocations will be identified and corrected during the data cleansing process that is ongoing.

Other Materials

In terms of MSCOA, Repairs and Maintenance is split between Other expenditure and Contracted services. For the first quarter, the municipality has overspent by 48% against the budget on Contracted services.

1.3. CASH FLOWS

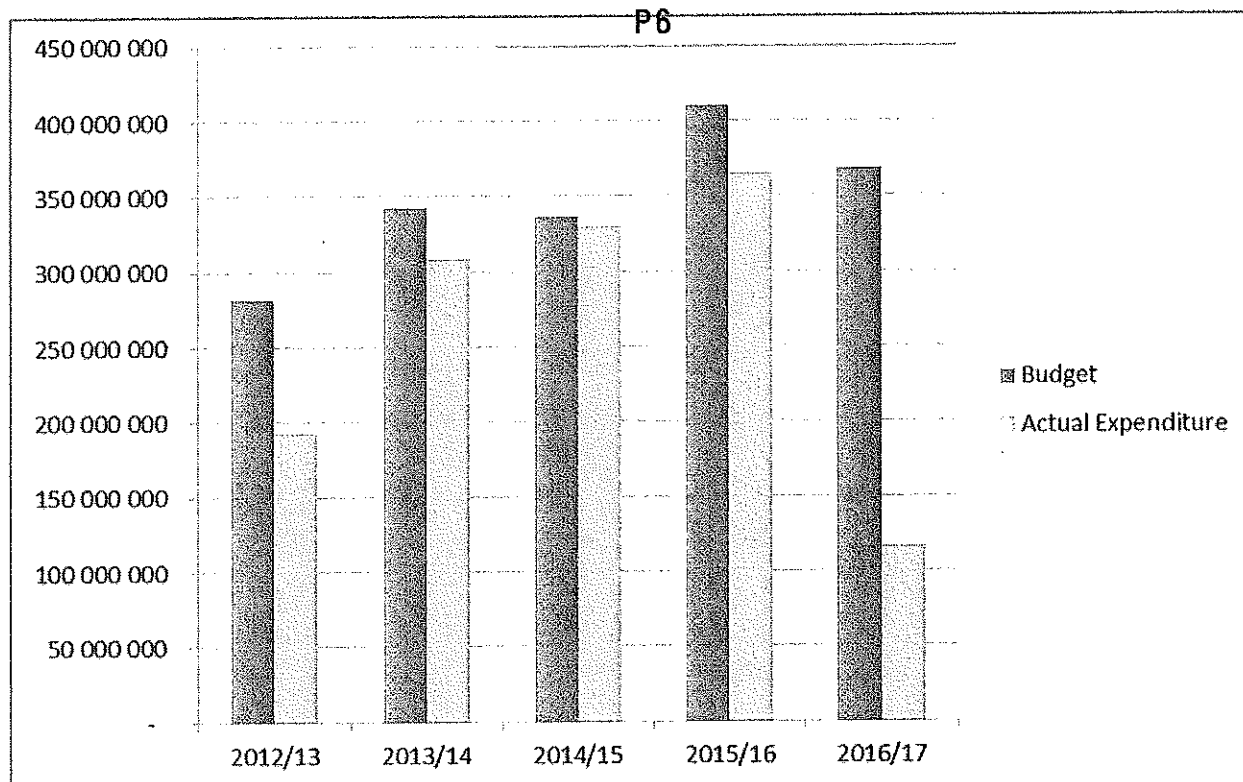
	2015/16	2016/17	2017/18	2018/19	2019/20
CASH INFLOWS	1 105 832 667	1 020 237 506	1 004 865 840	1 113 904 000	492 481 000
CASH OUTFLOWS	1 076 121 223	1 096 341 123	831 074 031	1 631 343 000	378 245 000
SURPLUS/ (SHORTFALL)	29 711 444	-76 103 617	173 791 809	-517 439 000	114 236 000



The municipality has made improvements of 21.63% in cash inflows in the first quarter of the current financial year compared to the same period last year, however the related cash outflows has escalated by 13.13% for the same periods comparatively. Although the cash inflows appears positive, there is a contribution from unspent conditional grants on the cash available at the end of September 2019.

1.4. CAPITAL EXPENDITURE

	2015/16	2016/17	2017/18	2018/19	2019/20
Budget	410 867 218	368 557 000	362 059 975	301 162 595	286 804 518
Actual Expenditure	365 259 666	318 845 695	290 548 713	252 869 729	57 783 253
% spent	88.90%	86.51%	80.25%	83.96%	20.15%



The municipality has spent 20.15% of its capital budget in the first quarter of the current financial year compared to 23.47% that was spent during the same period last year. The management committee is closely monitoring the implementation of the capital budget on a monthly basis, however, in the first quarter the committee has been focusing more on the implementation of the grant funded projects.

1.5. IMPACT OF THE NATIONAL AND PROVINCIAL ADJUSTMENTS BUDGET

The municipality has been allocated the following grants from National/Provincial governments, most of which are rollovers from the previous financial year:

- Shared legal services grant = R1 000 000
- Disaster recovery grant = R20 237 000
- District Growth and Development Summit = R 116 663

1.6. 2019/2020 ADJUSTMENTS BUDGET

Regulation 23(3) of the Municipal Budgeting and Reporting Regulations states that if a national or provincial treasury allocates or transfers additional revenues to the municipality, the mayor of the municipality must table an adjustments budget to Council as per S28(2)(b) of the MFMA to appropriate these additional revenues.

The decline in the revenues also requires the municipality to adjust its expenditure estimates downwards to ensure that the operating surplus is maintained. It is also critical for the municipality to re-allocate funds from slow moving projects to other projects in order to reach the acceptable expenditure levels as well as to avoid unauthorised expenditure.

The municipality has appropriated the additional grant income of R21,3m in the adjustments budget. The municipality has also decreased its budget on the following items to cater for its annual budget that is currently unfunded:

- Bulk water purchases
- Repairs and maintenance
- Other operational expenses; including
 - Local Economic Development projects
 - Disaster Management projects
 - Special projects (mayorality)
 - Electricity
 - Fuel and Oil
 - Subscriptions and memberships
 - Performance management system
 - Flags and signage
 - Training and work-study
 - Meetings and logistics
 - Travel and accommodation
 - Advertising, and
 - Telephone
- Capital budget (internally funded)

1.7. ANNUAL REPORT 2017/2018 CHALLENGES AND PROGRESS IN RESOLVING THE PROBLEMS THAT WERE IDENTIFIED IN THE ANNUAL REPORT

The Annual Report 2017/2018 did specifically identify key challenges and constraints experienced; the following focal areas of municipal performance were highlighted:

NO.	KEY CHALLENGES	PROGRESS MADE	CONSTRAINTS
1.	There were delays in some projects, which resulted in motivations for rollover submissions to the National Treasury as per the Division of Revenue Act. The outcomes of the requests for rollovers are still awaited.	The requested rollovers were approved and expenditure is ongoing. Current year spending is being closely monitored to prevent rollovers.	None.
2.	Lack of capacity to review the Spatial Development Framework (SDF) and the Land Use Management System (LUMS).	The projects have been identified for outsourcing. Provincial Cogta has also been requested to assist.	Budget constraints.
3.	The creation of job opportunities through LED initiatives remains very challenging	Current SCM Policy is under review to see how co-operatives and SMMEs can be catered for in the tender processes.	Strict legislation limits the participation of co-operatives and SMMEs in municipal projects.
4.	Consistently recorded increase in HIV prevalence.	Programmes are in place with the LMs and provincial health to educate on HIV prevention.	

Management confirms that all of the 2017/2018 municipal performance focal areas, continued to receive adequate time, energy and attention.

UGU DISTRICT MUNICIPALITY
EXTRACT FROM THE DRAFT MINUTES OF THE SPECIAL MEETING OF THE
UGU DISTRICT MUNICIPAL COUNCIL HELD ON 11 JUNE 2020

7.1.1 Adjustments Budget 2019/2020

The Municipal Manager took members through the item.

He informed the Council that the purpose of the report was to highlight to the meeting the Budget Adjustment 2019/2020. He mentioned that the Co-operative Governance and Traditional Affairs had allocated grants to assist the Municipality to deal with effects of the floods of 2019 and the COVID-19 pandemic.

Following which,

It was unanimously

RESOLVED:

(a) That the Adjustments Budget 2019/2020 be and is hereby **NOTED**.

(b) That the Adjustments Budget 2019/2020 be and is hereby **APPROVED**.

CERTIFIED A TRUE COPY OF THE ORIGINAL


VO MAZIBUKO
GENERAL MANAGER: CORPORATE SERVICES

DC21 Ugu - Table B1 Adjustments Budget Summary -

Description	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	1	2	3	4	5	6	7	8		
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	–	–	–	–	–	–	–	–	–	–	–
Service charges	714,455	463,009	–	–	–	–	153,976	153,976	616,985	647,835	680,226
Investment revenue	3,238	–	–	–	–	–	(703)	(703)	2,535	2,662	2,795
Transfers recognised - operational	555,095	549,935	–	–	–	–	20,237	20,237	570,172	507,593	549,632
Other own revenue	3,265	881	–	–	–	–	–	–	881	3,428	3,600
Total Revenue (excluding capital transfers and contributions)	1,276,053	1,013,825	–	–	–	–	173,510	173,510	1,187,336	1,161,518	1,236,253
Employee costs	363,968	369,532	–	–	–	–	22,011	22,011	391,543	411,120	431,676
Remuneration of councillors	14,091	12,389	–	–	–	–	1,087	1,087	13,476	14,149	14,857
Depreciation & asset impairment	50,349	246,144	–	–	–	–	(36,144)	(36,144)	210,000	220,500	231,525
Finance charges	1,857	5,074	–	–	–	–	(967)	(967)	4,107	4,312	4,528
Materials and bulk purchases	141,893	119,056	–	–	–	–	(2,423)	(2,423)	116,633	122,465	128,588
Transfers and grants	18,723	18,723	–	–	–	–	–	–	18,723	19,660	20,643
Other expenditure	582,455	544,544	–	–	–	–	(10,679)	(10,679)	533,866	550,111	577,617
Total Expenditure	1,193,337	1,315,462	–	–	–	–	(27,115)	(27,115)	1,288,347	1,342,317	1,409,433
Surplus/(Deficit)	82,716	(301,636)	–	–	–	–	200,625	200,625	(101,011)	(180,799)	(173,180)
Transfers recognised - capital	237,105	237,450	–	–	–	–	13,310	13,310	250,759	315,284	338,130
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	319,821	(64,187)	–	–	–	–	213,935	213,935	149,748	134,485	164,950
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	319,821	(64,187)	–	–	–	–	213,935	213,935	149,748	134,485	164,950
Capital expenditure & funds sources											
Capital expenditure	285,551	262,862	–	–	–	–	14,888	14,888	277,751	188,271	197,685
Transfers recognised - capital	237,105	245,457	–	–	–	–	16,388	16,388	261,845	274,937	288,684
Borrowing	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	49,700	17,406	–	–	–	–	(1,500)	(1,500)	15,906	16,701	17,536
Total sources of capital funds	286,805	262,862	–	–	–	–	14,888	14,888	277,751	291,638	306,220
Financial position											
Total current assets	358,308	1,160,211	–	–	–	–	757,225	757,225	1,917,436	1,903,464	1,888,794
Total non current assets	4,206,119	4,881,641	–	–	–	–	127,691	127,691	5,009,332	5,259,799	5,522,789
Total current liabilities	216,819	1,604,241	–	–	–	–	245,425	245,425	1,849,667	1,842,306	1,834

DC21 Ugu - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Revenue - Functional												
<i>Governance and administration</i>		203,193	203,193	-	-	-	-	-	-	203,193	213,353	224,021
Executive and council		5,073	5,073	-	-	-	-	-	-	5,073	5,327	5,593
Finance and administration		198,120	198,120	-	-	-	-	-	-	198,120	208,027	218,428
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		8,193	8,193	-	-	-	-	-	-	8,193	8,602	9,032
Community and social services		8,193	8,193	-	-	-	-	-	-	8,193	8,602	9,032
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		98,788	98,788	-	-	-	-	-	-	98,788	103,727	108,913
Planning and development		79,165	79,165	-	-	-	-	-	-	79,165	83,123	87,279
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		19,623	19,623	-	-	-	-	-	-	19,623	20,604	21,634
<i>Trading services</i>		1,203,861	1,099,997	-	-	-	-	33,547	33,547	1,133,543	1,270,155	1,357,404
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		1,057,519	953,635	-	-	-	-	33,547	33,547	987,162	1,116,475	1,196,040
Waste water management		146,362	146,362	-	-	-	-	-	-	146,362	153,680	161,364
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1,514,055	1,410,170	-	-	-	-	33,547	33,547	1,443,717	1,595,937	1,699,371
Expenditure - Functional												
<i>Governance and administration</i>		349,512	336,972	-	-	-	-	-	-	336,972	353,820	371,511
Executive and council		69,751	63,321	-	-	-	-	-	-	63,321	66,487	69,812
Finance and administration		279,266	273,156	-	-	-	-	-	-	273,156	286,813	301,154
Internal audit		495	495	-	-	-	-	-	-	495	520	546
<i>Community and public safety</i>		16,042	18,842	-	-	-	-	-	-	18,842	19,784	20,773
Community and social services		13,622	16,422	-	-	-	-	-	-	16,422	17,243	18,105
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		1,350	1,350	-	-	-	-	-	-	1,350	1,418	1,488
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		1,070	1,070	-	-	-	-	-	-	1,070	1,124	1,180
<i>Economic and environmental services</i>		102,369	95,719	-	-	-	-	-	-	95,719	100,505	105,531
Planning and development		83,010	78,310	-	-	-	-	-	-	78,310	82,226	86,337
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		19,359	17,409	-	-	-	-	-	-	17,409	18,280	19,194
<i>Trading services</i>		725,414	826,304	-	-	-	-	10,510	10,510	836,814	880,323	924,339
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		612,735	716,825	-	-	-	-	10,510	10,510	727,335	765,370	803,638
Waste water management		112,679	109,479	-	-	-	-	-	-	109,479	114,953	120,700
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1,193,337	1,277,837	-	-	-	-	10,510	10,510	1,288,347	1,354,433	1,422,154
Surplus/ (Deficit) for the year		320,718	132,333	-	-	-	-	23,037	23,037	155,370	241,404	277,217

References

- Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
- Total Revenue by standard classification must reconcile to Total Operating Revenue shown in the Adjustments Budget Financial Performance (revenue and expenditure)
- Total Operating Expenditure by standard classification must reconcile to Total Operating Expenditure shown in the Adjustments Budget Financial Performance (revenue and expenditure)
- All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abbatoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification
- Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
- Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been foreseen)
- Increases of funds approved under MFMA section 31
- Adjustments approved in accordance with MFMA section 29
- Adjustments to transfers from National or Provincial Government
- Adjusts = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f))
- $G = B + C + D + E + F$
- Adjusted Budget H = (A or A1/2 etc) + G

DC21 Ugu - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

Vote Description (Insert departmental structure etc)	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue by Vote	1											
Vote 1 - EXECUTIVE & COUNCIL		5,073	5,073	-	-	-	-	-	-	5,073	5,327	5,583
Vote 2 - FINANCE & ADMINISTRATION		198,120	198,120	-	-	-	-	-	-	198,120	208,027	218,428
Vote 3 - COMMUNITY AND SOCIAL SERVICES		8,193	8,193	-	-	-	-	-	-	8,193	9,602	9,032
Vote 4 - PUBLIC PROTECTION		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - ECONOMIC AND ENVIRONMENTAL SERVICES		79,165	79,165	-	-	-	-	-	-	79,165	83,123	87,279
Vote 6 - ENVIRONMENTAL PROTECTION		19,623	19,623	-	-	-	-	-	-	19,623	20,604	21,634
Vote 7 - WATER MANAGEMENT		1,057,519	1,099,997	-	-	-	-	(112,815)	(112,815)	987,182	1,118,476	1,196,040
Vote 8 - WASTE WATER MANAGEMENT		146,362	146,362	-	-	-	-	-	-	146,362	153,880	161,364
Vote 9 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1,514,055	1,556,532	-	-	-	-	(112,815)	(112,815)	1,443,717	1,595,837	1,699,371
Expenditure by Vote	1											
Vote 1 - EXECUTIVE & COUNCIL		69,751	63,321	-	-	-	-	-	-	63,321	66,487	69,812
Vote 2 - FINANCE & ADMINISTRATION		279,761	246,851	-	-	-	-	-	-	246,851	295,315	310,081
Vote 3 - COMMUNITY AND SOCIAL SERVICES		14,692	9,890	-	-	-	-	-	-	9,890	10,385	10,904
Vote 4 - PUBLIC PROTECTION		1,350	1,350	-	-	-	-	-	-	1,350	1,418	1,488
Vote 5 - ECONOMIC AND ENVIRONMENTAL SERVICES		83,010	78,310	-	-	-	-	-	-	78,310	82,226	86,337
Vote 6 - ENVIRONMENTAL PROTECTION		19,359	17,409	-	-	-	-	-	-	17,409	18,280	19,194
Vote 7 - WATER MANAGEMENT		612,735	716,825	-	-	-	-	44,912	44,912	761,737	765,370	803,638
Vote 8 - WASTE WATER MANAGEMENT		112,679	109,479	-	-	-	-	-	-	109,479	114,953	120,700
Vote 9 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1,193,337	1,243,435	-	-	-	-	44,912	44,912	1,288,347	1,354,432	1,422,154
Surplus/ (Deficit) for the year	2	320,718	313,097	-	-	-	-	(157,727)	(157,727)	155,370	241,405	277,217

References

1. Insert 'Vote'; e.g. Department, if different to standard classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
4. Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been foreseen)
5. Increases of funds approved under MFMA section 31
6. Adjustments approved in accordance with MFMA section 29
7. Adjustments to transfers from National or Provincial Government
8. Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f))
9. $G = B + C + D + E + F$
10. Adjusted Budget $H = (A \text{ or } A1/2 \text{ etc}) + G$

check revenue	897	305,257	-	-	-	-	-	(299,635)	(299,635)	-	119,035	124,988
check expenditure	-	(72,026)	-	-	-	-	-	72,026	72,026	(0)	12,115	12,721

DC21 Ugu - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	581,218	387,890	-	-	-	-	153,976	153,976	541,866	568,960	597,408
Service charges - sanitation revenue	2	133,237	75,119	-	-	-	-	-	-	75,119	78,875	82,819
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		740	-	-	-	-	-	-	-	740	777	816
Interest earned - external investments		3,238	-	-	-	-	-	(703)	(703)	2,535	2,662	2,795
Interest earned - outstanding debtors		1,137	-	-	-	-	-	-	-	1,137	1,194	1,263
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		8	-	-	-	-	-	-	-	8	8	8
Licences and permits		500	-	-	-	-	-	-	-	500	525	551
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		555,095	549,935	-	-	-	-	20,237	20,237	570,172	507,593	549,632
Other revenue	2	881	881	-	-	-	-	-	-	881	925	971
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1,276,053	1,013,825	-	-	-	-	173,510	173,510	1,192,958	1,161,518	1,236,263
Expenditure By Type												
Employee related costs		383,968	369,532	-	-	-	-	22,011	22,011	391,543	411,120	431,676
Remuneration of councillors		14,091	12,389	-	-	-	-	1,087	1,087	13,476	14,149	14,857
Debt impairment		-	10,000	-	-	-	-	-	-	10,000	-	-
Depreciation & asset impairment		50,349	246,144	-	-	-	-	(36,144)	(36,144)	210,000	220,500	231,525
Finance charges		1,857	5,074	-	-	-	-	(967)	(967)	4,107	4,312	4,528
Bulk purchases		130,625	106,625	-	-	-	-	(1,600)	(1,600)	105,025	110,276	115,790
Other materials		11,268	12,431	-	-	-	-	(823)	(823)	11,608	12,189	12,798
Contracted services		205,812	201,262	-	-	-	-	17,134	17,134	218,397	229,316	240,782
Transfers and subsidies		18,723	18,723	-	-	-	-	-	-	18,723	19,660	20,643
Other expenditure		376,642	333,282	-	-	-	-	(27,813)	(27,813)	305,469	320,795	336,835
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		1,193,337	1,315,462	-	-	-	-	(27,115)	(27,115)	1,288,347	1,342,317	1,409,433
Surplus/(Deficit)		82,716	(301,636)	-	-	-	-	200,625	200,625	(95,389)	(180,799)	(173,180)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		237,105	237,450	-	-	-	-	13,310	13,310	250,759	315,284	338,130
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		319,821	(64,187)	-	-	-	-	213,935	213,935	155,370	134,485	164,950
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		319,821	(64,187)	-	-	-	-	213,935	213,935	155,370	134,485	164,950
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		319,821	(64,187)	-	-	-	-	213,935	213,935	155,370	134,485	164,950
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		319,821	(64,187)	-	-	-	-	213,935	213,935	155,370	134,485	164,950

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SB1
3. Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
4. Additional cash-backed accumulated funds/unspent funds (MFMA section 19(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been foreseen)
5. Increases of funds approved under MFMA section 31
6. Adjustments approved in accordance with MFMA section 29
7. Adjustments to transfers from National or Provincial Government
8. Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f))
9. $G = B + C + D + E + F$
10. Adjusted Budget $H = (A \text{ or } A1/2 \text{ etc}) + G$

DC21 Ugu - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - PUBLIC PROTECTION		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - ECONOMIC AND ENVIRONMENTAL SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION		26,000	6,556	-	-	-	-	(500)	(500)	6,056	3,418	3,589
Vote 3 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - PUBLIC PROTECTION		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - ECONOMIC AND ENVIRONMENTAL SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - WATER MANAGEMENT		213,565	197,071	-	-	-	-	26,230	26,230	225,300	171,045	179,598
Vote 8 - WASTE WATER MANAGEMENT		45,986	59,236	-	-	-	-	(12,841)	(12,841)	46,395	13,808	14,498
Vote 9 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-	-
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		285,561	262,862	-	-	-	-	14,888	14,888	277,751	188,271	197,685
Total Capital Expenditure - Vote		285,561	262,862	-	-	-	-	14,888	14,888	277,751	188,271	197,685
Capital Expenditure - Functional												
Governance and administration		26,500	6,556	-	-	-	-	(1,000)	(1,000)	6,056	6,358	6,676
Executive and council		500	-	-	-	-	-	(500)	(500)	-	-	-
Finance and administration		26,000	6,556	-	-	-	-	(500)	(500)	6,056	6,358	6,676
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		753	-	-	-	-	-	(753)	(753)	-	-	-
Planning and development		253	-	-	-	-	-	(253)	(253)	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		500	-	-	-	-	-	(500)	(500)	-	-	-
Trading services		259,561	256,307	-	-	-	-	15,388	15,388	271,695	285,280	299,544
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		213,565	197,071	-	-	-	-	26,230	26,230	225,300	236,565	248,394
Waste water management		45,986	59,236	-	-	-	-	(12,841)	(12,841)	46,395	48,714	51,150
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	286,805	262,862	-	-	-	-	13,635	13,635	277,751	291,638	308,220
Funded by:												
National Government		237,105	245,457	-	-	-	-	16,388	16,388	261,845	274,937	288,684
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	237,105	245,457	-	-	-	-	16,388	16,388	261,845	274,937	288,684
Borrowing		49,700	17,406	-	-	-	-	(1,500)	(1,500)	15,906	16,701	17,536
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding		286,805	262,862	-	-	-	-	14,888	14,888	277,751	291,638	306,220

References

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year.
- Capital expenditure by standard classification must reconcile to the appropriations by vote.
- Must reconcile to supporting table SBT and to Adjustments Budget Financial Performance (revenue and expenditure).
- Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
- Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(a)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably).
- Increases of funds approved under MFMA section 31.
- Adjustments approved in accordance with MFMA section 29.
- Adjustments to transfers from National or Provincial Government.
- Adjusts. = 'Other' Adjustments proposed to be approved, including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f)).
- $G = B + C + D + E + F$
- Adjusted Budget $H = (A \text{ or } A1/2 \text{ etc}) + G$

DC21 Ugu - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
ASSETS												
Current assets												
Cash									-	-		
Call investment deposits	1	4,286	76,750	-	-	-	-	(19,296)	(19,296)	57,454	60,326	63,343
Consumer debtors	1	241,443	167,071	-	-	-	-	9,296	9,296	176,367	75,342	(30,735)
Other debtors		105,178	870,920					729,156	729,156	1,600,075	1,680,079	1,764,083
Current portion of long-term receivables		30	182					153	153	335	352	369
Inventory		7,372	45,288					37,917	37,917	83,205	87,365	91,734
Total current assets		358,308	1,160,211	-	-	-	-	757,225	757,225	1,917,436	1,903,464	1,888,794
Non current assets												
Long-term receivables		85	519					435	435	954	1,002	1,052
Investments			-							-	-	-
Investment property		43,049	280,962					235,229	235,229	516,191	542,000	569,100
Investment in Associate			-							-	-	-
Property, plant and equipment	1	4,149,521	4,512,286	-	-	-	-	(181,543)	(181,543)	4,330,744	4,547,281	4,774,645
Biological			-							-	-	-
Intangible		13,464	87,874					73,570	73,570	161,444	169,516	177,992
Other non-current assets			-							-	-	-
Total non current assets		4,206,119	4,881,641	-	-	-	-	127,691	127,691	5,009,332	5,259,799	5,522,789
TOTAL ASSETS		4,564,428	6,041,853	-	-	-	-	884,916	884,916	6,926,768	7,163,263	7,411,582
LIABILITIES												
Current liabilities												
Bank overdraft										-	-	-
Borrowing		20,511	20,511	-	-	-	-	-	-	20,511	21,537	22,614
Consumer deposits		22,139	95,901					73,762	73,762	169,663	168,146	166,553
Trade and other payables		140,200	1,279,148	-	-	-	-	(3,050)	(3,050)	1,276,098	1,250,059	1,222,718
Provisions		33,968	208,681					174,713	174,713	383,394	402,564	422,692
Total current liabilities		216,819	1,604,241	-	-	-	-	245,425	245,425	1,849,667	1,842,306	1,834,577
Non current liabilities												
Borrowing	1	52	73,223	-	-	-	-	-	-	73,223	76,884	80,729
Provisions	1	21,900	21,900	-	-	-	-	-	-	21,900	22,995	24,144
Total non current liabilities		21,952	95,123	-	-	-	-	-	-	95,123	99,879	104,873
TOTAL LIABILITIES		238,770	1,699,364	-	-	-	-	245,425	245,425	1,944,790	1,942,185	1,939,450
NET ASSETS	2	4,325,657	4,342,488	-	-	-	-	639,491	639,491	4,981,979	5,221,078	5,472,132
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		4,325,657	4,342,488	-	-	-	-	639,491	639,491	4,981,979	5,221,078	5,472,132
Reserves		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		4,325,657	4,342,488	-	-	-	-	639,491	639,491	4,981,979	5,221,078	5,472,132

References

- Detail to be provided in Table SA3
- Net assets must balance with Total Community Wealth/Equity
- Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
- Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been foreseen)
- Increases of funds approved under MFMA section 31
- Adjustments approved in accordance with MFMA section 29
- Adjustments to transfers from National or Provincial Government
- Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f))
- $G = B + C + D + E + F$
- Adjusted Budget $H = (A \text{ or } A1/2 \text{ etc}) + G$

