

# JOZINI MUNICIPALITY ADJUSTMENT BUDGET REPORT

2020-21



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## TABLE OF CONTENT

### **PART 1-ADJUSTMENT BUDGET**

- 1.1 Introduction
- 1.2 Mayors Report
- 1.3 Executive Summary
- 1.4 Adjustment Budget tables

### **PART 2 -SUPPORTING DOCUMENTS**

- 2.1 Adjustment Budget assumption
- 2.2 Adjustment Budget funding
- 2.3 Adjustment to allocations and grants made by the Municipality
- 2.4 Adjustment to Councillor Allowances and Employee benefits
- 2.5 Adjustments to Capital Expenditure
- 2.6 Other supporting documents
- 2.7 Municipal Manager quality Certificate

## **PART 1-ADJUSTMENT BUDGET**

### **1. INTRODUCTION**

The Jozini Local Municipality is a Category B municipality located within the uMkhanyakude District in northern KwaZulu-Natal, and borders Swaziland and Mozambique. It is one of four municipalities in the district, making up a quarter of its geographical area.

#### **1.1 PURPOSE**

The sole purpose of this report is to present to the council of Jozini Local Municipality the 2020/2021 Adjustment budget as per section 28 of the MFMA

### **2. BACKGROUND**

Section 28 of the MFA state that:

(1) A municipality may revise an approved annual budget through an adjustments budget

(2) An adjustments budget-

a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year:

b) May appropriate additional revenues that have become available over and above

Those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for:

c) May, within a prescribed framework, authorise unforeseeable and unavoidable

Expenditure recommended by the mayor of the municipality:

d) May authorise the utilisation of projected savings in one vote toward

Spending under another vote;

e) May authorise the spending of funds that were unspent at the end of the part

Financial year where the under-spending could not reasonably, have been

Foreseen at the time to include projected roll-overs when the annual budget for

The current year was approved by the council;

f) May correct any errors in the annual budget: and

g) May provide for any other expenditure within a prescribed framework.

(3) An adjustments budget must be in a prescribed form.

(4) Only the mayor may table an adjustments budget in the municipal council. But an

Adjustments budget in terms of subsection (2)(b) to (g) may only be tabled within any

Prescribed limitations as to timing or frequency.

(5) When an adjustments budget is tabled, it must be accompanied by-

a) An explanation how the adjustments budget affects the annual budget:

b) A motivation of any material changes to the annual budget:

(c) An explanation of the impact of any increased spending on the annual budget

And the annual budgets for the next two financial years: and

d) Any other supporting documentation that may be prescribed.

(6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan

## **Mayoral Budget Adjustment Speech**

Honourable Speaker, Deputy Mayor, Chief Whip and all Parties Whips, our distinguished *AmaKhosi* representing the House of Traditional Leaders in Jozini, Honourable Councillors of Jozini Municipal Council, The Municipal Manager and his Management Team, Auditor General Representatives and the citizens of the Jozini Municipal area. I would like to express a sincere heartfelt welcome to you all and express my warm wishes to you and your families for 2021.

Just to extend a word of reminder honourable members that our dispensation as Councillors come to an end in November 2021 should there be no alterations announced regarding Local government elections. On that note, a word of appreciation extended to this council for entrusting me with this very challenging position of becoming a Mayor of Jozini Municipality.

Together we have achieved greater objectives; this inter alia; 100% achievement on filling the critical positions such as the Municipal Manager and the executive directors; purchase of yellow plant for the first time in Jozini; Purchase of a Traffic light (robot) to control traffic in Jozini town, purchase of the water tanker to fast-track water delivery to destitute families, plans for the by-pass road in Jozini have taken a very promising shape; this could be attested by the profiles for the stakeholders representing the steering committee formulated which is also a great achievement, procurement of more than 20 boreholes in 20 wards and more than 100 jojo tanks in assisting the destitute families during COVID 19 pandemic and the triggered alert levels thereof.

Special Condolences to the families who lost their loved ones during the South African trying time of the pandemic. Also, a heartfelt word of comfort to the families mostly affected by the recent storm and floods of Tropical cyclone called Eliose mostly in Jozini jurisdiction Neighbouring country Mozambique which is mostly reported infected. The Municipality has embarked in the initiative of sourcing funds as a turnaround strategy to help families whose homes were disastrously affected.