DC21 Ugu - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates									-	-		
Service charges		429,356	504,409					(79,685)	(79,685)	424,724	445,960	468,258
Other revenue		3,643	2,128					(897)	(897)	1,231	1,293	1,357
Government - operating	1	487,603	549,935					55,979	55,979	605,914	636,210	668,020
Government - capital	1	276,038	237,450					(53,588)	(53,588)	183,861	193,054	202,707
Interest		4,284	3,398					(770)	(770)	2,627	2,759	2,897
Dividends		-							-	-	-	-
Payments												
Suppliers and employees		(800,511)	(990,124)					83,333	83,333	(906,791)	(952,131)	(999,737)
Finance charges		(1,857)	1,359					3,216	3,216	4,576	4,805	5,045
Transfers and Grants	1	(18,723)	(18,723)						-	(18,723)	(19,660)	(20,643)
NET CASH FROM/(USED) OPERATING ACTIVITIES		379,833	289,831	-	-	-	-	7,588	7,588	297,419	312,280	327,904
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		-							-	-		
Decrease (increase) in non-current debtors		618	334						-	334	351	368
Decrease (increase) other non-current receivables		-							-	-		
Decrease (increase) in non-current investments		-							-	-		
Payments												
Capital assets		(352,741)	(262,862)					(14,888)	(14,888)	(277,751)		
NET CASH FROM/(USED) INVESTING ACTIVITIES		(352,123)	(262,528)	-	-	-	-	(14,888)	(14,888)	(277,417)	351	368
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-							-	-		
Borrowing long term/refinancing		-							-	-		
Increase (decrease) in consumer deposits		881	475						-	475	499	524
Payments												
Repayment of borrowing		(24,305)	(24,305)						-	(24,305)		
NET CASH FROM/(USED) FINANCING ACTIVITIES		(23,424)	(23,830)	-	-	-	-	-	-	(23,830)	499	524
NET INCREASE/ (DECREASE) IN CASH HELD		4,286	3,473	-	-	-	-	(7,301)	(7,301)	(3,828)	313,140	328,797
Cash/cash equivalents at the year begin:	2	51,909	73,277					10,684	10,684	83,961	80,133	393,273
Cash/cash equivalents at the year end:	2	56,195	76,750					3,383	3,383	80,133	393,273	722,069

References

- Local/District municipalities to include transfers from/to District/Local Municipalities
- Cash equivalents includes investments with maturities of 3 months or less
- Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
- Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been foreseen)
- Increases of funds approved under MFMA section 31
- Adjustments approved in accordance with MFMA section 29
- Adjustments to transfers from National or Provincial Government
- Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(e)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f))
- $G = B + C + D + E + F$
- Adjusted Budget $H = (A \text{ or } A1/2 \text{ etc}) + G$

DC21 Ugu - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	56,195	76,750	--	--	--	--	3,383	3,383	80,133	393,273	722,069
Other current investments > 90 days		(51,909)	0	--	--	--	--	(22,679)	(22,679)	(22,679)	(332,948)	(658,727)
Non current assets - investments	1	--	--	--	--	--	--	--	--	--	--	--
Cash and investments available:		4,286	76,750	--	--	--	--	(19,296)	(19,296)	57,454	60,326	63,343
Applications of cash and investments												
Unspent conditional transfers		2,284	47,659	--	--	--	--	(22,697)	(22,697)	24,962	26,210	27,520
Unspent borrowing		--	--	--	--	--	--	--	--	--	--	--
Statutory requirements		7,454	--	--	--	--	--	(7,454)	(7,454)	(0)	(0)	(0)
Other working capital requirements	2	(90,420)	78,316	--	--	--	--	(66,991)	(66,991)	11,325	(2,518)	(17,052)
Other provisions		2,450	--	--	--	--	--	6,161	6,161	8,611	9,041	9,493
Long term investments committed		--	--	--	--	--	--	--	--	--	--	--
Reserves to be backed by cash/investments		--	--	--	--	--	--	--	--	--	--	--
Total Application of cash and investments:		(78,252)	125,975	--	--	--	--	(90,982)	(90,982)	44,888	32,734	19,961
Surplus(shortfall)		82,538	(49,225)	--	--	--	--	71,686	71,686	12,556	27,593	43,381

References

1. Must reconcile with the Adjustments Budget Cash Flow and Adjustments Budget Financial Position
2. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
3. Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
4. Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been identified)
5. Increases of funds approved under MFMA section 31
6. Adjustments approved in accordance with MFMA section 29
7. Adjustments to transfers from National or Provincial Government
8. Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(e))
9. G = B + C + D + E + F
10. Adjusted Budget H = (A or A1/2 etc) + G

Description		Ref	Budget Year 2019/20								Budget Year +1 2020/21	Budget Year +2 2021/22	
			Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavold.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	
			7	8	9	10	11	12	13	14			
R thousands			A	A1	B	C	D	E	F	G	H		
CAPITAL EXPENDITURE													
Total New Assets to be adjusted		1	157,119	125,069	-	-	-	-	30,937	30,937	156,005	163,806	171,996
Roads Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			118,365	111,865	-	-	-	-	13,934	13,934	125,800	132,090	138,694
Sanitation Infrastructure			11,500	6,150	-	-	-	-	17,500	17,500	23,650	24,833	26,074
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Infrastructure			129,865	118,015	-	-	-	-	31,434	31,434	149,450	156,922	164,768
Community Facilities			-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities			-	-	-	-	-	-	-	-	-	-	-
Community Assets			-	-	-	-	-	-	-	-	-	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-	-	-
Operational Buildings			20,000	1,300	-	-	-	-	(744)	(744)	556	583	613
Housing			-	-	-	-	-	-	-	-	-	-	-
Other Assets		6	20,000	1,300	-	-	-	-	(744)	(744)	556	583	613
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-	-	-
Licences and Rights			5,100	4,600	-	-	-	-	(300)	(300)	4,300	4,515	4,741
Intangible Assets			5,100	4,600	-	-	-	-	(300)	(300)	4,300	4,515	4,741
Computer Equipment			253	253	-	-	-	-	(253)	(253)	-	-	-
Furniture and Office Equipment			1,400	400	-	-	-	-	(400)	(400)	-	-	-
Machinery and Equipment			-	-	-	-	-	-	-	-	-	-	-
Transport Assets			-	-	-	-	-	-	1,200	1,200	1,200	1,260	1,323
Land			500	500	-	-	-	-	-	-	500	525	551
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted		2	129,686	129,686	-	-	-	-	(7,940)	(7,940)	121,746	127,833	134,224
Roads Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			95,200	95,200	-	-	-	-	(7,940)	(7,940)	87,260	91,622	96,204
Sanitation Infrastructure			34,486	34,486	-	-	-	-	-	-	34,486	36,210	38,021
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Infrastructure			129,686	129,686	-	-	-	-	(7,940)	(7,940)	121,746	127,833	134,224
Community Facilities			-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities			-	-	-	-	-	-	-	-	-	-	-
Community Assets			-	-	-	-	-	-	-	-	-	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-	-	-
Operational Buildings			-	-	-	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-	-	-
Other Assets		6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment			-	-	-	-	-	-	-	-	-	-	-
Transport Assets			-	-	-	-	-	-	-	-	-	-	-
Land			-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets to be adjusted		2a	-	-	-	-	-	-	-	-	-	-	-
Roads Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-	-	-

Rail Infrastructure	6	-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted		4	286,805	254,755	-	-	-	-	22,996	22,996	277,751	291,638
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		213,565	207,065	-	-	-	-	5,994	5,994	213,059	223,712	234,898
Sanitation Infrastructure		45,986	40,636	-	-	-	-	17,500	17,500	58,136	61,043	64,095
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		259,551	247,701	-	-	-	-	23,494	23,494	271,195	284,755	298,993
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		20,000	1,300	-	-	-	-	(744)	(744)	556	583	613
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		20,000	1,300	-	-	-	-	(744)	(744)	556	583	613
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		5,100	4,600	-	-	-	-	(300)	(300)	4,300	4,515	4,741
Intangible Assets		5,100	4,600	-	-	-	-	(300)	(300)	4,300	4,515	4,741
Computer Equipment		253	253	-	-	-	-	(253)	(253)	-	-	-
Furniture and Office Equipment		1,400	400	-	-	-	-	(400)	(400)	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	1,200	1,200	1,200	1,260	1,323
Land		500	500	-	-	-	-	-	-	500	525	551
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	4	286,805	254,755	-	-	-	-	22,996	22,996	277,751	291,638	306,220
ASSET REGISTER SUMMARY - PPE (WDV)	5	4,460,058	-	-	-	-	-	-	-	4,460,058	4,683,060	4,917,213
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		2,178,951	-	-	-	-	-	-	-	2,178,951	2,287,899	2,402,294
Sanitation Infrastructure		1,976,554	-	-	-	-	-	-	-	1,976,554	2,075,382	2,179,151
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		4,155,506	-	-	-	-	-	-	-	4,155,506	4,363,281	4,581,445
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		92,650	-	-	-	-	-	-	-	92,650	97,283	102,147
Other Assets		-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		20,375	-	-	-	-	-	-	-	20,375	21,393	22,463
Computer Equipment		1,852	-	-	-	-	-	-	-	1,852	1,944	2,041
Furniture and Office Equipment		9,247	-	-	-	-	-	-	-	9,247	9,709	10,195
Machinery and Equipment		500	-	-	-	-	-	-	-	500	525	551
Transport Assets		35,176	-	-	-	-	-	-	-	35,176	36,935	38,782
Land		144,752	-	-	-	-	-	-	-	144,752	151,990	159,590
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-

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TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	4,460,058	--	--	--	--	--	--	4,460,058	4,683,060	4,917,213
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment		50,000	244,369	--	--	--	--	(34,369)	(34,369)	210,000	231,525
Repairs and Maintenance by asset class	3	88,769	--	--	--	--	--	(5,000)	(5,000)	83,769	92,355
Roads Infrastructure		9,175	--	--	--	--	--	--	--	9,175	10,115
Storm water Infrastructure		--	--	--	--	--	--	--	--	--	--
Electrical Infrastructure		1,600	--	--	--	--	--	--	--	1,600	1,764
Water Supply Infrastructure		55,189	--	--	--	--	--	(5,000)	(5,000)	50,189	55,333
Sanitation Infrastructure		3,725	--	--	--	--	--	--	--	3,725	4,107
Solid Waste Infrastructure		--	--	--	--	--	--	--	--	--	--
Rail Infrastructure		--	--	--	--	--	--	--	--	--	--
Coastal Infrastructure		--	--	--	--	--	--	--	--	--	--
Information and Communication Infrastructure		180	--	--	--	--	--	--	--	180	198
Infrastructure		69,869	--	--	--	--	--	(5,000)	(5,000)	64,869	71,518
Community Facilities		--	--	--	--	--	--	--	--	--	--
Sport and Recreation Facilities		--	--	--	--	--	--	--	--	--	--
Community Assets		--	--	--	--	--	--	--	--	--	--
Heritage Assets		--	--	--	--	--	--	--	--	--	--
Revenue Generating		--	--	--	--	--	--	--	--	--	--
Non-revenue Generating		--	--	--	--	--	--	--	--	--	--
Investment properties		--	--	--	--	--	--	--	--	--	--
Operational Buildings		1,800	--	--	--	--	--	--	--	1,800	1,985
Housing		--	--	--	--	--	--	--	--	--	--
Other Assets		1,800	--	--	--	--	--	--	--	1,800	1,985
Biological or Cultivated Assets		--	--	--	--	--	--	--	--	--	--
Servitudes		--	--	--	--	--	--	--	--	--	--
Licences and Rights		2,500	--	--	--	--	--	--	--	2,500	2,756
Intangible Assets		2,500	--	--	--	--	--	--	--	2,500	2,756
Computer Equipment		--	--	--	--	--	--	--	--	--	--
Furniture and Office Equipment		--	--	--	--	--	--	--	--	--	--
Machinery and Equipment		2,000	--	--	--	--	--	--	--	2,000	2,205
Transport Assets		12,600	--	--	--	--	--	--	--	12,600	13,892
Land		--	--	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals	6	--	--	--	--	--	--	--	--	--	--
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		138,769	244,369	--	--	--	--	(39,369)	(39,369)	293,769	323,880
Renewal and upgrading of Existing Assets as % of total capex		45.2%	50.9%							43.8%	43.8%
Renewal and upgrading of Existing Assets as % of deprecn"		259.4%	53.1%							58.0%	58.0%
R&M as a % of PPE		2.0%	0.0%							1.9%	1.9%
Renewal and upgrading and R&M as a % of PPE		4.9%	0.0%							4.6%	4.6%

References

- Detail of new assets provided in Table SB18a
- Detail of renewal of existing assets provided in Table SB18b
- Detail of upgrading of existing assets provided in Table SB18c
- Detail of Repairs and Maintenance by Asset Class provided in Table SB18c
- Must reconcile to total capital expenditure on Budgeted Capital Expenditure
- Must reconcile to Adjustments Budget Financial Position (written down value)
- Donated/contributed and assets funded by finance leases to be allocated to the respective category
- Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
- Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been foreseen)
- Increases of funds approved under MFMA section 31
- Adjustments approved in accordance with MFMA section 29
- Adjustments to transfers from National or Provincial Government
- Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f))
- G = B + C + D + E + F
- Adjusted Budget H = (A or A1/2 etc) + G

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:												
Piped water inside dwelling		37								0	38.85	40.79
Piped water inside yard (but not in dwelling)		22								0	23.10	24.26
Using public tap (at least min.service level)	2	94								0	98.70	103.64
Other water supply (at least min.service level)		1								0	1.05	1.10
Minimum Service Level and Above sub-total		0								0	0	0
Using public tap (< min.service level)	3	0								0	0	0
Other water supply (< min.service level)	3,4	20								0	0	0
No water supply		1								0	0	0
Below Minimum Service Level sub-total		0								0	0	0
Total number of households	5	0								0	0	0
Sanitation/sewerage:												
Flush toilet (connected to sewerage)		36								36	37.80	39.69
Flush toilet (with septic tank)		6								6	6.30	6.62
Chemical toilet		15								15	15.75	16.54
Pit toilet (ventilated)		92								92	96.60	101.43
Other toilet provisions (> min.service level)		13								13	13.55	14.33
Minimum Service Level and Above sub-total		162								162	170	179
Bucket toilet		6								6	6.30	6.62
Other toilet provisions (< min.service level)		0										
No toilet provisions		8								8	8.40	8.82
Below Minimum Service Level sub-total		14								14	15	15
Total number of households	5	176								176	185	194
Energy:												
Electricity (at least min. service level)												
Electricity - prepaid (> min.service level)												
Minimum Service Level and Above sub-total												
Electricity (< min.service level)												
Electricity - prepaid (< min. service level)												
Other energy sources												
Below Minimum Service Level sub-total												
Total number of households	5											
Refuse:												
Removed at least once a week (min.service)												
Minimum Service Level and Above sub-total												
Removed less frequently than once a week												
Using communal refuse dump												
Using own refuse dump												
Other rubbish disposal												
No rubbish disposal												
Below Minimum Service Level sub-total												
Total number of households	5											
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)												
Sanitation (free minimum level service)												
Electricity/other energy (50kwh per household per month)												
Refuse (removed at least once a week)												
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per indigent household per month)												
Sanitation (free sanitation service to indigent households)												
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												
Property rates (R'000 value threshold)												
Water (kilolitres per household per month)												
Sanitation (kilolitres per household per month)												
Sanitation (Rand per household per month)												
Electricity (kw per household per month)												
Refuse (average litres per week)												
Revenue cost of free services provided (R'000)	17											
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)												
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA												
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)												
Municipal Housing - rental rebates												
Housing - top structure subsidies												
Other												
Total revenue cost of subsidised services provided												

References

1. Include services provided by another entity, e.g. Eskom
2. Stand distance > 200m from dwelling
3. Stand distance <= 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
8. Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been foreseen)
9. Increases of funds approved under MFMA section 31
10. Adjustments approved in accordance with MFMA section 29
11. Adjustments to transfers from National or Provincial Government

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget A	Prior Adjusted 6 A1	Accum. Funds 7 B	Multi-year capital 8 C	Unfore. Unavoid. 9 D	Nat. or Prov. Govt 10 E	Other Adjusts. 11 F	Total Adjusts. 12 G	Adjusted Budget 13 H	Adjusted Budget	Adjusted Budget
R thousands												
REVENUE ITEMS												
Property rates												
Total Property Rates less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)												
Net Property Rates												
Service charges - electricity revenue												
Total Service charges - electricity revenue less Revenue Foregone (in excess of 50 kwh per indigent household per month) less Cost of Free Basis Services (50 kwh per indigent household per month)												
Net Service charges - electricity revenue												
Service charges - water revenue												
Total Service charges - water revenue less Revenue Foregone (in excess of 6 kilolitres per indigent household per month) less Cost of Free Basis Services (6 kilolitres per indigent household per month)		581,218	387,890					153,976	153,976	541,866	568,960	597,408
Net Service charges - water revenue		581,218	387,890					153,976	153,976	541,866	568,960	597,408
Service charges - sanitation revenue												
Total Service charges - sanitation revenue less Revenue Foregone (in excess of free sanitation service to indigent households) less Cost of Free Basis Services (free sanitation service to indigent households)		133,237	75,119							75,119	78,875	82,819
Net Service charges - sanitation revenue		133,237	75,119							75,119	78,875	82,819
Service charges - refuse revenue												
Total refuse removal revenue Total landfill revenue less Revenue Foregone (in excess of one removal a week to indigent households) less Cost of Free Basis Services (removed once a week to indigent households)												
Net Service charges - refuse revenue												
Other Revenue By Source												
Building Plans												
Connection fee - illegal connections												
House Connections												
New Connection Fees												
Reconnections												
Restrictions/Disconnections												
Septic Tanks - Umfolozi Municipality												
Tender Deposits												
Rates Certificates												
Water Sundry												
Miscellaneous / Sundry		881	880788							881	925	971
Other Income - Entity												
Total 'Other' Revenue	1	881	881							881	925	971
EXPENDITURE ITEMS												
Employee related costs												
Basic Salaries and Wages		251,773	237,337					15,198	15,198	252,533	285,159	278,417
Pension and UIF Contributions		32,814	32,814					1,136	1,136	33,950	35,648	37,430
Medical Aid Contributions		17,427	17,427					611	611	18,038	18,940	19,887
Overtime		28,138	28,138					1,910	1,910	30,048	31,550	33,128
Performance Bonus												
Motor Vehicle Allowance		11,115	11,115					529	529	11,644	12,226	12,897
Cellphone Allowance		1,479	1,479					91	91	1,570	1,649	1,731
Housing Allowances		2,585	2,585					145	145	2,730	2,867	3,010
Other benefits and allowances		32,394	32,394					1,988	1,988	34,382	36,101	37,906
Payments in lieu of leave		4,525	4,525					292	292	4,817	5,058	5,311
Long service awards		1,718	1,718					111	111	1,829	1,921	2,017
Post-retirement benefit obligations												
sub-total	4	383,968	369,532					22,011	22,011	391,543	411,120	431,676
Less: Employees costs capitalised to PPE												
Total Employee related costs	1	383,968	369,532					22,011	22,011	391,543	411,120	431,676
Contributions recognised - capital												
List contributions by contract												
Total Contributions recognised - capital												
Depreciation & asset impairment												
Depreciation of Property, Plant & Equipment		44,205	240,000					(30,000)	(30,000)	210,000	220,500	231,525
Lease amortisation												
Capital asset impairment		6,144	6,144					(6,144)	(6,144)			
Depreciation resulting from revaluation of PPE												
Total Depreciation & asset impairment	1	50,349	246,144					(36,144)	(36,144)	210,000	220,500	231,525
Bulk purchases												
Electricity Bulk Purchases												
Water Bulk Purchases		130,625	106,625					(1,600)	(1,600)	105,025	110,276	115,790
Total bulk purchases	1	130,625	106,625					(1,600)	(1,600)	105,025	110,276	115,790

DC21 Ugu - Supporting Table SB2 Supporting detail to 'Financial Position Budget' -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	4 A1	5 B	6 C	7 D	8 E	9 F	10 G	11 H		
ASSETS												
Call investment deposits												
Call deposits		4,288	76,750					(19,296)	(19,296)	57,454	60,328	63,343
Other current investments												
Total Call Investment deposits	1	4,288	76,750	--	--	--	--	(19,296)	(19,296)	57,454	60,328	63,343
Consumer debtors												
Consumer debtors		531,530	587,538					19,296	19,296	608,834	637,175	669,034
Less: provision for debt impairment		290,087	420,466	--	--	--	--	10,000	10,000	430,466	561,833	699,769
Total Consumer debtors	1	241,443	167,071	--	--	--	--	9,296	9,296	178,367	75,342	(30,735)
Debt impairment provision												
Balance at the beginning of the year		305,355	305,355							305,355	430,466	561,833
Contributions to the provision		13,546	143,926					10,000	10,000	153,926	161,022	169,703
Bad debts written off		(28,814)	(28,814)							(28,814)	(30,255)	(31,767)
Balance at end of year		290,087	420,466	--	--	--	--	10,000	10,000	430,466	561,833	699,769
Property, plant & equipment												
PPE at cost/valuation (excl. finance leases)		9,243,242	9,795,657					8,108	8,108	9,803,765	10,293,953	10,808,651
Leases recognised as PPE	2											
Less: Accumulated depreciation		5,093,720	5,283,371					189,651	189,651	5,473,021	5,746,672	6,034,008
Total Property, plant & equipment	1	4,149,521	4,512,286	--	--	--	--	(181,543)	(181,543)	4,330,744	4,547,281	4,774,645
LIABILITIES												
Current liabilities - Borrowing												
Short term loans (other than bank overdraft)												
Current portion of long-term liabilities		20,511	20,511							20,511	21,537	22,614
Total Current liabilities - Borrowing		20,511	20,511	--	--	--	--			20,511	21,537	22,614
Trade and other payables												
Trade Payables	12	118,638	735,812					19,648	19,648	755,459	793,232	832,894
Other creditors		109	476,488							476,488	410,468	341,148
Unspent conditional grants and receipts		2,264	47,859					(22,697)	(22,697)	24,962	26,210	27,520
VAT		19,190	19,190							19,190	20,149	21,157
Total Trade and other payables	1	140,200	1,279,148	--	--	--	--	(3,050)	(3,050)	1,276,098	1,250,059	1,222,718
Non current liabilities - Borrowing												
Borrowing	3	52	73,223							73,223	76,884	80,729
Finance leases (including PPP asset element)												
Total Non current liabilities - Borrowing		52	73,223	--	--	--	--			73,223	76,884	80,729
Provisions - non current												
Retirement benefits		21,867	21,867							21,867	22,961	24,109
List other major items												
Refuse landfill site rehabilitation												
Other		32	32							32	34	36
Total Provisions - non current		21,900	21,900	--	--	--	--			21,900	22,995	24,144
CHANGES IN NET ASSETS												
Accumulated surplus/(Deficit)												
Accumulated surplus/(Deficit) - opening balance		4,004,940	3,975,026					639,491	639,491	4,614,517	4,835,242	5,067,005
Appropriations to Reserves												
Transfers from Reserves												
Depreciation offsets												
Other adjustments		320,718	367,462							367,462	385,835	405,127
Accumulated Surplus/(Deficit)	1	4,325,657	4,342,488	--	--	--	--	639,491	639,491	4,981,979	5,221,078	5,472,132
Reserves												
Housing Development Fund												
Capital replacement												
Self-insurance												
Other reserves (list)												
Revaluation												
Total Reserves	2	--	--	--	--	--	--	--	--	--	--	--
TOTAL COMMUNITY WEALTH/EQUITY	2	4,325,657	4,342,488	--	--	--	--	639,491	639,491	4,981,979	5,221,078	5,472,132
Total capital expenditure includes expenditure on nationally significant priorities:												
Provision of basic services												
2010 World Cup												

References

1. Must reconcile with 'Financial Position' budget
2. Leases treated as assets to be depreciated as the same as purchased/constructed assets. Includes PPP asset element accounted for as finance leases
3. Borrowing (original budget) must reconcile to Budget Table A16
4. Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
5. Additional cash-backed accumulated funds/unspent funds (section 18(1)(b) and section 28(2)(e) MFMA) identified after Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably be have f
6. Increases of funds approved under section 31 MFMA
7. Adjustments approved in accordance with section 29 MFMA
8. Adjustments to funding allocations from National or Provincial Government
9. Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (sect
10. $G = B + C + D + E + F$
11. Adjusted Budget H = (A or A1/2 etc) + G

DC21 Ugu - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks -

DC21 Ogu - Supporting Table 5B- Adjustments to budgeted performance indicators and comments									
Description of financial Indicator	Basis of calculation	2016/17	2017/18	2018/19	Budget Year 2019/20			Budget Year +1 2020/21	Budget Year +2 2021/22
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<u>Borrowing Management</u>									
Credit Rating	Short term/long term rating	0.1%	0.1%	0.0%	0.0%		0.0%		
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.0%	2.9%	2.8%	2.2%	2.2%	2.2%	0.3%	0.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.4%	9.3%	10.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants	38.2%	29.9%	38.9%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>									
Gearing	Long Term Borrowing/ Funds & Reserves	38.2%	29.9%	38.9%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>									
Current Ratio	Current assets/current liabilities	132.0%	85.4%	59.6%	165.3%	72.3%	103.7%	103.3%	103.0%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities	132.0%	85.4%	59.6%	165.3%	72.3%	0.0%	0.0%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities				0.0	0.0	0.0	0.0	0.0
<u>Revenue Management</u>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing	87.0%	90.0%	80.0%	80.0%		76.0%	79.8%	83.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		87.0%	90.0%	80.0%	80.0%		76.0%	79.8%	83.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	99.9%	104.8%	121.9%	27.2%	102.5%	149.0%	151.2%	140.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))	45.0%	25.0%	12.0%	15.0%		25.0%	26.3%	27.6%
Creditors to Cash and Investments		96.4%	424.9%	781.3%	211.1%	958.7%	942.8%	201.7%	115.3%
<u>Other Indicators</u>									
Electricity Distribution Losses (2)	Total Volume Losses (kW)								
	Total Cost of Losses (Rand '000)								
	% Volume (units purchased and generated less units sold)/units purchased and generated								
Water Distribution Losses (2)	Total Volume Losses (kL)								
	Total Cost of Losses (Rand '000)	29,588	30,497	23,776	27,954		27,954	29,351	30,819
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0					
Employee costs	Employee costs/(Total Revenue - capital revenue)	44.4%	48.2%	51.5%	30.1%	36.4%	32.8%	35.4%	34.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	1.1%	1.2%	1.2%					
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	10.5%	10.5%	16.3%	7.0%	0.0%	7.0%	7.6%	7.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	1.4%	1.5%	1.5%	4.1%	24.8%	17.9%	19.4%	19.1%
<u>IDP regulation financial viability indicators</u>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/(Debt service payments due within financial year)	221.7%	185.2%	162.3%	16719.5%	10757.9%	14442.8%	14442.8%	15165.0%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	1.2%	0.8%	0.6%	18.9%	16.5%	14.8%	6.5%	-2.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	30.1%	6.6%	8.7%	0.0	0.0	0.0	0.0	0.0

References

1. Consumer debtors > 12 months old are excluded from current assets

DC21 Ugu - Supporting Table SB5 Adjustments Budget - social, economic and demographic statistics and assumptions -

Description of economic indicator	Ref.	Basis of calculation	2016/17	2017/18	2018/19	Budget Year 2019/20	2019/20 Medium
			Outcome	Outcome	Outcome	Original Budget	Outcome
Demographics							
Population			722	722	722	722	722
Females aged 5 - 14			241	241	241	241	241
Males aged 5 - 14			127	127	127	127	127
Females aged 15 - 34			227	227	227	227	227
Males aged 15 - 34			205	205	205	205	205
Unemployment			25	25	25	25	25
Monthly Household Income (no. of households)	1, 12						
None			25,750	25,750	25,750	25,750	25,750
R1 - R1 500			18,449	18,449	18,449	18,449	18,449
R1 601 - R3 200			38,547	38,547	38,547	38,547	38,547
R3 201 - R5 400			21,760	21,760	21,760	21,760	21,760
R5 401 - R12 800			10,895	10,895	10,895	10,895	10,895
R12 801 - R25 600			4,958	4,958	4,958	4,958	4,958
R25 601 - R51 200			1,811	1,811	1,811	1,811	1,811
R52 201 - R102 400			532	532	532	532	532
R102 401 - R204 800			156	156	156	156	156
R204 801 - R409 600			74	74	74	74	74
R409 601 - R819 200			186	186	186	186	186
> R819 200			55	55	55	55	55
Poverty profiles (no. of households)							
< R2 060 per household per month	13						
Insert description	2						
Household demographics (000)							
Number of people in municipal area			710	710	710	710	710
Number of poor people in municipal area			168	168	168	168	168
Number of households in municipal area			152	152	152	152	152
Number of poor households in municipal area			114	114	114	114	114
Definition of poor household (R per month)			2,020	2,020	2,020	2,020	2,020
Housing statistics							
Formal	3		102,651	102,651	102,651	102,651	102,651
Informal			70,355	70,355	70,355	70,355	70,355
Total number of households			173,006	173,006	173,006	173,006	173,006
Dwellings provided by municipality	4						
Dwellings provided by province/s							
Dwellings provided by private sector	5						
Total new housing dwellings							
Economic							
Inflation/outlook (CPIX)	6		5.2%	4.5%	4.5%	4.5%	4.5%
Interest rate - borrowing			10.5%	4.5%	4.5%	4.5%	4.5%
Interest rate - investment			7.7%	4.5%	4.5%	4.5%	4.5%
Remuneration increases			6.8%	4.5%	4.5%	4.5%	4.5%
Consumption growth (electricity)				4.5%	4.5%	4.5%	4.5%
Consumption growth (water)			3.8%	4.5%	4.5%	4.5%	4.5%
Collection rates	7						
Property tax/service charges			87.0%	87.0%	87.0%	87.0%	87.0%
Rental of facilities & equipment			100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments			100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors			%	%	6.5%	6.5%	6.5%
Revenues from agency services			%	%	%	%	%

Detail on the provision of municipal services for B10

Total municipal services	Ref.		2016/17	2017/18	2018/19	Budget Year 2019/20			2019/20 Medium
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20
Household service targets (000)									
Water:									
Piped water inside dwelling	8					37	37	37	37
Piped water inside yard (but not in dwelling)						22	22	22	22
Using public tap (at least min.service level)	10					94	94	94	94
Other water supply (at least min.service level)						1	1	1	1
<i>Minimum Service Level and Above sub-total</i>						154	154	154	154
Using public tap (< min.service level)	9					-	-	-	-
Other water supply (< min.service level)	10					20	20	20	20
No water supply						1	1	1	1
<i>Below Minimum Service Level sub-total</i>						21	21	21	21
Total number of households						175	175	175	175
Sanitation/sewerage:									
Flush toilet (connected to sewerage)						36	36	36	36
Flush toilet (with septic tank)						6	6	6	6
Chemical toilet						15	15	15	15
Pit toilet (ventilated)						92	92	92	92
Other toilet provisions (> min.service level)						13	13	13	13
<i>Minimum Service Level and Above sub-total</i>						162	162	162	162
Bucket toilet						6	6	6	6
Other toilet provisions (< min.service level)						-	-	-	-
No toilet provisions						8	8	8	8
<i>Below Minimum Service Level sub-total</i>						14	14	14	14
Total number of households						176	176	176	176
Energy:									
Electricity (at least min.service level)									
Electricity - prepaid (min.service level)									
<i>Minimum Service Level and Above sub-total</i>									
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>									
Total number of households									
Refuse:									
Removed at least once a week									
<i>Minimum Service Level and Above sub-total</i>									
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									
Municipal in-house services									
Household service targets (000)									
Water:									
Piped water inside dwelling	8					37	37	37	37
Piped water inside yard (but not in dwelling)						22	22	22	22
Using public tap (at least min.service level)						94	94	94	94

Municipal entity services		Ref.		2016/17	2017/18	2018/19	Budget Year 2019/20			2019/20 Medium
				Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20
Name of municipal entity			Household service targets (000)							
			Water:							
			Piped water inside dwelling							
			Piped water inside yard (but not in dwelling)							
		8	Using public tap (at least min.service level)							
		10	Other water supply (at least min.service level)							
			Minimum Service Level and Above sub-total							
		9	Using public tap (< min.service level)							
		10	Other water supply (< min.service level)							
			No water supply							
			Below Minimum Service Level sub-total							
			Total number of households							
Name of municipal entity			Sanitation/sewerage:							
			Flush toilet (connected to sewerage)							
			Flush toilet (with septic tank)							
			Chemical toilet							
			Pit toilet (ventilated)							
			Other toilet provisions (> min.service level)							
			Minimum Service Level and Above sub-total							
			Bucket toilet							
			Other toilet provisions (< min.service level)							
			No toilet provisions							
			Below Minimum Service Level sub-total							
			Total number of households							
Name of municipal entity			Energy:							
			Electricity (at least min.service level)							
			Electricity - prepaid (min.service level)							
			Minimum Service Level and Above sub-total							
			Electricity (< min.service level)							
			Electricity - prepaid (< min. service level)							
			Other energy sources							
			Below Minimum Service Level sub-total							
			Total number of households							
Name of municipal entity			Refuse:							
			Removed at least once a week							
			Minimum Service Level and Above sub-total							
			Removed less frequently than once a week							
			Using communal refuse dump							
			Using own refuse dump							
			Other rubbish disposal							
			No rubbish disposal							
			Below Minimum Service Level sub-total							
			Total number of households							
Services provided by 'external mechanisms'		Ref.		2016/17	2017/18	2018/19	Budget Year 2019/20			2019/20 Medium
				Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20
Names of service providers			Household service targets (000)							
			Water:							
			Piped water inside dwelling							
			Piped water inside yard (but not in dwelling)							
		8	Using public tap (at least min.service level)							
		10	Other water supply (at least min.service level)							
			Minimum Service Level and Above sub-total							
		9	Using public tap (< min.service level)							
		10	Other water supply (< min.service level)							
			No water supply							
			Below Minimum Service Level sub-total							
			Total number of households							
Names of service providers			Sanitation/sewerage:							
			Flush toilet (connected to sewerage)							
			Flush toilet (with septic tank)							
			Chemical toilet							
			Pit toilet (ventilated)							
			Other toilet provisions (> min.service level)							
			Minimum Service Level and Above sub-total							
			Bucket toilet							
			Other toilet provisions (< min.service level)							
			No toilet provisions							
			Below Minimum Service Level sub-total							
			Total number of households							
Names of service providers			Energy:							
			Electricity (at least min.service level)							
			Electricity - prepaid (min.service level)							
			Minimum Service Level and Above sub-total							
			Electricity (< min.service level)							
			Electricity - prepaid (< min. service level)							
			Other energy sources							
			Below Minimum Service Level sub-total							

1. Monthly household income threshold. Should include all sources of income.
2. Show the poverty analysis the municipality uses to determine its indigents policy and the provision of services
3. Include total of all housing units within the municipality
4. Number of subsidised dwellings to be constructed by the municipality under agency agreement with province
5. Provide estimate based on building approval information. Include any non-subsidised dwellings constructed by the municipality
6. Insert actual or estimated % increases assumed as a basis for budget calculations

DC21 Ugu - Supporting Table SB6 Adjustments Budget - funding measurement -

DC21 Ugu - Supporting Table SBo Adjustments Budget - Funding measurement										
Description	Ref	MFMA section	2016/17	2017/18	2018/19	Medium Term Revenue and Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Funding measures										
Cash/cash equivalents at the year end - R'000	1	18(1)b	180,504	41,801	54,874	56,195	76,750	80,133	393,273	722,069
Cash + investments at the yr end less applications - R'000	2	18(1)b	190,679	4,190,804	(236,450)	82,538	(49,225)	12,556	27,593	43,381
Cash year end/monthly employee/supplier payments	3	18(1)b	0	0	0	-	-	-	-	-
Surplus/(Deficit) excluding depreciation offsets: R'000	4	18(1)	323,724	176,730	126,466	319,821	(64,187)	155,370	134,485	164,950
Service charge rev % change - macro CPIX target exclusive	5	18(1)a,(2)	0.005	0.5%	0.5%	0.0%	0.0%	0.0%	-1.0%	-1.0%
Cash receipts % of Ratepayer & Other revenue	6	18(1)a,(2)	0.0%	0.0%	0.0%	60.3%	109.2%	68.7%	68.7%	68.7%
Debt impairment expense as a % of total billable revenue	7	18(1)a,(2)	11.5%	1.4%	7.1%	0.0%	2.2%	1.6%	0.0%	0.0%
Capital payments % of capital expenditure	8	18(1)c;19	75.0%	79.0%	65.0%	123.0%	100.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	9	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	10	18(1)a	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	11	18(1)a	15.0%	23.5%	12.2%	18.0%		18.0%	-1.2%	-1.3%
Long term receivables % change - incr(decr)	12	18(1)a	15.0%	23.5%	12.2%	18.0%		18.0%	5.0%	5.0%
R&M % of Property Plant & Equipment	13	20(1)(vi)	1.5%	0.5%	0.5%	2.0%	0.0%	1.9%	1.9%	1.9%
Asset renewal % of capital budget	14	20(1)(vi)	0.0%	0.0%	0.0%	45.2%	50.9%	43.8%	43.8%	43.8%

References

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in doubtful debt provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high cap municipalities and later for other capacity classifications)
12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high cap municipalities and later for other capacity classifications)
13. Indicative of a credible allowance for repairs & maintenance of assets
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan)

DC21 Ugu - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -

Description	Ref	Budget Year 2019/20							Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	7 A1	8 B	9 C	10 D	11 E	12 F		
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		472,053	-	-	-	20,982	20,982	493,035	506,049	549,082
Local Government Equitable Share		381,008						381,008	412,311	447,694
RSC Levy Replacement	3	81,836						81,836	88,955	96,440
Finance Management		1,865						1,865	1,800	1,800
EPWP Incentive		4,523						4,523		
Rural Roads Asset Management Systems Grant		2,821						2,821	2,983	3,148
Disaster Recovery Grant						20,237	20,237	20,237		
Covid 19						745	745	745		
Provincial Government:		550	-	-	-	18,085	18,085	18,635	1,544	550
Spatial Development Framework Support										
Development Planning Shared Services		550						550	500	550
Umkumbe Trails	4									
District Growth and Development Summit Grant										
GIS Functionality Grant									1,044	
Accelerated Water Intervention Programme						2,700	2,700	2,700		
Umthamvuna Pump Station upgrade						14,000	14,000	14,000		
Malangen						1,385	1,385	1,385		
Legal Services Grant	5									
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	6	472,603	-	-	-	39,067	39,067	511,670	507,593	549,632
Capital Transfers and Grants										
National Government:		291,038	-	-	-	-	-	291,038	315,284	338,130
Municipal Infrastructure Grant (MIG)		241,038						241,038	255,284	275,760
Water Services Infrastructure Grant		50,000						50,000	60,000	62,350
Other capital transfers [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	6	291,038	-	-	-	-	-	291,038	315,284	338,130
TOTAL RECEIPTS OF TRANSFERS & GRANTS		763,641	-	-	-	39,067	39,067	802,708	822,877	887,762

References

- Each grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
- Amounts actually RECEIVED; not revenue earned (the objective is to confirm grants allocated)
- Replacement of RSC levies
- Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
- Motor vehicle licensing refunds to be included under 'agency' services (Not shown here as Receipts)
- Total Grant Receipts original budget must reconcile to budget supporting table A18
- Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
- Increases of funds approved under section 31 MFMA
- Adjustments to funding allocations from National or Provincial Government
- Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under collection (MFMA section 28(2)(a)); error correction (section 28(2)(f)); functional shifts and any adjustments made under delegation by the AO since the budget was approved
- E = B + C + D
- Adjusted Budget F = (A or A1/2 etc) + E

DC21 Ugu - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme -

Description	Ref	Budget Year 2019/20							Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	2 A1	3 B	4 C	5 D	6 E	7 F		
R thousands										
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
Operating expenditure of Transfers and Grants										
National Government:		487,053	-	-	20,982	-	20,982	508,035	506,049	549,082
Local Government Equitable Share		381,008,000					-	381,008	412,311	447,694
RSC Levy Replacement		81,836,000					-	81,836	88,955	96,440
Finance Management		1,865,000					-	1,865	1,800	1,800
EPWP Incentive		4,523,000					-	4,523		
Rural Roads Asset Management Systems Grant		2,821,000					-	2,821	2,983	3,148
Municipal Infrastructure Grant OPEX		15,000					-	15,000		
Disaster Recovery Grant					20,237		20,237	20,237		
Covid 19					745		745	745		
Provincial Government:		550	-	-	1,117	18,085	19,202	19,752	1,594	500
Spatial Development Framework Support							-	-		
Development Planning Shared Services		550					-	550	550	500
Umzumbe Trails							-	-		
District Growth and Development Summit Grant					117		117	117		
GIS Functionality Grant							-	-	1,044	
Accelerated Water Intervention Programme						2,700	2,700	2,700		
Umthamvuna Pump Station upgrade						14,000	14,000	14,000		
Malangeni						1,385	1,385	1,385		
Legal Services Grant					1,000		1,000	1,000		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Total operating expenditure of Transfers and Grants:		487,503	-	-	22,099	18,085	40,184	527,787	507,643	549,582
Capital expenditure of Transfers and Grants										
National Government:		276,038	-	-	-	-	-	276,038	315,284	338,130
Municipal Infrastructure Grant (MIG)		226,038					-	226,038	255,284	275,780
Water Services Infrastructure Grant		50,000					-	50,000	60,000	62,350
							-	-		
							-	-		
Other capital transfers [insert description]							-	-		
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]							-	-		
							-	-		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Total capital expenditure of Transfers and Grants		276,038	-	-	-	-	-	276,038	315,284	338,130
Total capital expenditure of Transfers and Grants		763,641	-	-	22,099	18,085	40,184	803,825	822,927	887,712

References

- Transfers/Grant expenditure must be separately listed for each allocation received
- Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
- Increases of funds approved under section 31 MFMA
- Adjustments to funding allocations from National or Provincial Government
- Adjusts. = 'Other' Adjustments proposed to be approved; error correction (section 28(2)(f)); functional shifts and any adjustments made under delegation by the AO since the budget was approved or since a previously 'approved' Adjustments Budget in the
- $E = B + C + D$
- Adjusted Budget $F = (A \text{ or } A1/2 \text{ etc}) + E$

DC21 Ugu - Supporting Table SB9 Adjustments Budget - reconciliation of transfers, grant receipts, and unspent funds -

Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
Description	Ref	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	2 A1	3 B	4 C	5 D	6 E	7 F		
R thousands										
Operating transfers and grants:										
National Government:										
Balance unspent at beginning of the year								-		
Current year receipts		472,053						472,053	506,049	549,082
Conditions met - transferred to revenue		472,053	-	-	-	-	-	472,053	506,049	549,082
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year								-		
Current year receipts								-		
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year								-		
Current year receipts								-		
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year								-		
Current year receipts								-		
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		472,053	-	-	-	-	-	472,053	506,049	549,082
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:										
National Government:										
Balance unspent at beginning of the year								-		
Current year receipts		291,038						291,038	315,284	338,130
Conditions met - transferred to revenue		291,038	-	-	-	-	-	291,038	315,284	338,130
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year								-		
Current year receipts								-		
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year								-		
Current year receipts								-		
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year								-		
Current year receipts								-		
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		291,038	-	-	-	-	-	291,038	315,284	338,130
Total capital transfers and grants - CTBM		-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		763,091	-	-	-	-	-	763,091	821,333	887,212
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

References

1. Total capital grants revenue budget must reconcile to budget tables A4 and A5; total operating grants revenue must reconcile to budget table A4
2. CTBM = conditions to be met
3. Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
4. Increases of funds approved under section 31 MFMA
5. Adjustments to funding allocations from National or Provincial Government
5. Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (sect
6. $E = B + C + D$
7. Adjusted Budget $F = (A \text{ or } A1/2 \text{ etc}) + E$

DC21 Ugu - Supporting Table SB10 Adjustments Budget - transfers and grants made by the municipality -

DC21 Ugu - Supporting Table SB10 Adjustments Budget - transfers and grants made by the Municipality -												Budget Year +1 2020/21	Budget Year +2 2021/22
Description	Ref	Budget Year 2019/20									Adjusted Budget	Adjusted Budget	
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget			
R thousands		A	6 A1	7 B	8 C	9 D	10 E	11 F	12 G	13 H			
<u>Cash transfers to other municipalities</u>	1								-	-			
<i>[insert description]</i>									-	-			
<i>[insert description]</i>									-	-			
<i>[insert description]</i>									-	-			
TOTAL ALLOCATIONS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-	-	-	
<u>Cash transfers to Entities/Other External Mechanisms</u>	2								5,381	5,381	5,381	5,933	
South Coast Development Agency									6,096	6,096	6,096	6,401	
Tourism Development									7,246	7,246	7,246	7,988	
Tourism Marketing													
TOTAL ALLOCATIONS TO ENTITIES/EMs'		-	-	-	-	-	-	18,723	18,723	18,723	19,660	20,643	
<u>Cash transfers to other Organs of State</u>	3												
<i>[insert description]</i>									-	-			
<i>[insert description]</i>									-	-			
<i>[insert description]</i>									-	-			
TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-	-	-	
<u>Cash transfers to other Organisations</u>	4												
<i>[insert description]</i>									-	-			
<i>[insert description]</i>									-	-			
<i>[insert description]</i>									-	-			
TOTAL CASH TRANSFERS TO OTHER ORGANISATIONS:		-	-	-	-	-	-	-	-	-	-	-	
TOTAL CASH TRANSFERS	5	-	-	-	-	-	-	18,723	18,723	18,723	19,660	20,643	

[illegible]

DC21 Ugu - Supporting Table SB11 Adjustments Budget - councillor and staff benefits -

Summary of remuneration		Ref	Budget Year 2019/20										% change
			Original Budget	Prior Adjusted	Accounting	Multi-year capital	Unform. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget		
			A	A1	B	C	D	E	F	G	H		
R thousands													
Councillors (Political Office Bearers plus Other)													
Basic Salaries and Wages			5,340						1,087	1,087	6,427	20.4%	
Pension and UIF Contributions			282								282	0.0%	
Medical Aid Contributions			238								238	0.0%	
Motor Vehicle Allowance			3,005								3,005	0.0%	
Cellphone Allowance			1,074								1,074		
Housing Allowances			2,404								2,404		
Other benefits and allowances			46								46		
Sub Total - Councillors			12,389						1,087	1,087	13,476	8.8%	
% Increase				(0)							0		
Senior Managers of the Municipality													
Basic Salaries and Wages			4,736								4,736	0.0%	
Pension and UIF Contributions			730								730	0.0%	
Medical Aid Contributions			232								232	0.0%	
Overtime													
Performance Bonus			401								401		
Motor Vehicle Allowance			1,779								1,779	0.0%	
Cellphone Allowance			82								82	0.0%	
Housing Allowances			199								199		
Other benefits and allowances			51								51		
Payments in lieu of leave			100								100		
Long service awards													
Post-retirement benefit obligations													
Sub Total - Senior Managers of Municipality	5		8,311								8,311	0.0%	
% Increase				(0)									
Other Municipal Staff													
Basic Salaries and Wages			228,508	228,508					23,707	23,707	252,615	10.4%	
Pension and UIF Contributions			32,814	32,814					1,136	1,136	33,950	3.5%	
Medical Aid Contributions			17,427	17,427					611	611	18,038	3.5%	
Overtime			28,138	28,138					1,910	1,910	30,048	6.8%	
Performance Bonus													
Motor Vehicle Allowance			11,115	11,115					529	529	11,644	4.8%	
Cellphone Allowance			1,397	1,397					91	91	1,488	6.5%	
Housing Allowances			2,585	2,585					145	145	2,730		
Other benefits and allowances			32,394	32,394					1,988	1,988	34,382		
Payments in lieu of leave			4,525	4,525					292	292	4,817	6.5%	
Long service awards			1,718	1,718					111	111	1,829	6.5%	
Post-retirement benefit obligations													
Sub Total - Other Municipal Staff	5		361,021	361,021					30,521	30,521	391,543	8.5%	
% Increase													
Total Parent Municipality			381,720	361,021					31,608	31,608	413,329	8.3%	
Board Members of Entities													
Basic Salaries and Wages													
Pension and UIF Contributions													
Medical Aid Contributions													
Overtime													
Performance Bonus													
Motor Vehicle Allowance													
Cellphone Allowance													
Housing Allowances													
Other benefits and allowances													
Board Fees													
Payments in lieu of leave													
Long service awards													
Post-retirement benefit obligations													
Sub Total - Board Members of Entities	5												
% Increase													
Senior Managers of Entities													
Basic Salaries and Wages			8,109						(8,109)	(8,109)			
Pension and UIF Contributions			276						(276)	(276)			
Medical Aid Contributions													
Overtime													
Performance Bonus			507						(507)	(507)			
Motor Vehicle Allowance													
Cellphone Allowance													
Housing Allowances													
Other benefits and allowances			84						(84)	(84)			
Payments in lieu of leave													
Long service awards													
Post-retirement benefit obligations													
Sub Total - Senior Managers of Entities	5		8,976						(8,976)	(8,976)			
% Increase													
Other Staff of Entities													
Basic Salaries and Wages			4,472						(4,472)	(4,472)			
Pension and UIF Contributions			280						(280)	(280)			
Medical Aid Contributions			335						(335)	(335)			
Overtime			219						(219)	(219)			
Performance Bonus			276						(276)	(276)			
Motor Vehicle Allowance													
Cellphone Allowance			43						(43)	(43)			
Housing Allowances			14						(14)	(14)			
Other benefits and allowances			21						(21)	(21)			
Payments in lieu of leave													
Long service awards													
Post-retirement benefit obligations													
Sub Total - Other Staff of Entities	5		5,660						(5,660)	(5,660)			
% Increase													
Total Municipal Entities			14,636						(14,636)	(14,636)			
TOTAL SALARY, ALLOWANCES & BENEFITS													
			396,356	361,021					16,972	16,972	413,329	4.3%	
% Increase													
TOTAL MANAGERS AND STAFF			383,968	361,021					15,885	15,885	399,853	4.1%	

References:

1. Include 'Loans and advances' where applicable if any reportable amounts only until phased compliance with s164 of MFMA achieved
2. If benefits in kind are provided (e.g. provision of living quarters) the full market value must be shown as the cost to the municipality
3. s57 of the Systems Act
4. Must agree to the sub-total appearing on Table C1 (Employee costs)
5. Includes pension payments and employer contributions to medical aid

Column Definitions:

DC21 Ugu - Supporting Table SB12 Adjustments Budget - monthly revenue and expenditure (municipal vote) -

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20 Adjusted Budget	Budget Year +1 2020/21 Adjusted Budget	Budget Year +2 2021/22 Adjusted Budget
R thousands																
Revenue by Vote																
Vote 1 - EXECUTIVE & COUNCIL		5,073												5,073	5,327	5,593
Vote 2 - FINANCE & ADMINISTRATION		15,239	20,181	21,129	18,372	15,609	15,394	16,002	15,239	15,399	15,560	15,724	14,272	198,120	208,027	218,428
Vote 3 - COMMUNITY AND SOCIAL SERVICES						14	10			4,587	17	2,428	1,137	8,193	8,602	9,032
Vote 4 - PUBLIC PROTECTION																
Vote 5 - ECONOMIC AND ENVIRONMENTAL SERVICES						2,585		13,194	14,590	13,590	15,348	15,484	3,079	79,165	83,123	87,279
Vote 6 - ENVIRONMENTAL PROTECTION				10					19,623					19,623	20,604	21,634
Vote 7 - WATER MANAGEMENT						79,611	80,225	63,755	79,965	31,694	78,996	78,221	64,313	987,182	1,116,475	1,196,040
Vote 8 - WASTE WATER MANAGEMENT		214,673	71,370	68,712	75,645											
Vote 9 - SPORTS & RECREATION		9,528	8,692	8,207	10,528	9,690	11,528	10,528	11,528	10,528	10,528	12,528	32,550	146,362	153,680	161,364
Vote 10 - [NAME OF VOTE 10]																
Vote 11 - [NAME OF VOTE 11]																
Vote 12 - [NAME OF VOTE 12]																
Vote 13 - [NAME OF VOTE 13]																
Vote 14 - [NAME OF VOTE 14]																
Vote 15 - [NAME OF VOTE 15]																
Total Revenue by Vote		244,513	101,528	98,057	104,545	107,509	107,157	103,479	140,945	75,798	120,450	124,385	115,351	1,443,717	1,595,837	1,699,371
Expenditure by Vote																
Vote 1 - EXECUTIVE & COUNCIL		4,608	7,052	4,930	6,154	4,456	5,954	4,883	4,860	6,321	6,321	6,321	1,462	63,321	66,487	69,812
Vote 2 - FINANCE & ADMINISTRATION		23,578	28,200	17,493	23,850	15,973	15,269	17,597	24,551	23,171	17,883	23,171	16,114	246,851	295,315	310,081
Vote 3 - COMMUNITY AND SOCIAL SERVICES		1,096	97	97					3,394		2,569	1,587	1,051	9,890	10,385	10,904
Vote 4 - PUBLIC PROTECTION				400				475			475			1,350	1,418	1,488
Vote 5 - ECONOMIC AND ENVIRONMENTAL SERVICES		15		8,049		9,034		8,548	11,559	10,669	13,568	5,869	10,899	78,310	82,226	86,337
Vote 6 - ENVIRONMENTAL PROTECTION		2,586	2,925	2,012		2,147		3,103	3,103		3,135		1,501	17,409	18,280	19,194
Vote 7 - WATER MANAGEMENT		48,265	83,051	21,682	50,793	37,005	65,571	66,571	127,238	57,942	69,419	61,426	71,772	761,737	765,370	803,638
Vote 8 - WASTE WATER MANAGEMENT		10,432	9,148	10,435	11,658	10,851	11,418	10,418	10,464	6,164	6,164	6,164	6,164	109,479	114,953	120,700
Vote 9 - SPORTS & RECREATION																
Vote 10 - [NAME OF VOTE 10]																
Vote 11 - [NAME OF VOTE 11]																
Vote 12 - [NAME OF VOTE 12]																
Vote 13 - [NAME OF VOTE 13]																
Vote 14 - [NAME OF VOTE 14]																
Vote 15 - [NAME OF VOTE 15]																
Total Expenditure by Vote		90,580	130,473	65,099	92,455	79,466	99,212	108,492	185,269	104,266	119,534	104,538	108,963	1,288,347	1,354,432	1,422,154
Surplus/ (Deficit)		153,932	(28,945)	32,958	12,090	28,043	7,945	(5,013)	(44,324)	(28,468)	915	19,848	6,387	155,370	241,405	271,217

References

1. Surplus (Deficit) must reconcile with budget table A2 and monthly budget statement table C2

DC21 Ugu - Supporting Table SB13 Adjustments Budget - monthly revenue and expenditure (functional classification) -

Description - Standard classification	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
		Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Adjusted Budget	Budget Year +1 2020/21	Adjusted Budget
R thousands		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue - Functional																	
Governance and administration		14,136	15,406	15,880	13,388	1,371	1,156	1,893	34,316	30,788	32,802	34,377	7,570	203,193	213,353	213,353	224,021
Executive and council		463	463	255	255	-	-	130	2,080	377	377	377	1,013	5,073	5,327	5,327	5,590
Finance and administration		14,136	14,942	15,880	13,133	1,371	1,156	1,763	32,236	30,411	32,425	34,000	6,557	198,120	208,027	208,027	218,428
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		3,446	1,285	10	-	14	10	17	4,733	2,514	3,685	6,854	76,220	98,788	103,727	108,913	108,913
Planning and development		3,446	1,285	10	-	14	10	-	1,135	2,514	3,685	6,854	60,212	79,185	83,123	87,279	87,279
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	17	3,598	64,929	39,340	22,421	16,008	19,623	20,604	21,634	21,634
Trading services		225,201	36,732	33,957	36,576	19,652	281,056	32,232	118,269	50,722	27,134	9,214	207,962	1,133,543	1,270,155	1,357,404	1,357,404
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		214,673	25,640	21,750	27,134	9,214	267,054	23,736	102,951	14,207	12,207	13,207	14,018	887,182	1,116,475	1,116,475	1,116,475
Waste water management		10,528	11,092	12,207	11,442	9,638	14,002	8,496	15,318	-	-	-	-	146,362	153,680	153,680	161,364
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		242,783	53,423	49,856	51,964	20,236	282,222	34,143	157,318	98,231	75,827	63,562	314,063	1,443,717	1,595,837	1,595,837	1,699,371
Total Revenue - Functional																	
Expenditure - Functional																	
Governance and administration		28,186	35,252	22,424	30,004	22,870	21,223	32,480	29,411	29,491	29,162	27,563	28,995	336,972	353,820	353,820	371,511
Executive and council		4,608	7,052	4,930	8,164	6,897	5,954	4,883	4,860	6,321	5,951	3,713	1,998	63,321	66,487	66,487	69,812
Finance and administration		23,578	28,200	17,493	23,850	16,973	15,269	27,597	24,551	23,171	23,211	23,860	26,411	273,158	286,813	286,813	301,154
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		1,110	97	497	-	-	-	-	-	3,578	-	4,760	8,900	18,842	19,784	19,784	20,773
Community and social services		1,095	97	87	-	-	-	-	-	3,578	-	4,760	6,794	16,422	17,243	17,243	18,105
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	400	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		2,588	2,925	2,014	2,279	2,288	5,930	13,333	13,667	4,716	14,716	10,716	20,567	95,719	100,595	100,595	105,531
Planning and development		2,588	2,925	2,012	2,279	2,268	5,920	13,330	10,371	3,104	13,104	9,104	11,405	78,310	82,226	82,226	86,337
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		2	2	2	42,333	89,654	61,644	96,429	73,641	45,022	100,735	87,333	71,494	836,814	880,323	880,323	924,339
Trading services		48,265	90,148	30,118	-	-	-	4	3,296	1,611	1,611	1,611	9,162	17,408	18,280	18,280	19,194
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		43,832	83,051	21,682	37,708	81,865	41,321	88,039	62,113	39,419	87,708	82,708	57,870	727,335	765,370	765,370	803,638
Waste water management		4,432	7,098	6,435	4,625	7,768	20,323	9,391	11,528	5,602	13,027	4,625	13,024	109,479	114,953	114,953	120,700
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		80,150	128,423	55,052	74,616	114,792	88,797	142,243	116,719	82,807	144,613	130,371	129,765	1,288,347	1,354,433	1,354,433	1,422,154
Total Expenditure - Functional																	
Surplus (Deficit) 1.		162,634	(75,000)	(5,196)	(22,652)	(94,556)	133,425	(108,100)	40,598	15,424	(68,766)	(68,719)	184,298	155,370	241,404	241,404	277,217

1. Surplus (Deficit) must reconcile with budget table A3 and monthly budget statement table C3

DC21 Ugu - Supporting Table SB14 Adjustments Budget - monthly revenue and expenditure -

Ref	Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands																	
Revenue By Source																	
Property rates																	
Service charges - electricity revenue																	
Service charges - water revenue	29,066	31,369	29,437	57,317	52,381	54,965	47,025	45,442	57,034	47,034	43,664	47,130	541,866	568,960	597,408	597,408	597,408
Service charges - sanitation revenue	6,372	6,209	5,936	6,324	5,743	4,948	4,653	6,657	6,111	5,547	9,737	6,872	75,119	78,875	82,819	82,819	82,819
Service charges - refuse																	
Rental of facilities and equipment	63	91	6	129	4	4	4	24	305	4	4	104	740	777	816	816	816
Interest earned - external investments	16						452	552	253	353	453	456	2,535	2,662	2,795	2,795	2,795
Interest earned - outstanding debtors	40	22		307		125			169	169	169	133	1,137	1,194	1,253	1,253	1,253
Dividends received																	
Fines, penalties and forfeits																	
Licences and permits																	
Agency services																	
Transfers and subsidies	196,197	514	3	387	93	145,302		2,484	121,471	40,634	40,634	22,453	570,172	507,593	549,632	549,632	549,632
Other revenue	126	126	126		126	126	126					126	881	925	925	925	925
Gains on disposal of PPE																	
Total Revenue	231,881	38,332	35,509	64,714	58,347	205,471	52,270	55,160	185,493	93,740	94,660	77,381	1,192,958	1,161,518	1,236,257	1,236,257	1,236,257
Expenditure By Type																	
Employee related costs																	
Remuneration of councillors	31,423	47,694	30,520	32,268	27,934	30,679	29,005	22,035	32,268	27,934	29,005	50,778	391,543	411,120	431,676	431,676	431,676
Debt impairment	774	710	705	815	799	769	767	1,512	815	799	767	4,244	13,476	14,149	14,857	14,857	14,857
Depreciation & asset impairment																	
Finance charges	12,476	12,166	14,688	12,476	13,587	14,523	16,841	12,166	14,572	12,488	14,688	59,331	210,000	220,500	231,525	231,525	231,525
Bulk purchases	134	1,837	1,685	154	154	101			154	31		10	4,107	4,312	4,528	4,528	4,528
Other materials	211	13,090	1,109	12,839	11,378	11,656	11,587	10,268	8,839	8,378	8,568	8,432	105,025	110,276	115,790	115,790	115,790
Contracted services	19,162	351	1,109	1,221	1,109	1,106	1,221	928	1,221	1,109	1,221	802	11,608	12,189	12,798	12,798	12,798
Grants and subsidies	19,162	32,949	9,642	18,642	16,489	20,572	21,404	17,310	18,642	17,489	16,404	9,892	218,397	229,316	240,782	240,782	240,782
Other expenditure	11,169	9,240	4,775	30,282	38,066	24,220	25,095	23,520	38,315	28,086	25,095	47,628	18,723	19,660	20,643	20,643	20,643
Loss on disposal of PPE																	
Total Expenditure	75,349	118,038	67,804	108,696	109,362	109,307	105,920	87,730	114,826	100,974	95,746	195,596	1,288,347	1,342,317	1,409,433	1,409,433	1,409,433
Surplus/(Deficit)	156,532	(79,706)	(32,295)	(43,982)	(51,015)	97,165	(53,650)	(32,570)	70,667	(7,234)	(1,087)	(118,215)	(95,389)	(180,799)	(173,180)	(173,180)	(173,180)
Transfers and subsidies - capital (monetary allocations)																	
(National / Provincial and District)																	
Transfers and subsidies - capital (monetary allocations)	17,729	27,989	12,065	9,829	37,839	21,691	41	37,839	9,967	25,534	17,209	33,026	250,769	315,264	338,130	338,130	338,130
(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	174,261	(51,716)	(20,231)	(34,153)	(13,176)	118,855	(53,608)	5,269	80,634	18,301	16,122	(85,188)	155,370	134,485	164,950	164,950	164,950

References

1. Surplus (Deficit) must reconcile with budget table A4 and monthly budget statement table C4

DC21 Ugu - Supporting Table SB15 Adjustments Budget - monthly cash flow -

Monthly cash flows		Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
			Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
			July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Adjusted Budget	Budget Year +1 2020/21	Adjusted Budget
Cash Receipts By Source			Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	
Property rates																		
Service charges - electricity revenue			29,938	33,606	40,248	35,784	39,724	38,006	42,551	40,577	33,086	31,767	33,323	44,386	442,996	485,146	488,403	
Service charges - water revenue			3,802	3,860	3,919	3,919	3,977	4,094	4,972	5,147	5,557	6,551	6,726	8,888	61,413	64,483	67,707	
Service charges - sanitation revenue																		
Service charges - refuse																		
Rental of facilities and equipment			47	52	63	56	62	59	66	63	52	49	52	119	740	777	816	
Interest earned - external investments			116	234	280	249	116	264	296	282	230	221	116	132	2,535	2,662	2,795	
Interest earned - outstanding debtors			54	61	73	65	72	69	77	74	60	58	61	139	864	907	953	
Dividends received																		
Fines, penalties and forfeits											6				6	6	6	
Licences and permits															500	525	561	
Agency services																		
Transfer receipts - operational			87,472		88,003			75,521	62,143		114,817	121,881		2,000	551,935	579,532	608,509	
Other revenue			77	75	85	89	99	76	95	62	59	61	77	25	881	925	971	
Cash Receipts by Source			121,505	38,388	132,670	40,162	44,050	118,190	110,200	46,205	153,865	160,588	40,355	55,890	1,061,870	1,114,963	1,170,711	
Other Cash Flows by Source																		
Transfer receipts - capital			90,935		360	360		100,051		360	45,023		360	36,367	273,817	287,508	301,883	
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)																		
Proceeds on disposal of PPE																		
Short term loans																		
Borrowing long term/refinancing																		
Increase (decrease) in consumer deposits			82			106			131			156			475	469	524	
Decrease (increase) in non-current debtors			41	31					41		76		76	69	334	351	368	
Decrease (increase) other non-current receivables																		
Decrease (increase) in non-current investments																		
Total Cash Receipts by Source			212,564	38,419	133,030	40,828	44,050	218,242	110,372	46,566	188,964	160,745	40,791	92,126	1,336,496	1,403,321	1,473,487	
Cash Payments by Type																		
Employee related costs			29,536	41,791	29,831	30,133	30,440	30,754	31,074	31,400	31,734	32,075	32,423	43,294	394,484	414,208	434,918	
Remuneration of councillors			1,116	1,127	1,139	1,151	1,163	1,089	1,080	1,092	1,104	1,116	1,127	1,237	13,520	14,196	14,906	
Finance charges					464			464			464			4,978	6,371	6,889	7,024	
Bulk purchases - Electricity																		
Bulk purchases - Water & Sewer			8,140	8,298		11,618	8,140	12,448		13,278	8,140	14,108		22,456	106,625	111,956	117,554	
Other materials			1,409	1,409	1,409	1,409	1,409		1,408	1,409	1,409	1,409	1,409	1,163	12,431	13,053	13,706	
Contracted services				5,936		8,311		8,905		9,498		10,092		170,904	213,646	224,328	235,545	
Transfers and grants - other municipalities																		
Transfers and grants - other																		
Other expenditure																		
Cash Payments by Type			40,200	137,996	31,435	127,375	45,832	128,393	33,583	125,364	41,442	122,804	39,639	180,426	1,054,467	1,107,191	1,162,550	
Other Cash Flows/Payments by Type																		
Capital assets			18,215	50,951		28,023	13,861	38,213		21,017	9,107	25,475		68,153	273,817	287,508	301,883	
Repayment of borrowing																		
Other Cash Flows/Payments																		
Total Cash Payments by Type			58,415	188,947	36,286	155,398	59,493	171,467	33,583	146,381	55,410	148,279	44,500	254,440	1,352,589	1,420,219	1,491,230	
NET INCREASE/DECREASE IN CASH HELD			154,149	(150,528)	96,734	(114,770)	(15,442)	46,774	76,809	(99,815)	143,554	12,465	(3,710)	(162,314)	(16,094)	(16,898)	(17,743)	
Cash/cash equivalents at the month/year beginning:			82,593	216,742	66,214	162,949	48,178	32,736	79,510	156,319	56,504	200,658	212,523	208,813	82,593	46,499	29,801	
Cash/cash equivalents at the month/year end:			216,742	66,214	162,949	48,178	32,736	79,510	156,319	56,504	200,658	212,523	208,813	46,499	46,499	29,801	11,858	

DC21 Ugu - Supporting Table SB16 Adjustments Budget - monthly capital expenditure (municipal vote) -

Budget Year 2019/20										Medium Term Revenue and Expenditure Framework					
Description - Municipal Vote	Ref	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
Multi-year expenditure appropriation:	1													-	-
Vote 1 - EXECUTIVE & COUNCIL														-	-
Vote 2 - FINANCE & ADMINISTRATION														-	-
Vote 3 - COMMUNITY AND SOCIAL SERVICES														-	-
Vote 4 - PUBLIC PROTECTION														-	-
Vote 5 - ECONOMIC AND ENVIRONMENTAL SERVICES														-	-
Vote 6 - ENVIRONMENTAL PROTECTION														-	-
Vote7 - WATER MANAGEMENT														-	-
Vote 8 - WASTE WATER MANAGEMENT														-	-
Vote 9 - SPORTS & RECREATION														-	-
Vote 10 - [NAME OF VOTE 10]														-	-
Vote 11 - [NAME OF VOTE 11]														-	-
Vote 12 - [NAME OF VOTE 12]														-	-
Vote 13 - [NAME OF VOTE 13]														-	-
Vote 14 - [NAME OF VOTE 14]														-	-
Vote 15 - [NAME OF VOTE 15]														-	-
Capital Multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-	-	-	P39
Single-year expenditure appropriation:															
Vote 1 - EXECUTIVE & COUNCIL		505	505	505	505	505	505	505	505	505	505	505	505	-	-
Vote 2 - FINANCE & ADMINISTRATION														3,418	3,559
Vote 3 - COMMUNITY AND SOCIAL SERVICES														-	-
Vote 4 - PUBLIC PROTECTION														-	-
Vote 5 - ECONOMIC AND ENVIRONMENTAL SERVICES														-	-
Vote 6 - ENVIRONMENTAL PROTECTION		18,775	18,775	18,775	18,775	18,775	18,775	18,775	18,775	18,775	18,775	18,775	18,775	171,045	179,598
Vote7 - WATER MANAGEMENT		3,866	3,866	3,866	3,866	3,866	3,866	3,866	3,866	3,866	3,866	3,866	3,866	13,808	14,498
Vote 8 - WASTE WATER MANAGEMENT														-	-
Vote 9 - SPORTS & RECREATION														-	-
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	3	23,146	23,146	23,146	23,146	23,146	23,146	23,146	23,146	23,146	23,146	23,146	23,146	188,271	197,685
Total Capital Expenditure	2	23,146	23,146	23,146	23,146	23,146	23,146	23,146	23,146	23,146	23,146	23,146	23,146	188,271	197,685

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to budget table A5 and monthly budget statement table C5

DC21 Ugu - Supporting Table SB17 Adjustments Budget - monthly capital expenditure (functional classification) -

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
		July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands																	
Capital Expenditure - Functional																	
Governance and administration																	
Executive and council			174	-	681	681	681	681	681	681	681	681	436	6,056	6,358	6,676	
Finance and administration			174		681	681	681	681	681	681	681	681	436	6,056	6,358	6,676	
Internal audit																	
Community and public safety																	
Community and social services																	
Sport and recreation																	
Public safety																	
Housing																	
Health																	
Economic and environmental services																	
Planning and development																	
Road transport																	
Environmental protection																	
Trading services																	
Energy sources			27,816	12,065	21,121	21,121	21,121	21,121	21,121	21,121	21,121	21,121	46,115	271,695	285,280	299,544	
Water management		17,729	18,083	11,966	17,699	17,699	17,699	17,699	17,699	17,699	17,699	17,699	35,934	225,300	236,565	248,394	
Waste water management			9,733	98	3,423	3,423	3,423	3,423	3,423	3,423	3,423	3,423	9,181	46,395	48,714	51,150	
Waste management																	
Other																	
Total Capital Expenditure - Functional		17,729	27,989	12,065	21,802	21,802	21,802	21,802	21,802	21,802	21,802	21,802	46,551	277,751	291,638	306,220	

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates
2. Total Capital Expenditure must reconcile to the 'Financial Position' budget and monthly budget statement

[illegible]

References

1. *Total Capital Expenditure on new assets (SB18a) plus Total Capital Expenditure on renewal of existing assets (SB18b) plus Total Capital Expenditure on upgrading of existing assets (SB18c) must reconcile to total capital expenditure in Budgeted Capital Exp*
2. *Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.*
3. *Additional cash-backed accumulated funds/unspent funds (section 18(1)(b) and section 28(2)(a) MFMA) identified after Original Budget approved and after annual financial statements audited (note: only*
4. *Increases of funds approved under section 31 MFMA*
5. *Adjustments approved in accordance with section 29 MFMA*
6. *Adjustments to funding allocations from National or Provincial Government*
7. *Adjusts. = "Other" Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (sec*
8. *G = B + C + D + E + F*
9. *Adjusted Budget H = (A or A1/2 etc) + G*

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Budget Year 2019/20												Budget Year +1	Budget Year +2
Description	Ref	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H			
R thousands													
Repairs and maintenance expenditure by Asset Class/Sub-class													
		59,869	--	--	--	--	--	(5,000)	(5,000)	64,869	68,112	71,518	
Infrastructure		9,175	--	--	--	--	--	--	--	9,175	9,634	10,115	
Roads Infrastructure		9,175	--	--	--	--	--	--	--	9,175	9,634	10,115	
Roads													
Road Structures													
Road Furniture													
Capital Spares													
Storm water Infrastructure		--	--	--	--	--	--	--	--	--	--	--	
Drainage Collection													
Storm water Conveyance													
Attenuation													
Electrical Infrastructure		1,600	--	--	--	--	--	--	--	1,600	1,680	1,764	
Power Plants													
HV Substations													
HV Switching Station													
HV Transmission Conductors													
MV Substations													
MV Switching Stations													
MV Networks													
LV Networks		1,600	--	--	--	--	--	--	--	1,600	1,680	1,764	
Capital Spares													
Water Supply Infrastructure		55,189	--	--	--	--	--	(5,000)	(5,000)	50,189	52,698	55,333	
Dams and Weirs		--											
Boreholes		2,400								2,400	2,520	2,646	
Reservoirs		2,250								2,250	2,363	2,481	
Pump Stations		2,810								2,810	2,951	3,098	
Water Treatment Works		5,474								5,474	5,748	6,035	
Bulk Mains		12								12	13	13	
Distribution		21,243								21,243	22,305	23,420	
Distribution Points		--								--	--	--	
PRV Stations		21,000						(5,000)	(5,000)	16,000	16,800	17,640	
Capital Spares		--								--	--	--	
Sanitation Infrastructure		3,725	--	--	--	--	--	--	--	3,725	3,911	4,107	
Pump Station		--								--	--	--	
Refiltration		--								--	--	--	
Waste Water Treatment Works		1,025								1,025	1,076	1,130	
Outfall Sewers		--								--	--	--	
Toilet Facilities		2,700								2,700	2,835	2,977	
Capital Spares		--								--	--	--	
Solid Waste Infrastructure		--	--	--	--	--	--	--	--	--	--	--	
Landfill Sites													
Waste Transfer Stations													
Waste Processing Facilities													
Waste Drop-off Points													
Waste Separation Facilities													
Electricity Generation Facilities													
Capital Spares													
Rail Infrastructure		--	--	--	--	--	--	--	--	--	--	--	
Rail Lines													
Rail Structures													
Rail Furniture													
Drainage Collection													
Storm water Conveyance													
Attenuation													
MV Substations													
LV Networks													
Capital Spares													
Coastal Infrastructure		--	--	--	--	--	--	--	--	--	--	--	
Sand Pumps													
Piers													
Revetments													
Promenades													
Capital Spares													
Information and Communication Infrastructure		180	--	--	--	--	--	--	--	180	189	198	
Data Centres													
Core Layers													
Distribution Layers		180								180	189	198	
Capital Spares													
Community Assets		--	--	--	--	--	--	--	--	--	--	--	
Community Facilities		--	--	--	--	--	--	--	--	--	--	--	
Halls													
Centres													
Crèches													
Clinics/Care Centres													
Fire/Ambulance Stations													
Testing Stations													
Museums													
Galleries													
Theatres													
Libraries													
Cemeteries/Crematoria													
Police													
Parks													
Public Open Space													
Nature Reserves													
Public Ablution Facilities													
Markets													
Stalls													
Abattoirs													
Airports													
Taxi Ranks/Bus Terminals													
Capital Spares													
Sport and Recreation Facilities		--	--	--	--	--	--	--	--	--	--	--	

[illegible]

check balance

Community Assets

Indoor Facilities									-	-		
Outdoor Facilities									-	-		
Capital Spares									-	-		

References

7. Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.

9. Increases of funds approved under section 31 MFMA

14. Adjustments to funding allocations from National or Provincial Government

12. Adjusts. = Other Adju

14. Adjusted Budget $R = [A \text{ or } A1/2 \text{ etc}] + G$

DC21 Ugu - Supporting Table SB19 List of capital programmes and projects affected by Adjustments Budget -

Function	Project Description	Asset Class	Asset Sub-Class	GPS Longitude	GPS Latitude	Medium Term Revenue and Expenditure Framework					
						Budget Year 2019/20		Budget Year +1 2020/21		Budget Year +2 2021/22	
						Original Budget	Adjusted Budget	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget
R thousands											
Parent municipality: List all capital projects grouped by Function											
Corporate Services	Computer Equipment	Other Assets	Computers - hardware/equipment	30.2512728°	30.6217975°	3,500	3,300	3,750	3,465	3,959	3,638
Corporate Services	Building & Structures	Other Assets	Municipal Offices	30.2512728°	30.6217975°	20,250	556	21,263	583	22,325	813
Corporate Services	Motor Vehicles	Other Assets	Unspecified	30.2512728°	30.6217975°	1,500	1,200	1,323	1,323	1,389	1,459
Budget Office	Computer Equipment	Other Assets	Computers - software/equipment	30.2512728°	30.6217975°	650	1,000	1,575	1,050	1,854	1,103
Disaster	Fire Equipment	Other Assets	Fire Equipment	30.2512728°	30.6217975°	500	-	683	-	717	-
Environmental Dept	Equipment	Other Assets	Equipment	30.2512728°	30.6217975°	500	-	525	-	551	-
OMM	Property transfers	Other Assets		30.2512728°	30.6217975°	500	-	525	-	551	-
Water Services											
	KwaZulu Water Supply: Reliculation	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	17,000	17,000	17,850	17,850	18,743	18,743
	Unzinkhulu Bulk Water Augmentation Scheme	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	11,000	8,000	11,550	8,400	12,128	8,820
	KwaNyuswa Water Scheme-Phase 3	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	5,000	10,000	5,250	10,500	5,513	11,025
	Maphumulo Water Scheme	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	4,000	-	4,200	-	4,410	-
	Seoda and telemetry upgrade project	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	24,850	24,850	25,083	25,083	27,387	27,387
	Non-revenue water reduction project	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	24,850	24,850	25,083	25,083	27,387	27,387
	M&E Replacement of aged infrastructure	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	9,000	3,000	9,450	3,150	9,923	3,308
	Brobhoyi WTW Clarifier No.1 Bridge refurb	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	1,000	500	1,050	525	1,103	551
	Unithavina WTW Clarifier No.1 surface scum	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	600	600	630	630	662	662
	Unithavina WTW Clarifier No.1 bridge refurb	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	600	600	630	630	662	662
	Murchison Pump Station	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	16,865	-	17,709	-	18,594	-
	Southern Mains Replacement (Capex)	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	90,300	134,465	94,815	141,189	99,556	148,248
	Melkaba and Surrounds Water Supply Scheme	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	8,500	-	8,925	-	9,371	-
	Mistake Farm Supply Scheme	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	1,300	1,300	1,365	1,365	1,433	1,433
	KwaLembe	Infrastructure - Water	Water Treatment Works	30.2512728°	30.6217975°	135	135	142	142	149	149
Waste Water Management											
	Malanganj Low Cost Housing Project	Infrastructure - Sanitation	Reliculation	30.2512728°	30.6217975°	8,000	17,000	8,400	17,850	8,820	18,743
	Fennington Waterborne Sanitation Project-4	Infrastructure - Sanitation	Reliculation	30.2512728°	30.6217975°	16,950	4,109	17,798	4,314	18,687	4,530
	Harding Sanitation Scheme: Phase 3	Infrastructure - Sanitation	Reliculation	30.2512728°	30.6217975°	2,535	11,035	2,583	11,588	2,756	12,167
	Mashenge/Vongo Sanitation Project	Infrastructure - Sanitation	Reliculation	30.2512728°	30.6217975°	7,000	7,000	7,350	7,350	7,718	7,718
	Margale Sewer Pipeline Replacement	Infrastructure - Sanitation	Reliculation	30.2512728°	30.6217975°	1,000	1,100	1,155	1,155	1,213	1,213
	M&E Replacement of aged infrastructure	Infrastructure - Sanitation	Reliculation	30.2512728°	30.6217975°	10,000	5,150	10,500	5,408	11,025	5,678
	Southbush WWTW PST 1 bridge	Infrastructure - Sanitation	Reliculation	30.2512728°	30.6217975°	1,500	1,000	1,575	1,050	1,654	1,103
Entities: List all capital projects grouped by Municipal Entity											
Entity A Ugu South Coast Tourism Entity				30.2512728°	30.6217975°	200	-	210	220	220	231
Entity B South Coast Development Agency				30.2512728°	30.6217975°	54	-	56	59	59	62
						286,805	277,751	304,541	291,980	319,835	306,649

References

List all projects where approved budgets have been adjusted
Refer MFMA s30
Asset class as per table B9 and asset sub-class as per table SB18
GPS coordinates correct to seconds. Provide a logical starting point on networked infrastructure.
Distinguish projects approved in terms of MFMA section 19(1)(b) and MRRR Regulation 13
Project Number consists of NSCOA Project Longcode and seq No (sample PC001002006002_000002)

Capital Adjustments Budget 2019/2020

SDBIP	OTHER DEPARTMENTS	Revised budget 2
CS011a	Water tanker trucks, VTS trucks & Tlb's	
CS011a	Light delivery vehicles incl. of double cabs	-
CS011a	Sedans vehicles	1,200,000.00
CS023a	Oslo Beach phase 3	-
CS025A	ICT Infrastructure9 Servers2 UPSTape Library for DR	3,300,000.00
CS023a	Standby furniture, microwaves, fridges, beds	-
CS023a	Building Refurbishments & fencing of various sites (OHS)	555,630.00
CS023E	Fire equipment for Ugu Vehicles	-
CS074A	Fire equipment and Maintenance	-
BTO78	mSCOA System Implementation	1,000,000.00
IED88-EMS55	Air Quality Mobile Monitoring Station - Analysers	
OMM100	Property Transfers	-
	TOTAL OTHER DEPTS - INTERNAL FUNDS	6,055,630.00
	WATER	
WS/PMU13	Murchison Pump Station (Opex)	
WS/PMU13	Murchison Pump Station (Capex)	
WS/PMU13	Southern Mains Replacement (Opex)	
WS/PMU13	Southern Mains Replacement (Capex)	134,465,466.00
WS/PMU15	Vulamehlo Cross-Border Water Scheme (Opex)	
WS/PMU15	Vulamehlo Cross-Border Water Scheme (Capex)	
WS/PMU11	Msikaba and Surrounds Water Supply Scheme (Opex)	
WS/PMU11	Msikaba and Surrounds Water Supply Scheme (Capex)	
WS/PMU6	Umtamvuna Water works Extension (Opex)	
WS/PMU6	Umtamvuna Water works Extension (Capex)	
WS/PMU9	Umzimkhulu Bulk Water Augmentation scheme (Opex)	

WS/PMU9	Umzimkhulu Bulk Water Augmentation scheme (Capex)	8,000,000.00
WS/PMU2	Maphumulo Water supply (Opex)	
WS/PMU2	Maphumulo Water supply (Capex)	-
WS/PMU4	KwaXolo Bulk water Supply (Opex)	
WS/PMU4	KwaXolo Bulk water Supply (Capex)	17,000,000.00
WS/PMU7	Harding Weza Regional Bulk Water Supply(Dam) (Opex)	
WS/PMU7	Harding Weza Regional Bulk Water Supply(Dam) (Capex)	
WS/PMU18	Kwanyuswa Water Scheme - Phase 3 (AFA) MIS 194753 (Opex)	
WS/PMU18	Kwanyuswa Water Scheme - Phase 3 (AFA) MIS 194753 (capex)	10,000,000.00
WS/PMU17	KwaLembe	135,000.00
WS/PMU14	Mistake Farm	1,300,000.00
	TOTAL WATER (MIG)	170,900,466.00
ws/wat/cap/5	Scada and telemetry upgrade (Opex)	
ws/wat/cap/5	Scada and telemetry upgrade (Capex)	24,850,000.00
ws/wat/cap/7	Non-revenue water reduction (Opex)	
ws/wat/cap/7	Non-revenue water reduction (Capex)	24,850,000.00
	TOTAL WSIG	49,700,000.00
WS/WAT/CAP/2	M&E Replacement of aged infrastructure	3,000,000.00
WS/WAT/CAP/40	Bhobhoyi WTW clarifier No.1 Bridge refurbishment	500,000.00
WS/WAT/CAP/41	Umthavuna WTW Clarifier No.1 surface screeding	600,000.00
WS/WAT/CAP/42	Umthavuna WTW Clarifier No.1 bridge refurbishment	600,000.00
	TOTAL WATER - INTERNAL FUNDS	4,700,000.00
	TOTAL WATER BUDGET	225,300,466.00
	SANITATION	
WS/PMU26	Bhobhoyi/Mkholombe Sanitation (Opex)	
WS/PMU26	Bhobhoyi/Mkholombe Sanitation (Capex)	
WS/PMU12	Umzinto Slum Clearance: Farm Isonti Low cost Housing Water and Sanitation Scheme (Opex)	

WS/PMU12	Umzinto Slum Clearance: Farm Isonti Low cost Housing Water and Sanitation Scheme(Capex)	
WS/PMU22	Pennington (Opex)	
WS/PMU22	Pennington (Capex)	4,108,685.00
WS/PMU19	Malangeni Low Cost Housing Project (Opex)	
WS/PMU19	Malangeni Low Cost Housing Project (Capex)	17,000,000.00
WS/PMU25	Masinenge/uVongo Sanitation Project (Opex)	
WS/PMU25	Masinenge/uVongo Sanitation Project (Capex)	7,000,000.00
WS/PMU31	Harding Sanitation Scheme: Phase 3 (Opex)	
WS/PMU31	Harding Sanitation Scheme: Phase 3 (Capex)	11,036,000.00
WS/PMU24	Margate Sewer Pipelines Replacement	1,100,000.00
	TOTAL SANITATION (MIG)	40,244,685.00
ws/san/cap/1	M&E Replacement of aged infrastructure	5,150,000.00
ws/san/cap/35	Scottburgh WWTW PST 1 bridge	1,000,000.00
	TOTAL SANITATION - INTERNAL FUNDS	6,150,000.00
	TOTAL SANITATION BUDGET	46,394,685.00
	TOTAL UGU BUDGET	277,750,781.00

**UGU DISTRICT MUNICIPALITY
MUNICIPAL INFRASTRUCTURE GRANT 2019/2020 ALLOCATION**

DETAILS	2017/2018	2018/2019	2019/2020	% Increase
National MIG Allocation	245 479 000	235 889 000	241 038 000	-3.91%
Vat Recovered MIG				
Less : Allocated Expenditure	245 479 000	235 889 000	241 038 000	-3.91%
Capital – Sanitation				
Infrastructure Projects	53 269 420	52 351 838	49 586 000	-1.72%
Capital – Water				
Infrastructure Projects	189 800 000	173 536 162	176 452 000	-8.57%
	189 800 000	173 536 162	176 452 000	-8.57%
Operational – Grants				
Vulamehlo VIP's	6 246 580	9 500 000	15 000 000	52.08%
Umzumbe VIP's	0			
Ezinqoleni VIP's	0			
uMuziwabantu VIP's	0			
Hibiscus Coast VIP's	5 000 000	9 500 000	15 000 000	90.00%
General Operational Expenditure (Prog. Mgt Costs)	1 246 580	0		-100.00%
AVAILABLE	0	0		0.00%

SERVICE LEVEL AGREEMENT

BETWEEN

**UGU SOUTH COAST TOURISM (PTY) LTD
(2009/003419/07)**

AND

UGU DISTRICT MUNICIPALITY

(together herein referred to as "the Parties")

**And established in terms of Section 93C of Act
32 of 2000**

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INDEX

PREAMBLE

DEFINITIONS

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18. DURATION

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PREAMBLE

WHEREAS the District Municipality is a Municipality as defined in terms of the Local Government: Municipal Systems Act 32 of 2000, the Municipal Structures Act 117 of 1998;

AND WHEREAS the parties wish to give effect to and recognition of the Principles enshrined in the Constitution of the Republic of South Africa of 1996, and with specific reference to Section 156 of such Constitution and the parties are obliged to take cognizance of Section 93C and 93D of the Systems Act.

AND WHEREAS the parties are also cognizant of and acknowledge that they are properly bound by the Municipal Finance Management Act 56 of 2003, and more specifically Section 87 of such Act as well as rules pertaining to National Treasury Funding.

AND WHEREAS Section 38 of the Kwa Zulu Natal Tourism Act of 1996 has application to the relationships between the parties.

AND WHEREAS Ugu is, inter alia, empowered, and wishes to in terms of the Municipal Structures Act and Systems conclude such an agreement.

AND WHEREAS Ugu South Coast Tourism as a properly created Municipal Entity as defined herein has the capacity, experience and know-how to implement its statutory functions.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:-

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DEFINITIONS

The definitions as contained in all Acts mentioned in the text of this Agreement and Regulations are applicable to this contract. In addition, the following definitions are applicable:-

- 1.1 "Ugu District Municipality area" or "Ugu" is a District Municipality as provided for in the Local Government: Municipal Structures Act, Act 117 of 1998 as amended;
- 1.2 "Ugu South Coast Tourism (Pty) Ltd" a Private Company Registration No. 2009/003419/07 which is a Municipal entity as defined in the Municipal's Systems Act.
- 1.3 "Preferential Procurement" means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).
- 1.4 "Tourism or references to Tourism" shall specifically include the provisions of Section 38 of the Kwa Zulu Natal Tourism Act of 1996 which shall also refer to the Constitution of the Entity.
- 1.5 "Integrated Development Plan" or "IDP" shall mean development planning as provided for in terms of the Division of Revenue Act 1 of 2007 and the Act and the Municipal Systems Act.
- 1.6 "The Constitution" shall mean the Constitution of Ugu South Coast Tourism (Pty) Ltd.

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- 1.7 "Contract" means this Service Level Agreement of which the only two parties, shall be Ugu and Tourism, and shall, in context, hereinafter be referred to as the "parties"; as well as any addenda hereto as may be concluded from time to time by the Parties, and properly annexed hereto.
- 1.8 "Person" includes reference to a juristic person.
- 1.9 "The CEO" means the Chief Executive Officer in the company appointed by the Board of Directors of the Company;
- 1.10 "Constituent member" shall mean the Ugu Regional Tourism and Community Tourism organisations as provided for in Ugu Tourism Constitution or a member of them.
- 1.10 "The Municipal Finance Management Act" means Local Government Municipal Finance Management Act No. 56 of 2003;
- 1.11 "Parent Municipality" means the Ugu District Municipality;
- 1.12 "the Companies Act" means the Act 61 of 1973, as amended or any Act which replaces it, and any and every other statute or subordinate legislation from time to time in force concerning companies and necessarily affecting the company, South Coast Tourism (Pty) Ltd.
- 1.13 "a sponsorship" or "a sponsor" shall mean the support of an event, activity, person, organisation financially or through the provision of products or services. A sponsor is the individual or group that

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provides the support, similar to a benefactor, as it applies to the Municipal Entity.

1.14 "the Municipality" or "Ugu" means the Ugu District Municipality, established in terms of section 12 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), represented herein by Mr. Dhanpalan D Naidoo in his capacity as the Municipal Manager thereof, he being duly authorized.

1.15 "South Coast Tourism" means Ugu South Coast Tourism or Tourism (a company incorporated under the Companies Act, 1973) and represented herein by Mr. Justin Macrory as the Chief Executive Officer; he being duly authorized, as Chief Executive Officer.

1.16 "The Articles" means the Articles of the Company and any and every other Statute or subordinate legislation from time in force concerning companies and necessarily affecting the Company.

1.17 "The Systems Act" or "the Act" means the Local Government: Municipal Systems Act 32 of 2000;

1.18 "Effective date: means the 1st of July 2014

1.19 "The Municipality's address" means:

1.19.1 PO Box 33, Port Shepstone, 4240

1.19.2 For communications by

Facsimile: 039 682 1720

Telephone 039 688 5700

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1.19.3 For other purposes: Ugu Municipal Offices,
28 Connor Street,
Port Shepstone

1.20 "South Coast Tourism's address" means:

1.20.1 For postal purposes: PO Box 570, Port Shepstone, 4240.

1.20.2 For communications by telephone and facsimile:

Telephone (039) 682 7944 and Fax (039) 682 1034

1.20.3 For other purposes: 16 Bisset Street, Port Shepstone, 4240;

1.21 "the Company" or "the Entity" shall mean South Coast Tourism (Pty) Ltd.

INTERPRETATION

2.1 Headings of clauses shall be deemed to have been included for purposes of convenience only and shall not effect the interpretation of this Agreement.

2.2 Unless inconsistent with the context, words relating to any gender shall include the other genders, words relating to the singular shall include the plural and vice versa and words relating to natural persons shall include associations of persons having corporate status by statute or common law.

2.3 In the event that any of the provisions of this Agreement or its collateral Constitution, are found to be invalid, unlawful or

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unenforceable, such terms shall be severable from the remaining terms which shall continue to be valid and enforceable.

- 2.4 This Agreement incorporates the Annexures and Constitution, which Annexures shall have the same force and effect as if set out in the body of this Agreement. The various documents forming part of this Agreement are to be taken as mutually explanatory. In the event of any conflict or inconsistency the provisions contained in the main body of the Agreement will prevail.
- 2.5 If any provision in a definition is a substantive provision conferring any right or imposing any obligation on any party, then notwithstanding that such provision is only in this interpretation clause or in a definition elsewhere in this agreement, effect shall be given to it as a substantive provision of this agreement.
- 2.6 When any number of days is prescribed in this agreement, the same shall be reckoned exclusively of the first and inclusively of the last day unless that last day falls on a Saturday, Sunday or proclaimed public holiday in the Republic of South Africa, in which event the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday.
- 2.7 Any reference to an enactment is to that enactment as at the date of signature hereof and as amended or re-enacted from time to time.
- 2.8 If any provision in this agreement is in conflict or inconsistent with any law, the invalidity of any such provision shall not affect the validity of the remainder of the provision hereof.

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- 2.9 Where figures are referred to in words and in numerals, if there is any conflict between the two, the words shall prevail.

NOW THEREFORE

1. RECORDAL

- 1.1 Ugu South Coast Tourism is a Destination Management Organisation/Community Tourism Organisation responsible through its mandate to grow, promote and develop tourism within the area of jurisdiction of the Ugu District Municipality.

- 1.2 Ugu South Coast Tourism strives to align its own strategies to those being applied by entities such as the National Department of Tourism (NDT), the KwaZulu Natal Department of Economic Development and Tourism and Tourism KwaZulu-Natal (TKZN).

2. FUNCTION OF UGU SOUTH COAST TOURISM

- 2.1 The main business which the Company is to carry on; is the promotion and implementation of tourism within the Parent Municipality's area of jurisdiction, predicated on the Kwa Zulu Natal Tourism Act as needs be, based on the Parent Municipality's Integrated Development Plan, its District Growth & Development Strategy and other Strategies and Policies of the Parent, from time to time.
- 2.2 To develop and implement a Tourism Strategy, which is informed by, inter alia:

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Strategic Thrust	Implication to Ugu SCT Strategy (O= Operational, M = Marketing/Communications and D = Developmental)
Policy and a Legislative Framework	Operations needs to be aligned with key legislation and regulatory frameworks applicable to a State Owned Enterprise (O)
Collaborative Partnerships	Public and private partner relationships are fundamental in within the mandates for the entity (M)
Prioritising Tourism at National, Provincial and Local Government Level	Through reporting compliance and communications actions, the sector and operational performances can be conveyed to National, Provincial and our District and Local Municipalities (O /M)
Marketing and Brand Management	This is fundamental in terms of strengthening the South Coast brand within a broader geographic context (M)
Regional Tourism	The destination should to some degree seek new markets from within some SADC countries (M)
Business and Events Tourism	Marketing should use these segments and niches as a forefront part of applied actions (M/D)
Relevant Capacity Building	Internal (personnel) and external development of people within tourism should be applied throughout each municipal area (D)
Product Information	Awareness of tourism product needs to be quantified for presentation to the destination's captive markets and niches and via Visitor Information Centres and hard/soft marketing tools (M)
Responsible Tourism	Through member protocols and codes of conduct the entity will enhance responsible tourism within stakeholder groupings (M)
Investment Promotion	The entity will need to assist the newly formed development agency for the Ugu District through packaged investment opportunities within the tourism sector (M/D)
Quality Assurance	Members will need to be encouraged to meet sector standards (M)
Transformation	Stakeholders through protocols should aspire towards compliance with transformation and empowerment directives for the sector (M)
Community Beneficiation	Community orientated tourism and tourism awareness should be included in strategies towards 2017 and beyond (M/D)


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- 2.3 Notwithstanding the foregoing, the main object of Tourism shall be to contribute to the economic, social and environmental development of the area of jurisdiction of the Parent Municipality through Tourism as contemplated in Section 8 read with Section 86E of the Local Government: Municipal Systems Act.

3. **POWERS OF UGU SOUTH COAST TOURISM**

- 3.1. Schedule 2 of the Companies Act of 1973 shall not apply to the Company.

- 3.2. The Company is a private company established in terms of Section 86C of the Systems Act and accordingly is restricted to act as a municipal entity in terms of:

3.2.1 Chapter 8A of the Systems Act; and

3.2.2 Chapter 10 and 11 of the Local Government Municipal Finance Management Act No. 56 of 2003; and

3.2.3 Section 41 of the Systems Act; and

3.2.4 Section 38 of the Kwa Zulu Natal Tourism Act 113 of 1996; and

3.2.5 Its Articles and Memorandum of Association.

- 3.3. Section 86D(2) of the Systems Act shall apply namely that Tourism must restrict its activities to the purpose for which it is created by its Parent Municipality in terms of Section 86E(1)(a); and Tourism shall have no competence to perform any activity which falls outside the functions and powers of its Parent Municipality contemplated by Chapter 8 of the Act.

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3.4. Ugu South Coast Tourism shall register as a Community Tourism Association with the accredited Government approved Tourism Bodies, and as provided in the Tourism Act.

4. RESTRICTIONS ON UGU SOUTH COAST TOURISM

4.1. All the income, expenditure, sponsorship and property of Tourism shall be applied solely towards the promotion of its main objective;

4.2. No portion of Tourism's income, expenditure and property shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise, to Ugu or directors of the Company, or its Parent Municipality; provided that nothing herein contained shall prevent the payment in good faith or reasonable remuneration to an officer or servant of the Company or to any member in return for any services actually rendered to the company, nor shall Tourism be precluded from acquiring bona-fide sponsors to improve and further its objects and functions.

4.3. The winding-up of the company, shall be in terms of the stipulations contained in the Local Government: Municipal Systems Act, The Local Government: Municipal Finance Management Act and other relevant Acts.

4.4. The company shall monitor, and annually review its annual budget process as set out in Section 87 of the Municipal Finance Management Act.

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4.5. Ownership of, equity interest or shares or any alienation or transfer of that share in the Company may only be alienated or disposed of in terms of Section 86G of the Systems Act.

4.6. To only provide goods and services as provided for in respect of the achievement of its objectives as outlined in this Agreement.

4.7. To acquire goods and services only as provided for in the Preferential Procurement Policy Framework Act of 2000 (Act 5 of 2000), the Broad Based Black Economic Empowerment Act of 2003 (Act 53 of 2003), Local Government: Municipal Finance Management Act of 2003 (Act 56 of 2003) and the Supply Chain Management Policy of the Company or the Parent Municipality, should the Company not have adopted such Policy at the time of procurement of any goods and services.

5. ACTIVITIES OF UGU SOUTH COAST TOURISM

5.1. The activities of the Company shall, for the duration of this Agreement, be aligned to the duly adopted Ugu South Coast Tourism Strategic Plan for the period 2013 – 2017, and as may be amended from time to time, and is annexed hereto as Annexure "A".

5.2. Section 86D (2) of the Systems Act shall apply and provides that:

A private company which is a municipal entity –

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- (a) must restrict its activities to the purpose for which it is used by its parent municipality in terms of Section 86H(1)(a);
- (b) and has no competence to perform any activity which falls outside the functions and powers of its parent municipality contemplated by Chapter 8.

6. OWNERSHIP OF COMPANY

- (a) The Company is established and fully owned by the Parent Municipality in terms of Section 86C of the Systems Act, and as such holds all the shares therein.
- (b) No other party shall be a party to this agreement, or claim enforceable rights, or obligations from the parties arising from this agreement, or resulting from the Constitution of South Coast Tourism (Pty) Ltd.
- (c) No District or Area Tourism Committee shall have any enforceable rights in respect of the Company.

7. DUTIES OF PARENT MUNICIPALITY

Sections 93A and 93B of the Systems Act stipulates the following duties of the Parent Municipality with respect to the Company:


- 1 The parent municipality must:

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- (a) exercise any shareholder, statutory, contractual or other rights and powers it may have in respect of the municipal entity to ensure that –
 - (i) both the municipality and the municipal entity comply with the Systems Act, the Municipal Finance Management Act and any other applicable legislation; and
 - (ii) the municipal entity is managed responsibly and transparently, and meets its statutory, contractual and other obligations as well as the provisions of its own Constitution;
- (b) allow the board of directors and chief executive officer of the municipal entity to fulfill their responsibilities; and
- (c) establish and maintain clear channels of communication between the municipality and the municipal entity.

2 The Parent Municipality must:

- (a) ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity's multi-year business plan in accordance with Section 87(5)(d) of the Municipal Finance Management Act;
- (b) must monitor and annually review, as part of the municipal entity's annual budget process as set out in Section 87 of the Municipal Finance Management Act, the performance of the


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municipal entity against the agreed performance objectives and indicators; and

(c) may liquidate and disestablish the municipal entity –

- (i) following an annual performance review, if the performance of the municipal entity is unsatisfactory;
- (ii) in the event of financial difficulties if the municipality does not impose a financial recovery plan in terms of the Municipal Finance Management Act and the municipal entity continues to experience serious or persistent financial problems; or
- (iii) if the municipality has terminated the services delivery agreement or other agreement it had with the municipal entity.

(d) If the company is liquidated and/or disestablished: -

- (i) take charge and possession of all assets, liabilities, rights and obligations of the company, due to fact that it then vest in the parent municipality; and
- (ii) ensure that the staff of the company be dealt with in accordance with applicable labour legislation.

8. POWERS AND DUTIES OF DIRECTORS OF TOURISM

1 in terms of Section 93H of the Systems Act:


(a) the board of directors of Ugu South Coast Tourism shall


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- (i) provide effective, transparent, accountable and coherent corporate governance and conduct effective oversight of the affairs of tourism;
 - (ii) ensure that Tourism comply with all applicable legislation agreements;
 - (iii) communicate openly and promptly with the parent municipality of Tourism; and
 - (iv) deal with the parent municipality in good faith.
 - (v) give effect to the Constitution of the Republic of South Africa.
 - (vi) ensure that the rights to operate an exclusive Tourism Structure by the parent municipality are upheld.
 - (vii) attend its meetings punctually and regularly.
- (b) A director of South Coast Tourism must at all times act in accordance with the Code of Conduct for directors referred to in Section 93L of the Systems Act.

2 Tourism shall comply with the Systems Act and ensure in terms of Section 93J of the Act, that:

- (a) the board of directors of Tourism appoint a Chief Executive Officer (CEO) of the municipal entity.
- (b) The chief executive officer of Tourism shall be accountable to the board of directors for the management of the municipal entity.

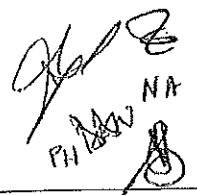
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3. The board of directors of the municipal entity shall also be responsible to in consultation with the parent appoint all the Executive Managers and the Managers reporting directly to the Chief Executive Officer (the CEO) of the company.
4. The Municipal Entity is enjoined to divert as far as possible resources, time funding and skills to the non coastal areas within the Municipality and shall develop Tourism destinations in rural and traditional areas within the Municipality areas of the District as far as may reasonably possible, and subject to budgets and demand and desirability.
5. In giving effect to clause 9.4 Tourism shall, as far as possible develop websites alerting visitors to places of historical and cultural interest and importance as well as to places in which the biodiversity or natural beauty of the area is recognised.

9. THE CHIEF EXECUTIVE OFFICER AND STAFF OF SOUTH COAST TOURISM

1. The Chief Executive Officer of Tourism shall be accountable to the board of directors for the management of Tourism.
2. The Chief Executive Officer as the head of administration of Tourism is subject to the policy directions of the board of directors and is responsible and accountable to the board of directors for: -

(a) the formation and development of an economical, effective, efficient and accountable administrative unit: -


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- (i) equipped to carry out the task of implementing the functions of Tourism;
 - (ii) responsive to the needs of the community to participate in the affairs of the Tourism;
 - (iii) to deal with subordinate Tourism Communities;
 - (iv) to liaise with the Offices of the Municipal Managers of the Municipalities.
- (b) the management of the affairs of Tourism in accordance with the articles of Association and other legislation applicable to the Company;
- (c) the implementation of the Company's development plans, and policies of the company and monitoring of progress with the implementation thereof;
- (d) the appointment of staff, other than the senior managers directly accountable to the Chief Executive Officer, and subject to the Employment Equity Act No. 55 of 1998 and shall regulate;
- (e) the management, effective utilisation and training of staff;
- (f) the maintenance of discipline of staff;
- (g) the promotion of sound labour relations and compliance by Tourism with applicable labour legislation;
- (h) advising the board of directors of the company;

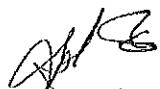

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- (i) deciding from time to time the number of meetings to be held in respect of:
 - (i) Board Meetings;
 - (ii) Tourism Committees; and
 - (iii) any other meetings of the Company.
- (j) the drafting of standing rules for Directors and Committees.

10. ACCOUNTABILITY TO THE UGU COMMUNITY

10.1. Both parties shall facilitate participation by the community in the affairs of Tourism and shall, as far as may be reasonably possible; with further reference to Section 80(2) of the Systems Act: -

- 10.1.1 develop and maintain a network whereby community satisfaction or dissatisfaction with the work of Tourism is assessed through its committees where practical;
- 10.1.2 the implementation of national and provincial legislation applicable to the functions of Tourism;
- 10.1.3 the performance of any other function that may be assigned by the parent company.
- 10.1.4 Give attention, and preference as far as may be reasonably possible, to the development of Tourism destinations other than within the Coastal areas of the District.

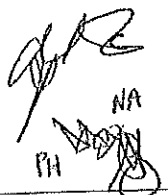

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11. MANAGEMENT BY THE CHIEF EXECUTIVE OFFICER OF TOURISM

1. Section 57 of the Systems Act, read with the necessary amendments thereto, shall mutatis mutandis be applicable to the Chief Executive Officer and the managers directly accountable to the Chief Executive Officer.
2. The upper limits of the salary, allowances and other benefits of the Chief Executive Officer and senior managers of the Company shall be determined by the Parent Municipality in terms of Section 89(a) of the Municipal Finance Management Act.

12. MEETINGS OF THE BOARD OF DIRECTORS

1. Section 93I of the Systems Act stipulates that at the Meetings of board of directors and shall sit as a committee as far as may be possible serving the interests of Tourism in the District:
 - (a) Meetings of the board of directors of Tourism must be open to the Municipal representatives referred to in Section 93D(1)(a).
 - (b) Municipal representatives referred to in Section 93D(1)(a) have non-participating observer status in a meeting of the board of directors of the Company.
2. Every meeting of directors as a committee shall, be held in the area of jurisdiction of the Parent Municipality in which the company's registered office is for the time being situated.


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13. GENERAL MEETINGS OF TOURISM

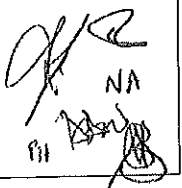
1. The Mayor or executive Mayor, as the case may be, of the parent municipality may at any time call or convene any meeting of the shareholders or any other General Meeting comprising the Board of Directors and the representatives of the parent municipality, in order for the board of directors to give account for actions taken by it.
2. Should such meeting be called, the Manager or Executive Mayor shall as far as reasonably possible, give written notice of the meeting, and an Agenda for such meeting.

14. REPRESENTATION AT GENERAL MEETINGS OF TOURISM

1. Save as otherwise herein provided, there shall be no less than one (1) of the representatives, mandated by the parent Municipality to represent it at the General Meeting.
2. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.
3. All business that is transacted at a general meeting, and all that is transacted at the annual general meeting, shall be deemed to be special business.

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- 3.1 The parties record that it was of paramount importance that the directors of the Entity play a purposeful and ongoing role in the running of the Entity as stipulated in Section 93D of the Act.
- 3.2 Should it occur that any director of the Company and for any reason whatsoever misses three consecutive committee meetings of the Company, or misses a cumulative total of 3 out of any 5 meetings of the company then;
- 3.3 The Chairman shall forward a written communication, to be delivered by hand to such director who shall be invited to furnish viva voce reasons at the next sitting of the committee of the Company, or if the Chairman accepts otherwise, written reason to explain his/her ongoing absence from such meetings;
- 3.4 If no reasons are given on the date designated by the Chairman, or if the reasons given are unacceptable to a quorum of the meeting of the representatives present; who shall evaluate such reasons; then such director shall be reported to the Parent Municipality for intervention.
- 3.5 following such report, the Mayor or Executive Mayor as well as the affected Director shall be notified in writing of such report, and shall be furnished with a copy of the relevant minutes of the meeting.
- 3.6 The provisions of 14.3.1 to 14.3.5 set out hereinabove shall mutatis mutandis apply to the Ugu representative as


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contemplated in clause 14.1 and the same procedural steps shall apply mutatis mutandis to such representative.

15. CODE OF CONDUCT FOR DIRECTORS AND STAFF OF TOURISM

1. In terms of Section 93L of the Systems Act the following applies to the Directors of the Company:

(a) The Code of Conduct for Councilors contained in Schedule 1 of the Systems Act applies.

(b) In the application of item 14 and 15 of the Code of Conduct in respect of the Directors of the Company.

2. In terms of Section 93L of the Systems Act the following applies to any member of Staff (employees) of the Company:
The Code of Conduct for municipal staff members contained in Schedule 2 of the Systems Act applies with the applicable and necessary changes, to members of staff (employees) of the Company.

16. MUNICIPAL REPRESENTATIVES

1. The Parties shall comply with 93D of the Systems Act namely that:

(a) The Council of the Parent Municipality must designate a councilor or an official of the parent Municipality, or both, as the representative or representatives of the Parent Municipality –

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- (i) to represent the parent municipality as a non-participating observer at meetings of the board of directors of Tourism; and
 - (ii) to attend Directors meetings and to exercise the parent municipality's rights and responsibilities as a shareholder, together with such other councilors or officials that the council may designate as representatives.
 - (iii) failure by any representative to attend any such meeting shall be recorded in the minutes of such meeting
- (b) (i) The official lines of communications between Tourism and the parent municipality exist between the Chairperson of the board of directors of Tourism and the Mayor or Executive Mayor, as the case may be, of the parent municipality.
- (ii) The Mayor or executive Mayor, as the case may be, of a parent municipality may at any time call or convene any meeting of shareholders or other general meeting comprising to board of directors of the Company concerned and the representatives of the parent municipality, in order for the board of directors to give account for actions taken by it.
- (iii) The council of a parent municipality may determine the reporting responsibilities of a municipal representative.
- (c) (i) A municipal representative must represent the parent municipality faithfully at shareholder meetings, without consideration of personal interest or gain, and shall keep the council informed of –

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- (a) how voting rights were exercised; and
 - (b) all relevant actions taken on behalf of the municipality by the representative.
- (ii) A municipal representative
 - (a) must act in accordance with the instructions of the council; and
 - (b) may be reimbursed for expenses in connection with his or her duties as a municipal representative, but may not receive any additional compensation or salary for such duties.

17. EXISTING AGREEMENT

This agreement shall supercede any other agreements between any Tourism Association, and any Municipality which falls within the Ugu District.

18. DURATION

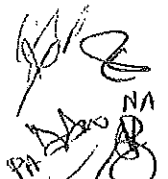
1. This agreement shall commence on the effective date and shall continue for a fixed period of 5 years, whereafter a new agreement must be negotiated between the parties.
2. Should any of the Parties be desirous of terminating this Agreement before the attainment of the five (5) year period, the Party wishing to terminate must provide one (1) year's written notice of it's intention to terminate to the other Party. Such Notice must be delivered to the other Party's domicilium as recorded in 24 below.

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NA
PH

19. FINANCIAL CONTRIBUTION BY MUNICIPALITY

1. South Coast Tourism shall annually –

- 1.1 prepare a business plan linked to and taking cognizance of the Ugu District Municipality Integrated Development Plan. This annual business plan shall be submitted to the Municipality which shall annually make a grant to South Coast Tourism as stipulated herein;
- 1.2 not more than six months after the end of its financial year, after completion of the annual audit, submit to the Municipal Manager of the Municipality a report on its affairs and activities during the financial year and its audited annual financial statements, which report and financial statements shall be tabled at the next meeting of the Municipality; and
- 1.3 before or on the date prescribed, submit a budget for the ensuing financial year and a business plan as prescribed, to the Municipal Manager, which budget and business plan shall be considered by the Municipal Council in line with its budgeting process when considering the increase referred to in clause 19.5 below.
- 1.4 The funds of South Coast Tourism shall consist of –
 - 1.4.1 Grant in Aid from District and Local Municipalities of the Ugu District;

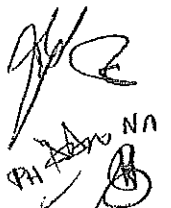
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1.4.2 donations, bequests, sponsorships or contributions;

1.4.3 subject to the KwaZulu-Natal Tourism Act, income generated so as to achieve its objects; and

1.4.4 membership fees;

- 2 When the annual business plan of South Coast Tourism is so submitted. Without limiting the generality of such report it shall incorporate therein all information which may be called for by the Municipal Manager or other authorised officials of the Municipality. The report shall be comprehensive enough to enable the Municipality to assess whether South Coast Tourism has fully complied with this agreement, what service levels it has maintained and generally what its performance has been.
3. The parties record that Ugu District Municipality has committed itself to make a financial contribution to South Coast Tourism from the municipal budget.
4. The parties therefore record that the Municipality has committed itself to a base level contribution as a Grant-in-Aid to South Coast Tourism for the duration of this contract period .The amount will inline with the annual budget increases of the Municipality, subject to the availability of funds etc. per annum as it applies to Municipalities subject however to the availability of funds and any unforeseen/impending shortfalls in budgeted revenue.



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5. Ugu District Municipality will inform South Coast Tourism by not later than 31 May each year of the approved increase in the base level Grant-in Aid.
6. Sponsorships of each less than R200 000.00 (Two Hundred Thousand Rand) shall form part of the ordinary income received by Tourism, and not be subject to any Preferential Procurement policy and shall be treated as sponsorship funding as provided for in the Kwa Zulu Natal Tourism Act.

20. FUTURE DEVELOPMENT OF SOUTH COAST TOURISM

South Coast Tourism shall, within a reasonable period:

1. Effect such changes as maybe necessary or appropriate for it to function as a Local Tourism Association in terms of the KwaZulu-Natal Tourism Act, 1996 (KwaZulu-Natal Tourism Act, Act 11 of 1996). Without limiting the generality of the requirement, it shall adopt and follow the objects set out in the said Tourism Act, and any other relevant legislation regarding tourism and the local authority.
2. South Coast Tourism is to conduct its activities as laid out in the Memorandum of Association, as per its core business, being tourism marketing and development.
3. South Coast Tourism shall in the course of its daily business, and by way of its Constitution as far as may be permitted; be entitled to procure funding by way of Sponsorships either with reference to:



NA:
RH

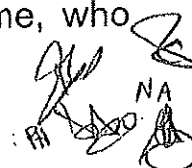
- (a) a sponsorship panel;
 - (b) ad hoc sponsorships.
- 4. Such sponsorships shall not have to comply with the MFMA or the supply Chain Management Policy subject to Section 93C(a)(iii) of the Systems Act.
- 5. If any doubts exist as to whether or not a sponsorship or monies received should be dealt with in terms of the MFMA, this item shall be tabled and minuted and resolved at a director's meeting as defined herein.

22. PREMISES

- 1. South Coast Tourism has entered into separate formal lease with a Wideprops 118 Pty Ltd 2002/030541/08 (a private landlord) for the sole occupation of the premises at 16 Bisset Street, Port Shepstone for a period not more than 2 years and 11 months, which lease may be renewed by mutual consent.

22. AUDIT

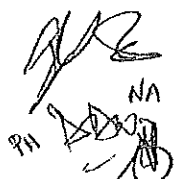
- (a) The parties record that the books and records of South Coast Tourism will be subject to an annual audit and the results thereof made available to the Ugu District Municipality.
- (b) For the purposes of cost efficacy, the Municipalities Chief Financial Officer, or his nominated representative will engage the services of the Company Auditors from time to time, who

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shall prepare an Audit Report, which shall together, with working papers in support thereof be submitted to the Auditor General in compliance with all statutory requirements.

23. PERFORMANCE EVALUATION

1. The parties agree that the activities of South Coast Tourism will be monitored and evaluated.
2. The monitoring and evaluation shall be done in accordance with the reasonable requirements of the Municipal Manager of the Municipality, who reserves this right and who is, in any event obliged to comply with Section 87 of the Municipal Finance Management Act. He may utilise the services of consultants or other experts for this purpose including the conducting of periodic or ongoing and / or annual market research as to the views of the public generally and the members of South Coast Tourism in this regard.
3. The following reports shall be submitted to the Municipal Manager to evaluate the ongoing performance of South Coast Tourism:
 - 3.1 Audited financial statements, within 60 days of South Coast Tourism year end.
 - 3.2 Mid year Budget and Performance Assessment report.
 - 3.3 A quarterly summary activity report
4. Board minutes from time to time shall be forwarded to the Municipal Manager.

 PH NA

5. Annual board review of company performance to be forwarded to the municipal manager within 90 days of its year-end.

24. DOMICILIUM AND NOTICES

The parties select their addresses as hereinbefore stated as their respective *domicilia citandi et executandi* for all purposes arising out of this agreement or the cancellation thereof.

Any notice sent to the *domicilia citandi et executandi* of a party by previous registered post or delivered there by hand shall be deemed to have been received on the fifth business day after posting or on the date of delivery, as the case may be.

Any party may, by written notice to the other, change his *domicilia citandi et executandi* to another physical address (not being a post office box number or poste restante) within the Republic of South Africa and such change shall become effective seven days after the giving of such notice.

All notices which may or may have to be given in terms of this agreement shall be in writing.

25. JUDICIAL PROCEEDINGS AND DISPUTE RESOLUTION

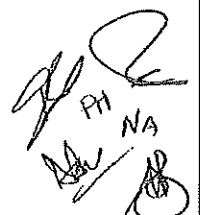
1. The parties acknowledge that with reference to interpretation of powers and obligations of the parties, and in the event of a dispute between the parties that:

1.1 This Service Level Agreement shall have application and;

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1.2 The Articles and Memorandum of the Company shall have application.

2. Should a dispute arise at any level between the parties, which cannot be resolved by intervention, of the CEO, the Municipal Manager, and/or the directors of the Entity, then the parties acknowledge that Chapter 4 of The Intergovernmental Relations Framework Act 113 of 1995 shall have application (Act 113 of 2005).
3. In terms of Section 41 read with 42(2) of Act 113 of 2005,
 - 3.1. Any dispute which may arise between the parties relating to the interpretation, effect or termination of this agreement or to their rights or obligations in terms hereof shall be submitted for facilitation if any party to the dispute so requires.
 - 3.2. The Facilitator shall then make his/her finding available to the relevant MEC in terms of Section 44 of Act 113 of 2005.
4. The Arbitrator shall be a practising or retired attorney or Senior Government Official who have had not less that 10 (ten) years experience. He she shall be appointed by agreement between the parties to the dispute, and failing such agreement, within 7 (seven) days after the date upon which the arbitration is demanded, by the relevant MEC in Kwa Zulu Natal, or his nominee.



26. ENTIRE AGREEMENT – NO VARIATION

Non Variation

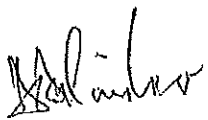
This agreement shall constitute the entire agreement between the parties, as to the regulation of the Municipal Entity, and no addition to or variation, consensual cancellation or novation of this Service Level Agreement and no waiver of any right arising from this Agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by all the parties or their duly authorized representatives.

THUS DONE and SIGNED by UGU DISTRICT MUNICIPALITY at Port Shepstone on this 20th day of MAY 2015.

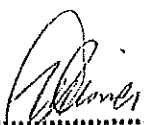
AS WITNESSES:

1. 

2. 



D D NAIDOO
MUNICIPAL MANAGER
Duly Authorised


.....
APPROVED
MANAGER: LEGAL SERVICES
MELANIE OLIVIER
DATE: 20/05/2015

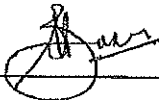
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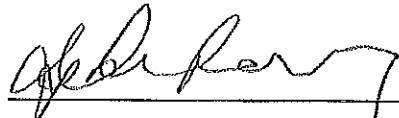
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THUS DONE and SIGNED by SOUTH COAST TOURISM at Port
Shepstone on this 28th day of May 2015.

AS WITNESSES :

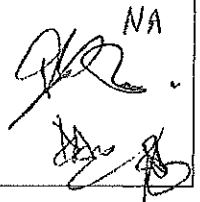
1. 

2. 



JUSTIN MACRORY

CHIEF EXECUTIVE OFFICER –
SOUTH COAST TOURISM

NA


SERVICE LEVEL AGREEMENT

ENTERED INTO BY AND BETWEEN

UGU DISTRICT MUNICIPALITY

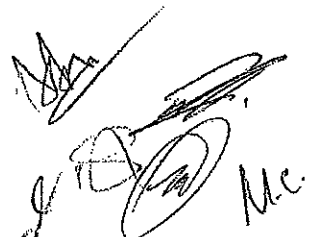
**(Duly represented by Mr D D Naidoo in his capacity as
Municipal Manager) of the one part**

AND

UGU SOUTH COAST DEVELOPMENT AGENCY

(RF) SOC LTD (2016/158371/30)

**(Duly represented BY Ms E J Crutchfield in her
capacity as Interim Chief Executive Officer) of the
other**



Handwritten signatures of Mr. D. D. Naidoo and Ms. E. J. Crutchfield.

1. Preamble

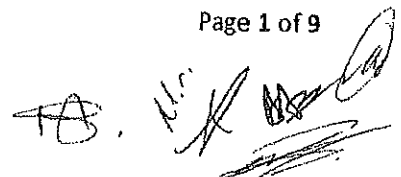
Whereas the Municipality adopted the Integrated Development Plan in compliance with the Municipal Systems Act. Economic Development has been identified as a key performance area hence necessitates the need to invest in economic development implementing agency.

And Whereas Ugu South Coast Development Agency is an economic development implementing agent. Its mandate is to engage in economic development projects that grow the economic development footprint of the municipality.

And Whereas the Municipality has resolved to grant funding to the economic development implementing agent namely the Ugu South Coast Development Agency, to the tune of R5 250 000.00 per annum escalating at 5% per annum.

And Whereas Ugu South Coast Development Agency hereby accepts the funding from the municipality.

The parties as stated above hereby choose the terms and conditions stated below to regulate their business relationship.

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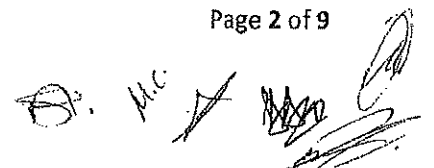
2. Definitions

Business Day/s:	Means all days excluding Saturday, Sunday and Public Holidays, as determined by the Republic of South African Government.
Contract:	Means this contract as set-out in the various clauses and all its annexures.
Municipality:	Means the Ugu District Municipality
Agency:	Means Ugu South Coast Development Agency
Funding:	Mean the financial resource that will be transferred to the Ugu South Coast Development Agency.
Parties:	Mean Ugu District Municipality and the Ugu South Coast Development Agency.

3. Interpretations

Unless inconsistent with the context, an expression which denotes:

- 3.1. One gender includes the other gender.
- 3.2. A natural person includes a juristic person and vice versa.
- 3.3. The singular includes the plural and vice versa.
- 3.4. When any number of days is prescribed in this contract, the same shall be reckoned exclusively of the first and inclusively of the last day unless day falls on a Saturday, Sunday or proclaimed public holiday in the Republic of South Africa, in which event the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday.
- 3.5. Figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.
- 3.6. Any reference in this contract to "goods" includes works and/or services.
- 3.7. The written and signed contract represents the final agreed terms and conditions between the parties and it super cedes any prior oral contracts or discussions.
- 3.8. All annexure and appendices shall form part of the contract.



4. Contract Duration

- 4.1. This contract will commence on 01 July ²⁰¹⁵~~2014~~ and will endure for the period of 3 (Three) years.

5. Contract Termination

- 5.1. This contract may be terminated by either party by giving the other party not less than 90 (Ninety) business days written notice of termination.
- 5.2. Due to the nature of the service required and the duration of the contract, the termination procedure stated in clause 5.1 above is applicable only if the termination of the contract does not materially affect the deliverables of the services required by the Agency.

6. Undertakings

- 6.1. The municipality hereby undertakes to make available to the Ugu South Coast Development Agency an amount of R5 250 000 per annum escalating at 5% per annum.
- 6.2. The Ugu South Coast Development Agency hereby accepts the funds stated in clause 6.1 above.

7. Obligation of the parties

7.1. Obligations of the Municipality:

- a. To transfer to the Agency the amount referred to in clause 6.1.
- b. In addition to the above obligation, the amount referred escalates at a rate of 5% per annum.
- c. To transfer the funds to the following banking details.
Account Name: Ugu South Coast Development Agency
Account Number: 4057525673
Bank: ABSA
Branch: Port Shepstone
Branch Code: 632005
- d. The bank details stated in clause 7.1(c) may be amended by the Ugu South Coast Development Agency and will be deemed to be amended upon receipt of a written notice from the Ugu South Coast Development Agency.

7.2. Obligation of the Ugu South Coast Development Agency.

- In utilizing the funding the Ugu South Coast Development Agency undertakes to
- a. Implement effective, efficient and transparent financial management and internal controls systems to guard against fraud, theft and financial management and internal

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control systems to guard against fraud, theft and financial mismanagement in handling the funds.

- b. Provide reports detailing financial and operational performance to the municipality on quarterly basis or as and when required, provided that reasonable notice has been given.
- c. To utilize the funds to further the economic development initiatives of the District.
- d. In addition to the above, the Agency shall undertake projects given by the municipality in line with Agency corporate strategy. The projects which may be undertaken are included in the District Growth & Development Strategy; as well as any other projects as may be identified by the Municipality.

8. Performance Standards

- 8.1. The parties must ensure that all time frames are adhered to in order to ensure efficiency.

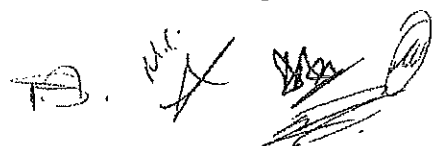
9. Contract Amendments/Variations.

- 9.1. No variation in or modification of the terms of this contract shall be made except by written amendment signed by the parties concerned.

10. Confidentiality

The Parties shall:

- 10.1. Treat as strictly confidential any and all Confidential Information given or made except by written amendment signed by the parties concerned.
- 10.2. Keep all such Confidential Information confidential towards third parties and only use it in co-operation with each other for the purpose expressly agreed upon by the Parties and to disclose same to their employees only on the basis as the need to know.
- 10.3. The foregoing obligations shall not apply to any information which:
 - 10.3.1. Is lawfully in the public domain at the time of disclosure;
 - 10.3.2. Subsequently becomes available to one party from a source other than the other party, which source is lawfully entitled without any restriction on disclosure to disclose such confidential information; and



10.3.3. Is disclosed pursuant to a requirement or request by operation of law, regulation or order of a competent court.

10.3.4. This clause is severable from the rest of this contract and shall remain valid and binding on the parties notwithstanding any termination of this Contract.

11. Intellectual Property

The intellectual property discovered or created as the direct or indirect result of this contract shall remain the property of the Ugu South Coast Development Agency.

12. Warranties

12.1. The parties warrant that they have the required authority to enter into this contract.

13. Breach

13.1. In the event of breach any party may issue a written notice requiring the defaulting party to remedy a breach of this contract within 30 business days of the date of receipt of the notice.

13.2. If the defaulting party fails to remedy the breach within the 14 days specified in 12.1, the aggrieved party shall be entitled without notice, in addition to any other remedy available to them at law or under this contract:

13.2.1. To claim specific performance of any obligation whether or not the due date for performance has arrived; or

13.2.2. To terminate this contract with accordance with paragraph 5 of this contract, against the defaulting party, in either event without prejudice to the aggrieved part's rights to claim damages.

14. Dispute Resolution

Provision is hereby made for arbitration in the following manner:

14.1. Any dispute arising from the performance or terms or conditions or termination or cancellation of this contract, and which cannot be settled between the parties themselves, shall be way of independent arbitration.

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The identity of the Arbitrator and terms of reference must be agreed to by the parties prior to any arbitration commencing.

14.1.1. Manner

The arbitration takes place in an informal manner.

14.1.2. Place

The arbitration takes place in Port Shepstone, in the Republic of South Africa.

14.1.3. Secrecy

Any arbitration in terms hereof shall be deemed to be strictly confidential between the parties involved therein.

14.1.4. The Arbitrator

If the dispute is primarily by nature:

14.1.4.1. An accountancy matter

The Arbitrator shall be an independent, registered Chartered Accountant.

14.1.4.2. A legal or any other matter

The Arbitrator shall be a practicing Advocate or Attorney of at least five (5) years standing.

14.1.5. Failure to appoint an Arbitrator

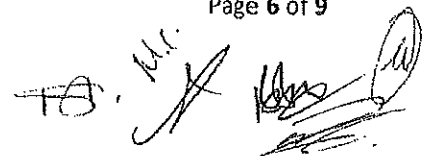
If the parties cannot agree on an arbitrator within seven (7) days of the reference, either party shall be entitled to request the Chairman, for the time being, of the KwaZulu-Natal Bar Council or his/her successor in title to appoint a suitable arbitrator.

14.1.6. Binding

The parties hereby irrevocably agree that the award made in any arbitration in terms hereof shall be final and binding upon them and they shall comply with it.

14.2. The provisions of this paragraph:

14.2.1. Are severable from the rest of this contract and shall remain in force despite the termination of this contract or it's invalidity for any other reason; and



- 14.2.2. Does not preclude a party from obtaining interim relief on an urgent basis from a court of competent jurisdiction, pending the decision of the arbitrator.

15. Monitoring and Evaluation

- 15.1. The parties hereby agree that there will be quarterly meetings per annum to discuss the implementation progress of all the economic development projects.
- 15.2. The reports may be extended to other relevant municipal structures and or committees.

16. Notices

For the purposes of this contract, the parties choose their respective domicilia citandi et executandi as follows:

16.1. Ugu District Municipality

28 Connor Street

Port Shepstone

4240

Tel: 039 688 5700

Fax: 039 682 1720

16.2. Ugu South Coast Development Agency

10 Berea Road

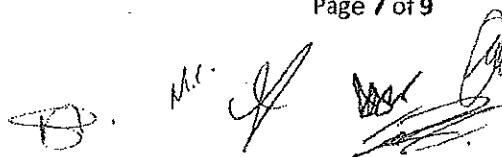
Port Shepstone

4240

Tel: 039 682 3881/2

Fax: 039 682 3883

- 16.3. The parties hereby choose domicilium citandi et executandi for all notices and processes to be given and served in pursuance hereof at their respective addresses given on the first page of this contract. Any notice of any change in such address shall be given in writing by the parties concerned and delivered by hand or sent by registered mail to the other party, upon notification of which address so notified shall serve as the new citandi et executandi.



16.4. A party may at any time change that party's domicilium by notice in writing, provided that new domicilium is in the Republic of South Africa and consists of, or includes, a physical address at which the process can be served.

16.5. Any notice to a party:

16.5.1. Sent by prepaid registered post in a correctly addressed envelope, to it, shall be deemed to have been received on the 7th (seventh) day after posting (unless the contrary is proved);

16.5.2. Delivered by hand to a responsible person during ordinary business hours at the physical address chosen as its domicilium, shall be deemed to have been received on the day of delivery; or

16.5.3. Sent by telefax to its chosen telefax number, shall be deemed to have been received on the date of dispatch (unless the contrary is proved).

17. Whole Contract

This contract constitutes the whole contract between the parties in relation to its subject matter and supercedes all prior contracts and no documentation, presentation; warranty or contract not contained herein shall be of any force between the parties.

18. Signatures

SIGNED AT PORT SHEPSTONE ON THIS 29 DAY OF JUNE 2015



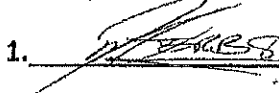
SIGNATURE ON BEHALF OF THE


UGU SOUTH COAST DEVELOPMENT AGENCY

NAME: JOP CRUTCHER

POSITION: ACTING CHIEF EXECUTIVE OFFICER

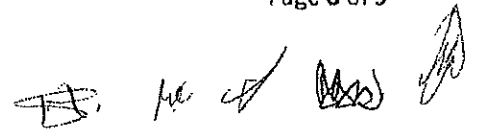
In the presence of the following witnesses:

1. 

2. 

NAME: MONIQUE HERBST

NAME: MRA MKHIZE



SIGNED AT Port Shepstone ON THIS 24th DAY OF June 2015

[Signature]

NAME: D.D. Ndodo

SIGNATURE ON BEHALF OF

POSITION: Municipal Manager

UGU DISTRICT MUNICIPALITY

In the presence of the following witnesses:

1. [Signature]

2. [Signature]

NAME: M.G. Olivier

NAME: N. Sengobally

[Signature]
APPROVED
MANAGER: LEGAL SERVICES
MELANIE OLIVIER
DATE: 28/6/15

[Signature] Mc- [Signature]

UGU DISTRICT MUNICIPALITY

“The Municipality”



BUDGET POLICY

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1. **DEFINITIONS**

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act, has the same meaning as in that Act.

“Accounting Officer” means the Municipal Manager of Ugu Municipality;

“Allocation” means –

- i) a municipality's share of the local government's equitable share referred to in Section 214(l) (a) of the Constitution;
- ii) an allocation of money to a municipality in terms of Section 214(1) (c) of the Constitution;
- iii) an allocation of money to a municipality in terms of a provincial budget; or
- iv) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction.

“Annual Division of Revenue Act” means the Act of Parliament, which must be enacted annually in terms of Section 214(1) of the Constitution;

“Approved budget” means an annual budget -

- a) approved by a municipal Council, or
- b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA.

“Budget-related policy” means a policy of a municipality affecting or affected by the annual budget of the Municipality, including -

- a) the tariffs policy, which the Municipality must adopt in terms of Section 74 of the Municipal Systems Act;
- b) the rates policy which the Municipality must adopt in terms of Section 3 of the Municipal Property Rates Act;
- c) the credit control and debt collection policy, which the Municipality must adopt in terms of Section 96 of the Municipal Systems Act;

“Budget year” means the financial year of the Municipality for which an annual budget is to be approved in terms of Section 16(1) of the MFMA;

“Chief Financial Officer” means the Chief Financial Officer of Ugu Municipality;

“Council” means the Council of Ugu Municipality;

“Current year” means the financial year, which has already commenced, but not yet ended;

“Delegation” in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

“Financial Statements” means statements consisting of at least -

- a) a statement of financial position;
- b) a statement of financial performance;
- c) a cash-flow statement;
- d) any other statements that may be prescribed; and
- e) any notes to these statements;

“Financial year” means a twelve months period commencing on 1 July and ending on 30 June each year;

“Fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

“Irregular expenditure”, means –

- a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of Section 170 of the MFMA;
- b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act 20 of 1998); or

- d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

"Investment" in relation to funds of a municipality, means -

- a) the placing on deposit of funds of a municipality with a financial institution; or
- b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

"long-term debt" means debt repayable over a period exceeding one year;

"Mayor" means the Mayor of Ugu Municipality;

"Municipality" refers to Ugu District Municipality

"National Treasury" means the National Treasury established by Section 5 of the Public Finance Management Act;

"Official" means -

- a) an employee of a municipality or municipal entity;
- b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"Overspending" means -

- a) causing the operational or capital expenditure incurred by the Municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
- b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

- c) in relation to expenditure under Section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

“Quarter” means any of the following periods in a financial year:

- a) 1 July to 30 September;
- b) 1 October to 31 December;
- c) 1 January to 31 March; or
- d) 1 April to 30 June.

“Service Delivery and Budget Implementation Plan” means a detailed plan approved by the Mayor of a municipality in terms of Section 53 (l) (c) (ii) of the MFMA for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate:

- a) projections for each month of:
 - i) revenue to be collected, by source and vote; and
 - ii) operational and capital expenditure, by vote;
- b) service delivery targets and performance indicators for each quarter; and
- c) any other matters that may be prescribed, and includes any revisions of such plan by the Mayor in terms of Section 54(l)(c) of the MFMA;

“Unauthorised expenditure” means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes –

- a) overspending of the total amount appropriated in the Municipality's approved budget;
- b) overspending of the total amount appropriated for a vote in the approved budget;
- c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- f) a grant by the Municipality otherwise than in accordance with the MFMA;

“Virement” means transfer of funds between functions / votes

“Vote” means

- a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

2. PRINCIPLES

- 2.1 Section 215 (1) of the Constitution of the Republic of South Africa states that National, provincial and municipal budgets and budgetary processes must promote transparency, accountability and the effective financial management of the economy, debt and the public sector. It also states in S215 (3), that Budgets in each sphere of government must contain;
- a. Estimates of revenue and expenditure, differentiating between capital and current expenditure;
 - b. Proposals for financing any anticipated deficit for the period to which they apply; and
 - c. An indication of intentions regarding borrowing and other forms of public liability that will increase public debt during the ensuing year.
- 2.2 Section 26(h) of the Municipal Systems Act (Act 32 of 2000) requires a municipality's Integrated Development Plan to reflect a financial plan, which must include a budget projection for at least the next three years (Medium Term Expenditure Framework);
- 2.3 Section 21 of the Municipal Finance Management Act (Act 56 of 2003) prescribes the function of the Mayor who must coordinate the processes for preparing the annual budget and for the reviewing of the municipality's Integrated Development Plan and budget related policies and to ensure that any revisions are mutually consistent and credible;
- 2.4 Section 16 of the Municipal Finance Management Act, requires the municipal council to approve an annual budget for the municipality before the start of the financial year;
- 2.5 The Minister with the concurrence of the Minister for Provincial and Local Government, has in terms of S168 of the Municipal Finance Management Act issued the Municipal Budget and Reporting Regulations which aim to secure sound and sustainable management of the budgeting and the reporting practices of the municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes; Now therefore, the Council of Ugu District Municipality adopts the Budget Policy as set out in this document.

3. OBJECTIVES OF THE POLICY

To set a broad framework within which Budget related decisions of the Municipality will be taken and implemented to ensure efficient and transparent financial planning that will promote sound and sustainable financial management, essential for the achievement of the Municipality's developmental priorities as contained in its Integrated Development Plan.

4. SCOPE AND INTENDED AUDIENCE

- 4.1 This Policy will serve as a guideline for the effective management of the Municipal budgetary processes, in order to attain the strategic objectives of the Municipality within the ambits of the applicable legislation, and shall apply to all departments within the Municipality.
- 4.2 Council has considered the guidelines distributed by National Treasury to local government which detail the processes and formats to be followed when preparing the budget policy.
- 4.3 The Municipality shall comply with the provisions of this Policy in the compilation of each of its budgets.

5. REGULATORY FRAMEWORK

In the process of preparing the Municipal budget, The Mayor, political office bearers (Councillors), Accounting Officer, Chief Financial Officer and other officials shall comply with all relevant legal requirements, including:-

- a) The provisions of Chapter 4 of the Municipal Finance Management Act, 2003, ('the MFMA'), as well as Sections 42, 43, 53, 54, 55, 68, 69, 70, 71, 72, 75, 80, 81, and 83 thereof; and
- b) The Municipal Budget and Reporting Regulations published in terms of Section 168 of the MFMA.
- c) All relevant budget related Circulars and notices issued by the National Treasury.

6. ROLES AND RESPONSIBILITIES**6.1 Role of Council**

- a) Must provide political leadership and direction

- b) Play an oversight role by approving budget related policies, and ensuring that the priorities are reflected in the budget. (Council may not delegate approval of budgets and policies)
- c) Approve the Integrated Development Plan, the Annual Budgets and the Service Delivery Budget Implementation Plan.
- d) Monitor the outcomes of the implementation of the policies and budgets.

6.2 **Role of the Mayor**

- a) Provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. (S53, MFMA)
- b) Prepare and table a schedule of key deadlines for the preparation, tabling and approval of the budget, annual review of the IDP and the consultative process. (S21, MFMA)
- c) Take all reasonable steps to ensure that the Municipality approves its annual budget before the start of the financial year and report to the Municipal Council and the MEC for finance in the province any delays in the tabling of the annual budget. (S53, MFMA)
- d) Must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in S53, MFMA

6.3 **Role of the Accounting Officer**

- a) Assist the Mayor in performing budgetary functions assigned to him/her in terms of Chapter 4 & 7 of the MFMA and to provide administrative support, resources and information necessary for the performance of those functions. (S68, MFMA)
- b) Is responsible for the implementation of the approved budget and must take all reasonable steps to ensure that the spending of funds is in accordance with the budget and is reduced as necessary when the revenue is anticipated to be less than the projected in the budget.
- c) Ensure that revenue and expenditure are properly monitored.
- d) Must prepare an adjustments budget and submit it to the Mayor for consideration and tabling in the Municipal Council when necessary.
- e) Report to the Municipal Council any shortfalls in budget revenue, overspending and necessary steps taken to prevent shortfalls and overspending.
- f) Submit to the Mayor actual revenue, borrowings, expenditure and where necessary report variances on projected revenue and the budget.

6.4 Role of the Chief Financial Officer (CFO)

- a) Without derogating in any way from the legal responsibilities of the Accounting Officer as Accounting Officer, the Chief Financial Officer shall be responsible for preparing the draft annual capital and operating budgets (including the budget components required for the ensuing financial years), any required adjustments budgets, the projections of revenues and expenses for the service delivery and budget implementation plan (including the alignment of such projections with the cash management programme prepared in terms of the banking, cash management and investments policy), and shall be accountable to the Accounting Officer in regard to the performance of these functions.
- b) Must advise the Accounting Officer on the exercise of powers and duties assigned to him in terms of the MFMA.
- c) Must assist the Accounting Officer in the preparation and implementation of the Municipality's budget.
- d) The Chief Financial Officer shall draft the budget timetable for the ensuing financial year for the Council's approval, and shall indicate in such timetable the target dates for the draft revision of the annual budget and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, and target dates for the submission of all the budget-related documentation to the Management Committee, Finance Portfolio, Executive Committee and Council.
- e) Except where the Chief Financial Officer, with the consent of the Mayor and Accounting Officer, decides otherwise, the sequence in which each annual budget and adjustments budget shall be prepared, shall be: first, the capital component, and second, the operating component. The operating component shall duly reflect the impact of the capital component on:
 - i) depreciation charges;
 - ii) repairs and maintenance expenses;
 - iii) interest payable on external borrowings; and
 - iv) other operating expenses.
- f) In preparing the operating budget, the Chief Financial Officer shall determine the number and type of votes to be used and the line-items to be shown under each

vote, provided that in so doing the Chief Financial Officer shall properly and adequately reflect the organisational structure of the Municipality, and further in so doing shall comply – in so far as the organisational structure permits – also with the prescribed budget format of National Treasury

- g) Must perform all budgeting and other duties as delegated by the Accounting Officer in terms of S79, MFMA.
- h) The Chief Financial Officer shall determine the depreciation expenses to be charged to each vote, the apportionment of interest payable to the appropriate votes, the estimates of withdrawals from (claims) and contributions to (premiums) the self-insurance reserve, and the contributions to the provisions for debt impairment, accrued leave entitlements and obsolescence of stocks
- i) The Chief Financial Officer shall further, with the approval of the Mayor and the Accounting Officer, determine the recommended contribution to the asset financing reserve and any special contributions to the self-insurance reserve.
- ~~j) The Chief Financial Officer shall also, again with the approval of the Mayor and the Accounting Officer, and having regard to the Municipality's current financial performance, determines the recommended aggregate growth factor(s) according to which the budgets for the various votes shall be drafted.~~
- k) The Chief Financial Officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall timeously and adequately furnish the Chief Financial Officer with all explanations required for deviations from the budget. The Chief Financial Officer shall submit these monthly reports to the Mayor, Finance Portfolio and Executive Committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.
- l) The Chief Financial Officer shall provide technical and administrative support to the Mayor in the preparation and approval of the annual and adjustment budgets, as well as in the consultative processes, which must precede the approval of such budget.
- m) The Chief Financial Officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities

determined by the Mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the Mayor on the revision of the IDP and the budget-related policies where these are indicated.

- n) The Chief Financial Officer shall make recommendations on the financing of the draft capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.
- o) The Chief Financial Officer shall determine the basis for allocating overhead expenses not directly chargeable to votes. The expenses associated with the democratic process shall be allocated to a separate vote, and shall not be charged out as an overhead.
- p) The Chief Financial Officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.
- q) The Chief Financial Officer shall ensure that the allocations from other organs of state are properly reflected in the annual and adjustments budget, and that the estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

6.5 **Role of Senior Managers & Other Officials**

- a) Each Senior Manager and each Municipal official exercising financial management responsibilities must take all reasonable steps within his/her area of responsibility to ensure that the financial resources of the Municipality are utilised effectively, efficiently, economically and transparently.
- b) Must prevent unauthorised, irregular and fruitless or wasteful expenditure and other losses within his/her Department.
- c) Must ensure that all revenue due to the Municipality is collected.
- d) Must ensure that all information required by the Accounting Officer for compliance with the provisions of the Acts is timeously submitted.

6.6 **Role of the Budgeting Steering Committee**

6.6.1 The Municipal Budget and Reporting regulations (Government Gazette 32141) chapter 2 requires the Mayor to establish a Budget steering comprising of the following members:-

- a) The Mayor – Chairperson
- b) The Speaker
- c) The Whips of Political Parties
- d) The Accounting Officer (Municipal Manager)
- e) The Chief Financial Officer
- f) The IDP Manager
- g) The Manager Budget Office and,
- h) Members of Senior Management (Top Management)

6.6.2 The role of the Committee shall be:-

- a) To assist the Mayor in carrying out his/her statutory roles and responsibilities in accordance with S52 and S53 of the MFMA.
- b) To provide technical assistance to the Municipal political office bearers during policy formulation and to assist priority determination.
- c) To interrogate and make recommendations on the adoption of the Annual Budget, the Service Delivery and Budget Implementation Plan (SDBIP), S71 monthly budget statements and S72 Midyear budget and performance report and the Adjustments Budget.
- d) To evaluate the progress report of the Accounting Officer with regard to the financial year end closure and compilation of the Municipal audit file.
- e) To evaluate progress report on the statutory audit by the office of the Auditor General.
- f) To exercise oversight in the compilation of the Annual Report.
- g) To evaluate action plans from the Accounting Officer on corrective measures to be taken on issues raised by the Auditor General.
- h) To evaluate and recommend payment of Annual Performance Bonuses to the Accounting Officer and Senior Management after the annual report has been adopted by Council on 31 January each year.

6.6.3 Council may adopt its existing Finance Portfolio Committee as its Budget and Steering Committee.

6.7 **Role of the Budget and Treasury Office**

- a) To assist the Accounting Officer in tabulating key time frames for the Budget Process.
- b) To provide guidance to the Accounting Officer and Senior Managers during the budget preparation process in accordance with National Treasury MFMA Reforms.
- c) To consolidate departmental Capital and Operating budgets.
- d) To consolidate departmental S71 monthly budget statements, quarterly returns and the Midyear monitoring report and submit to the Finance Portfolio Committee.
- e) To report any unauthorised, irregular, fruitless and wasteful expenditure or any deviations from the approved budget to the Finance Portfolio Committee.
- f) To assist the Accounting Officer in implementing recommendations of the Finance Portfolio Committee.
- g) To manage the administrative operations of the Budget and Treasury Office to ensure full compliance with the MFMA and any issued guidelines or Circulars from National Treasury.

6.8 **Delegation of roles and responsibilities**

6.8.1 All delegations by the Mayor to the Accounting Officer, Mayor to the members of the Finance portfolio Committee, the Accounting Officer to the Chief Financial Officer and other Senior Managers, of their roles, duties and responsibilities as per the MFMA:-

- a) Must be in writing,
- b) Are subject to the limitations as may be imposed by the Act,
- c) Does not absolve the Mayor, the Accounting Officer or the Senior Officials of the responsibilities concerning the exercise of the delegated power or the performance of the fiduciary duties, and
- d) Should not be indefinite and must be reviewed annually.

7 **ANNUAL SCHEDULE OF KEY DEADLINES**

- 7.1 The deadline dates for all budget preparation processes shall be as per the approved Process Plan as tabled by the Mayor to Council in August.
- 7.2 Such Process Plan shall indicate the target dates for the draft revision of the Integrated Development Plan and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the MFMA, for the submission

of all the budget-related documentation to the Mayor, Finance Committee, Executive Committee and Council.

- 7.3 Such time schedule shall provide for the deadlines set out in Appendix A, unless the Mayor, after consultation with the Chief Financial Officer, determines otherwise and provided that the requirements of the MFMA shall at all times be adhered to.
- 7.4 The Chief Financial Officer shall be responsible for ensuring that the time schedule is adhered to.

8 BUDGET PRINCIPLES

The sequence in which the Annual Budget shall be prepared shall be, first, the capital component and second, the operating component, except where the Chief Financial Officer with the consent of the Mayor decides otherwise. The Municipality's annual budget should:-

- a) Move towards the achievement of goals and objectives of the Municipality within the constraints of the available resources.
- b) Consider the Priorities as identified in the State of the Nation Address, State of the Province Address and the State of the District Address.
- c) Reflect the priorities contained in the Municipality's Integrated Development Plan.
- d) Be credible and fully funded from realistically anticipated revenues.
- e) Consider any resolutions taken by Council or the Executive Committee in the previous Budget Year which have financial implications on the current Medium Term Revenue Expenditure Framework.
- f) The basis of measurement and accounting policies underpinning the Municipality's annual financial statements must be the same as those used in the preparation of the Municipality's annual budget and supporting documentation.
- g) Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.

9 FUNDING OF EXPENDITURE

An Annual budget must be funded only from:

- a) Realistically anticipated revenues to be collected.
- b) Cash-backed accumulated surpluses from previous years not committed for other purposes;

- c) Borrowed funds, but only for revenue-generating capital projects; and
- d) Grants and subsidies as per DORA.

10 THE CAPITAL BUDGET

- 10.1 The Budget shall be prepared in the prescribed budget format of National Treasury.
- 10.2 The annual capital budget shall be prepared from a zero base, except in so far as capital projects represent a contractual commitment to the Municipality extending over more than one financial year.
- 10.3 The annual capital budget shall only be approved by Council if it is properly balanced (i.e. if the sources of finance have been secured to fund the budget and are equal to the proposed capital expenditure).
- 10.4 Before approving the capital budget, the Council shall consider the impact on the present and future operating budgets in relation to Finance Charges on external loans, Depreciation on fixed assets, Maintenance costs of fixed assets, and any other ordinary operational expenses associated with any item in that capital budget.
- 10.5 The Council shall also consider any impact of operating expenses – net of any revenues to be generated from the project – i.e. on future service tariffs.
- 10.6 Expenditure of a project shall be included in the Capital Budget if it meets the asset definition in terms of Council's approved Asset Management Policy

11 OPERATING REVENUE

- 11.1 The Operating revenue must include:
 - a) Estimates for all municipal revenue sources and;
 - b) All gazetted grants and subsidies, donations and subsidies in kind or emergency relief funding.
- 11.2 The allocation of interest on investments shall be budgeted for in terms of the cash, banking and investment policy.
- 11.3 In preparing the revenue budget, the Municipality shall strive to maintain the aggregate revenues from service charges at not less than 90% of the aggregate revenues net of operating grants.
- 11.4 The proposed increases in tariffs should be affordable, i.e. in line with CPIX, and should take into account the need to address infrastructure backlogs.
- 11.5 Tariff increases must respond to the population growth rate and the Division of Revenue Act.

- 11.6 The water and sanitation charges shall be calculated and levied as per the reviewed Water and Sanitation Tariffs Policy for that MTREF.
- 11.7 All tariffs shall be published in a local newspaper, and placed on the Municipal website and at the entrance of Ugu offices at least 30 days before the start of the financial year.
- 11.8 All tariffs must be gazetted in the Government Gazette before the 1st July each year.

12 OPERATING EXPENDITURE

- 12.1 The Municipality shall budget in each annual and adjustments budget for the contribution to:
- a) provision for accrued leave entitlements.
 - b) entitlement of officials as at 30 June of each financial year;
 - c) provision for impairment of debtors in accordance with its Rates and Tariffs Policies;
 - d) provision for the obsolescence and deterioration of stock in accordance with its Supply Chain Management Policy;
 - e) depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate;
-
- 12.2 The operating budget shall duly reflect the impact of the capital component on:
- a) Depreciation and impairment charges;
 - b) Repairs and maintenance expenses;
 - c) Interest payable on external loans, and
 - d) Any other operating expenses associated with fixed assets.
 - e) The operating budget must be in the prescribed National Treasury Format.

12.3 SALARIES AND ALLOWANCES

The budget for salaries and allowances shall be separately prepared and shall not exceed the parameter (percentage) of the aggregate operating budget component of the annual or adjustments budget, the parameters as may be contained in the budget circular issued by National Treasury from time to time. If the salary budget, exceed the parameter (percentage) of the aggregate operating budget as issued by National Treasury Council will be advised and provided with reasons and remedial action. The remuneration of Councillors and other political office bearers shall be excluded from this limit.

12.4 PROVISION FOR MAINTENANCE

The Municipality shall adequately provide in each annual and adjustments budget, for the maintenance of its fixed assets in accordance with its Fixed Asset Management and Accounting Policy as well as the routine maintenance plans. A minimum of 8% of the carrying amount of the fixed assets shall be provided for the expenditure on Repairs and Maintenance in the annual budget of the Municipality in accordance with the National Treasury norms.

12.5 FINANCE CHARGES, DEPRECIATION AND IMPAIRMENT

12.5.1 The Finance Charges payable by the Municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the outstanding loan balances belonging to such department or vote to the aggregate outstanding loan balances. However, should Council decide to raise loans only for financing of fixed assets in a specified service or vote, finance charges shall be charged to or apportioned only between the departments or votes relating to such service.

12.5.2 The depreciation expenses shall be apportioned to each department based on the cost of assets allocated to that department. The depreciation method used shall be in terms of the Fixed Assets Management and Accounting Policies.

13 CONSULTATION ON TABLED DRAFT BUDGETS

The Municipality shall, after the annual draft budget is tabled in Council, consider the views of the local community, the National and Provincial Treasuries, organs of state and local municipalities, as required by Section 23 of the MFMA, and shall comply with all other requirements of that section. For the purpose of consultation, the draft budget will be made available to the community, through the community libraries, the municipal offices and the municipal website soon after tabling in Council.

14 APPROVAL OF THE ANNUAL BUDGET

The Council shall approve the budget before the start of the financial year, in accordance the provisions of Section 24 of the MFMA, failing which, the Municipality shall be subject to the provisions of Section 25 of the MFMA.

15 PUBLICATION OF THE BUDGETS

In accordance with Section 22 of the MFMA, the Municipal Manager shall ensure that immediately after the annual budget is tabled in the Council:

- a) The budget is made public in accordance with the provisions of Section 17 (3) of the Local Government Municipal Systems Act.
- b) The budget is submitted to the National Treasury and Provincial Treasury in printed and electronic formats;
- c) The budget is submitted to any prescribed organs of state and to other municipalities affected by it.

16 MONTHLY BUDGET REPORTS

The Chief Financial Officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall furnish the Chief Financial Officer with all explanations required for deviations from the budget.

The Chief Financial Officer shall submit these monthly reports to the Mayor, Finance Committee and Executive Committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.

17 RELATED POLICIES

This Policy must be read in conjunction with the following budget-related policies of the Municipality:-

- 17.1.1 Indigent Support Policy
- 17.1.2 Asset Management Policy
- 17.1.3 Water Services Policy (incorporating the Tariff Policy)
- 17.1.4 Cash, Banking and Investments Policy
- 17.1.5 Supply Chain Management Policy
- 17.1.6 Credit Control and Debt Collection Policy
- 17.1.7 Funding and Reserves Policy
- 17.1.8 Virement Policy
- 17.1.9 Basic Services Policy

18 REVIEW OF THE POLICY

This Policy will be reviewed annually by the Budget Steering Committee prior to the commencement of the budget process to ensure compliance with any changes in

legislation or any 'best practice' guidelines and MFMA Circulars as may be issued by National Treasury from time to time.

19 COMPLIANCE AND ENFORCEMENT

- a. Violation of or non-compliance with this Policy may give a just cause of disciplinary steps to be taken.
- b. It will be the responsibility of Accounting Officer to enforce compliance with this Policy.

20 EFFECTIVE DATE

This Policy shall come to effect upon approval by Council.

21 POLICY ADOPTION

This Policy has been considered and approved by the **COUNCIL OF UGU DISTRICT MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

ANNEXURE: LEGAL REQUIREMENTS

MUNICIPAL FINANCE MANAGEMENT ACT

Section 15 Appropriation of funds for expenditure

Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each budget vote.

Section 16 Annual budgets

The Council of the municipality must approve the annual budget before the start of the financial year to which it relates.

The Mayor must table the annual budget at least ninety days before the start of such financial year.

The capital budget may extend over three years, provided that it is separated into annual appropriations for that period.

Section 17 Contents of annual budgets and supporting documents

The budget must be in the prescribed format, and must be divided into a capital and an operating budget.

The budget must reflect the realistically expected revenues by major source for the budget year concerned.

The expenses reflected in the budget must be divided into votes.

The budget must also contain the foregoing information for the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the year before the current year, and the estimated revenues and expenses for the current year.

The budget must be accompanied by all the following documents:

- draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
- draft resolutions (where applicable) amending the IDP and the budget-related policies;

- measurable performance objectives for each budget vote, taking into account the municipality's IDP;
- the projected cash flows for the financial year by revenue sources and expenditure votes;
- any proposed amendments to the IDP;
- any proposed amendments to the budget-related policies;
- the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the municipal manager, the chief financial officer, and other senior managers;
- particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as NGOs, welfare institutions and so on;
- particulars of the municipality's investments; and
- various information in regard to municipal entities under the shared or sole control of the municipality.

Section 18 Funding of expenditures

The budget may be financed only from:

- realistically expected revenues, based on current and previous collection levels;
- cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
- borrowed funds in respect of the capital budget only.

Section 19 Capital projects

A municipality may spend money on a capital project only if the money for the project (excluding the cost of any required feasibility studies) has been appropriated in the capital budget.

The total cost of the project must also be approved by the Council.

The envisaged sources of funding for the capital budget must be properly considered, and the Council must be satisfied that this funding is available and has not been committed for other purposes.

Before approving a capital project, the Council must consider the projected cost of the project over all the ensuing financial years until the project becomes operational, as well as the future operational costs and any revenues which may arise in respect of such project, including the likely future impact on property rates and service tariffs.

Section 20 Matters to be prescribed

The Minister of Finance must prescribe the form of the annual budget, and may further prescribe a variety of other matters, including the inflation projections which the municipality must use in compiling its budget.

The Minister may also prescribe uniform norms and standards in regard to the setting of tariffs where a municipality entity or other external mechanisms is used to perform a municipal service; and may also take appropriate steps to ensure that a municipality does not, in exceeding its fiscal powers, materially and unreasonably prejudice national economic policies (particularly on inflation, administered pricing and equity), economic activities across municipal boundaries, and the national mobility of goods, services, capital or labour.

Section 21 Budget preparation process

The Mayor of the municipality must:

- Co-ordinate the processes for preparing the annual budget, and for reviewing the municipality's IDP and budget-related policies to ensure that the budget, the IDP, and the policies are mutually consistent and credible.
- At least ten months before the start of the ensuing financial year, table in the Council the time schedule with key deadlines for the preparation, tabling and approval of the following year's annual budget, the review of the IDP and budget-related policies, and the consultative processes required in the approval of the budget.

- When preparing the annual budget, take into account the municipality's IDP, the national budget, provincial budget, the National Government's fiscal and macro-economic policies, and the annual Division of Revenue Act.
- Take all reasonable steps to ensure that the municipality revises its IDP in line with realistic revenue and expenditure projections for future years.
- Consult the district municipality (if it is a local municipality) and all other local municipalities in the district, and all other local municipalities in the district if it is a district municipality.
- Consult the National Treasury when requested, the Provincial Treasury, and such other provincial and national organs of state as may be prescribed.
- Provide, on request, any budget-related information to the National Treasury, other national and provincial organs of state, and any other municipality affected by the budget.

Section 22 Publication of annual budgets

Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public, and must invite the local community to submit representations in regard to such budget.

The Accounting Officer must also immediately submit the tabled budget in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and other municipalities affected by the budget.

Section 23 Consultations on tabled budgets

After the budget has been tabled, the Council of the municipality must consider the views of the local community, the National Treasury, the Provincial Treasury, and any provincial or national organs of state or municipalities which have made submissions on the budget.

After considering these views, the Council must give the Mayor the opportunity to respond to the submissions received, and – if necessary – revise the budget and table the relevant amendments for consideration by the Council.

The National Treasury may issue guidelines on the manner in which the Council must process the annual budget, including guidelines on the formation of a committee of the Council to consider the budget and hold public hearings. Such guidelines shall be binding only if they are adopted by the Council.

Section 24 Approval of annual budgets

The Council must consider approval of the budget at least thirty days before the start of the financial year to which such budget relates.

The budget must be approved before the start of such financial year, and the resolutions and performance objectives referred to in Section 17 must simultaneously be adopted.

Section 25 Failure to approve budget before start of budget year

This Section sets out the process which must be followed if the budget is not approved in the normal course of events. Briefly the Council must reconsider and vote on the budget, or an amended version of the budget, every seven days until a budget is approved. The Mayor must immediately inform the MEC for Local Government if the budget is not adopted by the start of the budget year, and may request a provincial intervention.

Section 26 Consequences of failure to approve budget before start of budget year

The provincial executive must intervene in any municipality which has not approved its annual budget by the start of the relevant financial year. Such intervention must entail the taking of any appropriate steps to ensure a budget is approved, including dissolving the Council and appointing an administrator until a new Council can be elected, and approving a temporary budget until such new Council can adopt a permanent budget for the municipality. The Section also imposes restrictions on what may be spent in terms of such temporary budget.

Section 27 Non-compliance with provisions of this chapter

This Section sets out the duties of the Mayor to report any impending non-compliance and the general consequences of non-compliance with the requirements of the various foregoing prescriptions.

Section 28 Municipal adjustments budgets

A municipality may revise its annual budget by means of an adjustments budget.

However, a municipality must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

A municipality may appropriate additional revenues which have become available but only to revise or accelerate spending programmes already budgeted for.

A municipality may in such adjustments budget, and within the prescribed framework, authorise unforeseen and unavoidable expenses on the recommendation of the Mayor.

A municipality may authorise the utilisation of projected savings on any vote towards spending under another vote.

Municipalities may also authorise the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.

Only the Mayor of the municipality may table an adjustments budget. Such budget may be tabled whenever necessary, but limitations on the timing and frequency of such tabling may be prescribed.

An adjustments budget must contain all of the following:

- an explanation of how the adjustments affect the approved annual budget;
- appropriate motivations for material adjustments; and
- an explanation of the impact of any increased spending on the current and future annual budgets.

Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.

Section 29 Unforeseen and unavoidable expenditure

In regard to unforeseen and unavoidable expenses, the following apply:

- the Mayor may authorise such expenses in an emergency or other exceptional circumstances;
- the municipality may not exceed a prescribed percentage of the approved annual budget in respect of such unforeseen and unavoidable expenses;
- these expenses must be reported by the Mayor to the next Council meeting;
- the expenses must be appropriated in an adjustments budget; and
- the adjustments budget must be passed within sixty days after the expenses were incurred.

Section 30 Unspent funds

The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for the expenses referred to above in Section 16.

Section 31 Shifting of funds between multi-year appropriations

If the funds for a capital project have been appropriated for more than one financial year (see Section 16) these expenses may exceed the appropriation for any one financial year, provided:

- the increase is not more than 20% of that financial year's allocation;
- the increase is funded in the next financial year's appropriations;
- the Municipal Manager certifies that actual revenues are expected to exceed budgeted revenues, and that enough funds will be available to finance such increased appropriation without incurring further borrowing beyond the annual budget limit;
- the Mayor gives prior written approval for such increased appropriation; and
- all the above documentation is provided to the Auditor-General.

Section 32 Unauthorised, irregular or fruitless and wasteful expenditure

Unauthorised expenses may be authorised in an adjustments budget.

Section 33 Contracts having future budgetary implications

Contracts extending beyond one financial year may be entered into by a municipality, but if such contract extends beyond the three years covered in the annual budget, the municipality may enter into such contract only if:

- The Municipal Manager, at least sixty days before the Council meeting at which the contract is to be approved, has made the contract public, with an information statement summarising the municipality's obligations, and inviting the local community and other interested parties to submit comments or make representations.
- The Municipal Manager solicits the views and recommendations of the National Treasury and Provincial Treasury in respect to such contract, as well as those of the National Department of Provincial and Local Government, and any national department concerned with water, sanitation or electricity, if the contract relates to any of these services.
- The Council has taken into account the projected financial obligations in regard to such contract, the impact on tariffs, and the views and comments received from all the foregoing parties.
- The Council adopts a resolution determining that the municipality will secure a significant capital investment or derive a significant financial or economic benefit from the contract, and approves the entire contract exactly as it is to be executed.

A contract for purposes of this Section shall exclude any contract relating to the incurring of long-term debt by the municipality, employment contracts, contracts for categories of goods as may be prescribed, or contracts where the value of the contract is less than a prescribed value or a prescribed percentage of the annual budget.

Section 42 Price increases of bulk resources for provision of municipal services

National and provincial organs of state which supply water, electricity or any other bulk resources to municipalities or municipal entities for the provision of municipal services may increase the price of such resources only after doing all the following:

- The proposed increase must be submitted to the organ's executive authority and (where legislation so requires) to any regulatory agency for approval.
- At least forty days prior to the above submission the National Treasury and organised local government must be invited to submit written comments on the proposed increase.
- The executive authority, after taking into account the comments received, must table the price increase in Parliament or the provincial legislature, as the case may be, with a full motivation and certain other prescribed explanatory documentation.

Unless the Minister of Finance otherwise directs, a price increase must be tabled on or before 15 March to take effect from 1 July of the same year. If it is tabled after 15 March it may only take effect from 1 July of the following year.

Section 43 Applicability of tax and tariff capping on municipalities

If a national or provincial organ of state is legislatively empowered to determine the upper limits of any municipal tax or tariff, such determination takes effect on the date specified in the determination, but provided that, unless the Minister of Finance otherwise directs:

- A determination promulgated on or before 15 March shall not take effect before 1 July of the same year.
- A determination promulgated after 15 March shall not take effect before 1 July of the following year.
- A determination shall not be allowed to impair a municipality's ability to meet any annual or periodic escalations in the payments it must make in respect of any contract legally entered into by a municipality.

Section 53 Budget processes and related matters

The Mayor of the municipality must:

- Provide general political guidance over the annual budget process and the priorities that guide the preparation of each budget.

- Co-ordinate the annual revision of the IDP, as well as the preparation of the annual budget, and determine how the IDP is to be taken into account or is to be revised for purposes of such budget.
- Take all reasonable steps to ensure that the Council approves the annual budget before the start of the financial year to which it relates, and that the municipality's service delivery and budget implementation plan is approved within twenty-eight days after the approval of the budget.
- Ensure that the annual performance agreements for the Municipal Manager and the senior managers of the municipality are linked to measurable performance objectives which are approved with the budget and the service delivery and budget implementation plan.

The Mayor must promptly report to the Council and the MEC for Local Government any delay in tabling the annual budget, approving the service delivery and budget implementation plan or signing the annual performance agreements.

The Mayor must further ensure that the service delivery targets and quarterly performance indicators, and the monthly projections of revenues and expenses in the service delivery and budget implementation plan, are made public not later than fourteen days after these matters have been approved; and that the performance agreements of the Municipal Manager and other senior officials are similarly made public not later than fourteen days after their approval.

Section 68 Budget preparation

The Municipal Manager must assist the Mayor in performing the assigned budgetary functions and must provide the Mayor with administrative support, operational resources and the information necessary to perform these functions.

Section 69 Budget implementation

The Municipal Manager is responsible for implementing the budget, and must take reasonable steps to ensure that:

- funds are spent in accordance with the budget;
- expenses are reduced if expected revenues are less than projected; and

- revenues and expenses are properly monitored.

The Municipal Manager must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling in Council.

The Municipal Manager must submit a draft service delivery and budget implementation plan to the Mayor fourteen days after the annual budget has been approved, and must also within the same period submit drafts of the annual performance agreements to the Mayor.

Section 70 Impending shortfalls, overspending and overdrafts

The Municipal Manager must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

Section 71 Monthly budget statements

The Municipal Manager must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

- actual revenues per source, compared with budgeted revenues;
- actual expenses per vote, compared with budgeted expenses;
- actual capital expenditure per vote, compared with budgeted expenses;
- actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- the amount of allocations received, compared with the budgeted amount;
- actual expenses against allocations, but excluding expenses in respect of the equitable share;
- explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and

- projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

The report to the National Treasury must be both in electronic format and in a signed written document.

Section 54 Budgetary control and early identification of financial problems

On receipt of the report from the Municipal Manager, the Mayor must:

- consider the report;
- check whether the budget has been implemented in accordance with the service delivery and budget implementation plan;
- issue appropriate instructions to the Municipal Manager to ensure that the budget is implemented in accordance with this plan, and that the spending of funds and the collection of revenues proceed in accordance with the approved budget;
- identify any financial problems facing the municipality, as well as any emerging or impending financial problems; and
- submit to the Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

If the municipality faces any serious financial problems, the Mayor must:

- promptly respond to and initiate the remedial or corrective steps proposed by the Municipal Manager, and
- alert the MEC for Local Government and the Council of the municipality to the problems concerned.

The Mayor may revise the details of the service delivery and budget implementation plan, but any revisions to the service delivery targets and quarterly performance indicators must be approved by the Council, and be supported by an adjustments budget. Any changes made to the projections of revenues and expenses as set out in the plan must promptly be made public.

Section 55 Report to provincial executive if conditions for provincial intervention exist

If the Council has not approved its annual budget by the first day of the financial year to which it relates, or if the municipality encounters serious financial problems, the Mayor must

immediately report this matter to the MEC for Local Government and may recommend a provincial intervention.

Section 72 Mid-year budget and performance assessment

The Municipal Manager must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan, and the past financial year's annual report and the progress made in resolving problems identified in such report.

The Municipal Manager must then submit a report on such assessment to the Mayor, the National Treasury and the Provincial Treasury.

The Municipal Manager may in such report make recommendations for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

In terms of Section 54(1)(f) the Mayor must promptly submit this assessment report to the Council of the municipality.

Section 73 Reports on failure to adopt or implement budget-related and other policies

The Municipal Manager must inform the Provincial Treasury, in writing, of any failure by the Council to adopt or implement any budget-related policy or a supply chain management policy, and of any non-compliance by an office bearer or political structure with such policy.

Section 75 Information to be placed on websites of municipalities

The Municipal Manager must place on the municipality's official website (inter alia) the following:

- the annual and adjustments budgets and all budget-related documents;
- all budget-related policies;
- the annual report;
- all performance agreements;
- all service delivery agreements;

- all long-term borrowing contracts;
- all quarterly reports submitted to the Council on the implementation of the budget and the financial state of affairs of the municipality.

Section 80 Establishment (of municipal budget and treasury office)

Every municipality must have a budget and treasury office comprising a Chief Financial Officer supported by appointed officials and contracted staff.

Section 81 Role of chief financial officer

The Chief Financial Officer is administratively in charge of the budget and treasury office and must, inter alia,

- assist the Municipal Manager in preparing and implementing the budget;
- perform such budgeting, financial reporting and financial management and review duties as are delegated by the Municipal Manager;
- account to the Municipal Manager for the performance of all the foregoing responsibilities.

Section 83 Competency levels of professional financial officials

The Municipal Manager, senior managers, the Chief Financial Officer and the other financial officials in a municipality must all meet prescribed financial management competency levels.

SUMMARISED TIMETABLE

NOTE: DATES IN BRACKETS ARE PUTATIVE

FINAL DATE	ACTION BY MUNICIPALITY	ACTION BY MUNICIPAL ENTITY
31 August	Table in council timetable for preparation of coming year's annual budget	-
20 January	-	Assess current year's budget performance and submit report to board of directors and municipality
25 January	Assess current year's budget performance	-
31 January	Table assessment report in council	-
31 January or earlier (31 January)	-	Submit proposed budget for coming year to municipality
	Consider municipal entity's proposed budget for coming year and make recommendations	-
(31 January or earlier)	Table municipal entity's adjustments budget for coming year	Submit adjustments budget for current year to municipality and make budget public
(Between 31 January and 31 March)	Table municipality's adjustments budget for current year and changes to service delivery targets and KPIs	-
(Between 31 January and 31 March)	Make public (adjustments budget and) revisions to service delivery and budget implementation plan for current year	-
Mid-March	-	Submit revised budget for coming year to municipality
31 March	Table municipality's draft budget for coming year	-
31 March	Table municipal entity's revised budget for coming year	-
Immediately after 31 March	Make public draft budget for coming year and invite submissions from community, provincial treasury and others	-
FINAL DATE	ACTION BY MUNICIPALITY	ACTION BY MUNICIPAL ENTITY
Before 31 May	Respond to submissions and revise draft budget for coming year	-
31 May	Consider approval of budget for coming year and attendant resolutions	Approve revised budget for coming year and make budget public

30 June	Budget for coming year and attendant resolutions must be approved by 30 June. Approved budget of entity must be tabled.	-	
Early June to early July: immediately after budget approved	Submit budget to national treasury and provincial treasury	-	
Early June to early July: immediately after approval dates	Place on website annual budgets and all budget-related documents	-	
Mid June to mid July: 14 days after budget approved	Finalise draft service delivery and budget implementation plan and draft performance agreements	-	
Late June to late July: 28 days after budget approved	Approve service delivery and budget implementation plan	-	
Late June to late July: 28 days after budget approved	Conclude performance agreements	-	
Mid July to mid August: 14 days after service delivery and budget implementation plan approved	Make public projections of revenues and expenses for each month of coming year, service delivery targets for each quarter, and performance agreements	-	

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DETAILED BUDGET TIMETABLE

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations
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21(1)(b)	31 August	Mayor must at least 10 months before start of budget year table in council time schedule outlining key deadlines for <ul style="list-style-type: none"> - preparation, tabling and approval of annual budget - annual review of IDP - annual review of budget-related policies - tabling and adoption of any amendments to IDP and budget-related policies - any consultative processes forming part of foregoing 	Mayor	Time schedule must either fit in with already scheduled council meetings or must indicate when special council meetings must be scheduled.
Section 88	20 January	Accounting officer of municipal entity must assess entity's budgetary and financial performance for first six months of financial year, and submit assessment report to board of directors and parent municipality.		
72(1), (2) and (3)	25 January	Accounting officer of municipality must assess budgetary and financial performance of municipality for first six months of financial year, make recommendations on whether adjustments budget necessary, and recommend revised projections for revenues and expenses. This assessment must be submitted to the mayor, national treasury and the provincial treasury (presumably immediately).	Accounting officer	P137
54(1)(f)	31 January	Mayor must submit accounting officer's report to council.	Mayor	Special council meeting may have to be scheduled.
87	31 January or earlier if so requested by parent municipality	Board of directors of municipal entity must submit to parent municipality proposed budget for entity for ensuing financial year.	Board of directors of entity	It is not clear to what person or structure in the parent municipality this budget must be submitted. However, it makes good sense for the council of the municipality to consider this budget at the same meeting that it considers the municipality's own proposed adjustments budget.

87	(31 January to mid-March)	Parent municipality must consider proposed budget, and make any necessary recommendations.			It is not clear what person or structure in the parent municipality must perform this action, but the council seems the logical party. It would also make sense for the council to consider this budget by 31 January.
87	(Tabled in council by 31 January)	Board of directors of entity may, with approval of mayor of parent municipality, revise budget of entity for certain prescribed reasons. Adjustments budget once approved by board of directors of entity must be tabled by mayor at next meeting of council of parent municipality. Adjustments budget must be made public.	Board of directors and mayor of parent municipality		Evidently such an adjustments budget may be prepared at any stage. It would make good sense, however, for the parent municipality to insist that the entity's revised budget be prepared and submitted to the mayor at the same time that or before the entity's proposed budget for the new financial year is considered.
54(1) and (2)	(Between 31 January and 31 March)	If municipality faces "serious financial problems" mayor must "promptly" respond to and initiate remedial steps proposed by accounting officer, including steps to reduce expenses and tabling of adjustments budget. Mayor must also consider revisions to service delivery and budget implementation plan. (Note that only council may approve changes to service delivery targets and KPIs – these changes must therefore be tabled with the adjustments budget).	Mayor		<p>Again the potential problem of different parent municipalities having different views will have to be resolved by (presumably) the mayors considered.</p> <p>Adjustments budgets may be prepared by the accounting officer, and tabled in council by the Mayor "when necessary". They must be so prepared and tabled (within prescribed limits as to timing and frequency) whenever material adjustments to expenses or revenues are required, and not only when "serious financial problems" are looming. In general, adjustments budgets should preferably be tabled by or as soon as possible after 31 January, and certainly not later than 31 March when the draft annual budget for the next year is first tabled.</p>

54(3)	(Between 31 January and 31 March)	Mayor must ensure that revisions to service delivery and budget implementation plan are "promptly" made public. (Note that no concomitant revision of performance agreements is evidently envisaged).	Mayor	Presumably the accounting officer must make these revisions for the mayor's approval as part of the process of adjusting the annual budget. The deadline for these revisions must be by or as soon as possible after 31 January, but certainly not later than 31 March. See also 54(1) and (2).
87	100 days before start of financial year (approximately mid March)	Board of directors of entity must consider recommendations, and if necessary submit revised budget to parent municipality.	Board of directors of entity	
16(2)	31 March	Mayor must table (draft) annual budget of municipality at council meeting at least 90 days before start of budget year.	Mayor	Council meeting must be scheduled appropriately.
87	31 March	Mayor of parent municipality must table originally proposed or proposed revised budget (as case may be) of entity when (draft) annual budget of municipality first tabled.	Mayor	-
22(a) and 22(b)	Immediately after 31 March or earlier date if annual budget tabled before 31 March	Immediately after (draft) annual budget tabled in council, accounting officer must (1) make public budget and documents referred to in Section 17(3), and invite local community to submit representations in connexion with budget, and (2) submit annual budget in both printed and electronic formats to provincial treasury, and in either format to prescribed national and provincial organs of state and to other municipalities affected by the budget.	Accounting officer	
23(2)	Before 31 May	Council must give mayor opportunity (1) to respond to submissions received on (draft) annual budget and attendant documentation and (2) to revise budget, if necessary, and table amendments for consideration by council.	Mayor and council	-

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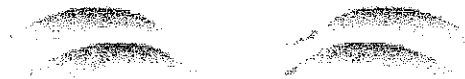
24(1) and (2)	31 May	Council must consider approval of annual budget, together with resolutions imposing rates and levies, setting tariffs, approving measurable performance objectives for revenue from each source and for each vote, approving any changes to IDP, and approving any changes to budget-related policies.	Council	Although council has until 30 June to approve budget, best practice will be to approve budget not later than 31 May.
87(4)	31 May	Board of directors of municipal entity must approve budget for coming year, having taken into account recommendations of council of parent municipality, and must make budget public.	Board of directors of municipal entity	
24(3)	(Immediate after approval date)	Accounting officer must submit approved annual budget to national treasury and provincial treasury.	Accounting officer	No time limit is specified for this action, and neither is the format in which the budget is to be submitted specified.
25(1) and (2)	Within 7 days of date of council meeting which failed to approve annual budget	If council fails to approve annual budget at meeting scheduled in terms of Section 24, must reconsider budget within 7 days of date of such meeting. If necessary, process must be repeated until budget approved by 30 June.	Council	Common sense dictates that the submission should be at least in electronic format and that it should be made as soon as possible after the approval date. As province will intervene if budget not approved by 30 June, mayor, councillors and accounting officer must co-operate to ensure obstacles to approval timeously removed.
69(3)(a) and (b)	14 days after approval of annual budget (mid June to mid July)	Accounting officer must submit to mayor draft service delivery and budget implementation plan, and drafts of annual performance agreements for municipal manager and all senior managers.	Accounting officer	
53(1)(c)(ii)	Within 28 days after date annual budget approved (late June to late July)	Service delivery and budget implementation plan must be approved by mayor, including projections of revenues and expenses for each month, and service delivery targets and performance indicators for each quarter. (Note that though the mayor approves these targets and KPIs, only the council	Mayor	-

53(1)(c)(iii)(aa) & (bb)	Within 28 days after annual budget approved (late June to late July)	may change them and then only following the approval of an adjustments budget. See Section 54(1)(c)). Mayor must take all reasonable steps to ensure that annual performance agreements for municipal managers and all senior managers are linked to measurable performance objectives approved with the budget and to the service delivery and budget implementation plan, and are concluded in accordance with Section 57(2) of the Municipal Systems Act.	Mayor	No date is specified for the completion of this requirement, but the logical inference is that the date should not be much later than the date on which the service delivery and budget implementation plan must be approved. See Section 53(3)(b).
16(1)	30 June	Annual budget must be approved by council	Council	-
53(3)(a) and (b)	14 days after approval of service delivery and budget implementation plan (mid July to mid August, depending on date plan approved)	Projections of revenues and expenses for each month and service delivery targets for each quarter (as set out in approved service delivery and budget implementation plan), and performance agreements of municipal manager and senior manager must be made public, and copies of performance agreements must be submitted to council and MEC for local government.	Mayor	Although this is not specified as a requirement, logic dictates that copies of the service delivery and budget implementation plan should also be submitted to council and the MEC.

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UGU DISTRICT MUNICIPALITY

“The Municipality”



VIREMENT POLICY

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Annexure: Virement Request Form (PLEASE ATTACH THE VIREMENT FORM)

1. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act, has the same meaning as in that Act.

“Accounting Officer” means the Municipal Manager of Ugu District Municipality,

“Chief Financial Officer” means the Chief Financial Officer of Ugu District Municipality

“Financial year” means a twelve months period commencing on 1 July and ending on 30 June each year;

“Identified Savings”, the original budget less all the expenditure incurred and committed orders on that account.

“Virement”, means “a regulated transfer or re-allocation of money from one line item account to another, within the same vote especially public funds.”

“Vote” means

- a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

2. OBJECTIVES OF THE POLICY

To introduce a Framework by which departmental budgets can be managed by Heads Of Department's to ensure effective financial management.

A virement represents a flexible mechanism to effect budgetary amendments within a municipal financial year.

3. LEGISLATIVE FRAMEWORK

- a. Chapter 4 of the Municipal Finance Management Act.
- b. The Municipal Budget and Reporting Regulations published in terms of Section 168 of the MFMA.
- c. All relevant budget related Circulars and notices issued by the National Treasury.

4. DETERMINATION OF VOTE

Chief Financial Officer shall determine the number and type of votes to be used and line items to be shown under each vote. In so doing, the Chief Financial Officer shall consider and properly reflect the organisational structure and shall comply with the prescribed budget format of National Treasury. The operating expenditure shall be classified as per the Government Financial Statistics classifications used in the prescribed National Treasury format.

5. AUTHORISATION OF VIREMENTS

- 5.1 A transfer of funds from one line item to another under this Policy may, subject to the provisions of this Policy, be authorised as follows:
 - a) If the amount does not exceed R1 000 000.00 the transfer may be authorised by the Chief Financial Officer of the Municipality or the Accounting Officer of the Municipality after consultation with the Chief Financial Officer;
 - b) If the amount exceeds R1 000 000.00 but does not exceed R5 000 000.00 the transfer may be authorised by the Accounting Officer after consultation with the Chief Financial Officer;
 - c) The Mayor may authorise expenses in an emergency or other exceptional circumstances and the adjustment budget must be passed during the adjustment period after the expenses were incurred.

- d) Notwithstanding the provisions of 5.1.a, a transfer of funds between cost or functional centres within a particular Vote/Department may not be authorised by the Chief Financial Officer but may only be authorised by:

- a) The Accounting Officer, if the amount does not exceed the amount of
R5 000 000.00

6. RESTRICTIONS ON AMOUNT OF VIREMENTS

- 6.1 Notwithstanding the provisions of section 5:

- 6.1.1 The total amount transferred from and to line items within a particular vote in any financial year may not exceed 40 % of the amount allocated to that vote;

- 6.1.2 The total amount transferred from and to line items in the entire budget in any financial year may not exceed 25 % of the total operating budget for that year;

- 6.2 A transfer which exceeds, or which would result in the exceeding of any of the limits referred to in 6.1 above may, however, be performed if the Council by resolution approves thereof.

- 6.3 No transfer of funds shall be made if such transfer would constitute a transgression or contravention of any statute, regulation or other law, any policy, directive or guideline binding upon the Municipality, or the avoidance by the Municipality of any obligation imposed upon it by contract or any other cause.

7. MANAGEABLE GROUPS OF REVENUE

All manageable revenue which is budgeted for under a department is the responsibility of each Head Of Department to ensure that it is collected.

Must report to the Chief Financial Officer and budget office any deviations that they become aware of which might affect the budgeted estimates.

Head Of Department's are responsible for all grants and donations which are budgeted for under their departments. They must report any deviations to the Chief Financial Officer or the budget office in writing. They must seek reasons for deviations from the responsible donor or the transferring sector departments.

If Head Of Department's become aware that budgeted revenue will not materialise or will not be collected, they must inform the Chief Financial Officer or the Budget Office to ensure that revenue will be adjusted downwards in the Adjustments Budget.

8. NON-MANAGEABLE GROUPS OF REVENUE AND EXPENDITURE

No funds Transfers can be made on these groups:-

- a) Depreciation,
- b) Finance Charges,
- c) Departmental Charges,
- d) Investment Income and
- e) Employee Related Costs

9. OPERATING BUDGET VIREMENTS

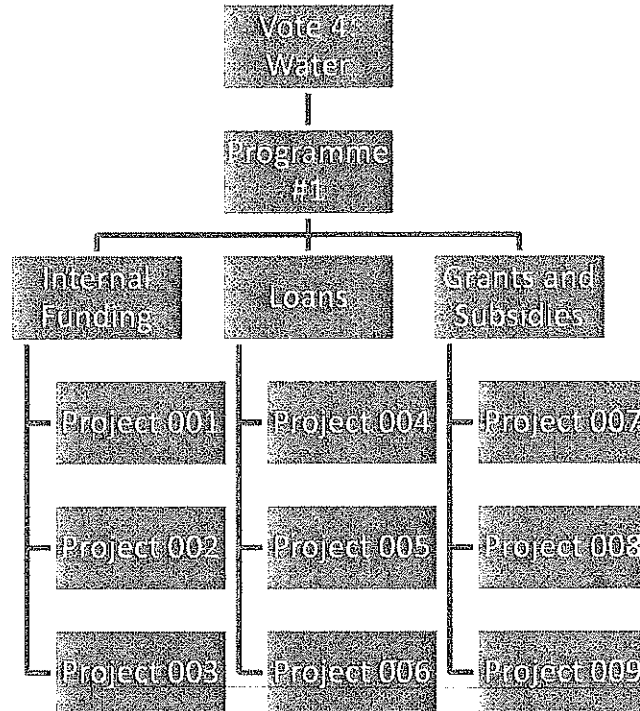
- 9.1 Operating budget virements can only be done on General Expenses, Contracted Services and Repairs and Maintenance items.

Funds transfer can take place within these groups provided the total approved budget allocation per vote is not exceeded. In order for an account to transfer funds from one item to another, there must be identified savings within the limitations of the approved budget for that group. These must be clearly stated in the formal funding requests submitted to the Chief Financial Officer and the Budget Office. Funds may not be transferred to new line items of the operating budget.

- 9.2 All requests for the transfer of funds must be in writing using the prescribed request forms in Appendix A and B, and must be properly authorised by the Manager and General Manager responsible for that vote and the Chief Financial Officer as per the set limits.
- 9.3 The prescribed request form shall include, but not limited to, provisions for the following:
- a) The name of the department concerned;
 - b) Descriptions of the line items from and to which the transfer is to be made;
 - c) The amount of the proposed transfer;
 - d) The cause of the saving in the line item from which the transfer is to be made;
 - e) The justification for the transfer;
 - f) A description of any consequences that such transfer may have for the Integrated Development Plan or the Service Delivery and Budget Implementation Plan.
- 9.4 Each Head Of Department is responsible for his/her own operational budget and must ensure that all expenditure is contained to the approved allocations by Council.

- 9.5 Movement of funds from different sectors and categories will be attended to in the normal Adjustments Budget process annually in February.

10. **CAPITAL BUDGET VIREMENTS**



- 10.1 Virements on the Capital budget allocations can be done from one project to another within the same vote and source of funding, i.e. from Water, CRR to Water CRR. Virements cannot be done to a new project which was not part of the approved capital budget. Any other transfer of funds or requests for new allocations must be done through an adjustments budget and approved by Council.
- 10.2 Virements can be done on conditional grant funded projects; provided that there is a written agreement by the said funder.
- 10.3 All requests must be in writing on the prescribed form in Appendix B and must be properly authorised by the responsible Manager, General Manager and the Chief Financial Officer.

11. **REVIEW OF POLICY**

This Policy will be reviewed once annually during the Annual Budget Process.

12. **COMPLIANCE AND ENFORCEMENT**

- a. Violation of or non-compliance with this Policy may give a just cause of disciplinary steps to be taken.

- b. It will be the responsibility of Accounting Officer to enforce compliance with this Policy.

13. EFFECTIVE DATE

This Policy shall come to effect upon approval by Council of Ugu District Municipality.

14. POLICY ADOPTION

This Policy has been considered and approved by the **COUNCIL OF UGU DISTRICT MUNICIPLAITY** as follows:

Resolution No:.....

Approval Date:.....

UGU DISTRICT MUNICIPALITY
“The Municipality”

FREE WATER SERVICES POLICY