Jozini Municipal Performance in 6 months is admirable on collection from debtors due to revenue enhancement strategy implementation. Performance has also increased on employee related cost, poverty alleviation projects; MIG funded projects and the likes. Only the tiny challenge experienced on the performance of INEP projects which led to an acceleration plan developed for six Months. Our adjustment budget will look for more discipline and savings to non-community-based projects; covering over-performance on community-based programs and projects to prevent unauthorised expenditure come the end of financial year.

honourable members allow me to present to you an operational adjusted budget of 291 million and Capital adjustment budget of 50 million which adds up to R341 million

I Thank you

## 1.2.2 Council Resolutions

On 26th of February 2021, the Council of Jozini Local Municipality met to adopt the adjustment budget of the municipality for 2020/21 financial year. The Council adopted and approved the following resolutions:

1. the Adopted Adjustment Multi-Year Medium Term Revenue and Expenditure Framework (MTREF) of the municipality for the Financial Year 2020/21 and indicative for the projected outer years 2021/22 and 2022/23 be approved as set out in the Adjustment Budget Report and in the Adjustment, Budget tables B1 - B10
2. the Adopted 2020/21 Adjustment Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals and the Municipal Regulation on Standard Chart of Accounts (mSCOA) (Government Gazette 37577 dated 22 April 2014) for the Jozini Local Municipality be approved as follows:

## 1.3 Executive Summary

### Consolidated Summary

Details	2020-21 Original Budget	2020-21 Adjustment Budget	2020-21 Final Budget
	'000	'000	'000
<b>Total Revenue</b>	R 297 379	R 1 254	R 298 633
<b>Total Expenditure</b>	R 293 643	(R 2 146)	R 291 497
<b>Surplus/(Deficit)</b>	R 3 736	R 3 401	R 7 137

The Municipal total Revenue has increased by **R 1.3 Million** when comparing to the original budget of **R297.3 Million** and adjustment budget is **R298.6 Million**. The total revenue does not include the transfers Capital of **R 56.8 Million** for Municipal Infrastructure grant (**MIG**) and Integrated National Electrification grant (INEP).

### **1.3.1 Operating Revenue Framework**

The Jozini Municipality requires sustainable revenue streams in order to improve the lives of its citizens. The Municipality must continuously review revenue management processes to ensure that revenue is protected and the municipality has an ability to maximize the revenue generating potential of all revenue sources through adequate and effective controls and allow for investment opportunities that will accelerate economic growth in the Municipality.

In light of the above, revenue was prepared taking into cognisance the constrained economy which compels projected revenue growth to be more consecutive and to minimise the impact on lower income households.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an above **75** per cent annual collection rate for property rates and other key service charges;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA); and
- The municipality's Indigent Policy and rendering of free basic services and subsidized services to both the destitute and poor consumers.



**KZN272 Jozini - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -**

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	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	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>												
Property rates	2	29 077	29 077	-	-	-	-	(1 753)	(1 753)	27 324	28 472	29 668
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	3 726	3 726	-	-	-	-	89	89	3 815	3 975	4 142
Rental of facilities and equipment		849	849					-	-	849	885	922
Interest earned - external investments		4 270	4 270					370	370	4 640	4 835	5 038
Interest earned - outstanding debtors		11 059	11 059					876	876	11 935	12 436	12 959
Dividends received		-	-					-	-	-	-	-
Fines, penalties and forfeits		114	114					236	236	350	365	380
Licences and permits		2 395	2 395					-	-	2 395	2 495	2 600
Agency services		-	-					-	-	-	-	-
Transfers and subsidies		206 316	245 402					1 500	1 500	246 902	257 272	268 077
Other revenue	2	488	488	-	-	-	-	(64)	(64)	424	442	460
Gains		-	-					-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>258 293</b>	<b>297 379</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 254</b>	<b>1 254</b>	<b>298 633</b>	<b>311 176</b>	<b>324 245</b>

**Property Rates:** The Market value for all properties in terms of the valuation roll add up to R4.23 billion. The original budget for Property was R29 Million. A downward adjustment of R1.8 Million is as a result of Appeals on Market values of properties that the Municipality lost. The final budget is now R27.3 Million.

**Service Charges-Refuse:** Refuse has increased to R3 815 due to additional refuse sites identified during the financial year.

**Rental of Facilities and equipment:** There is no adjustment on rental of Facilities and equipment still sitting at R849 thousands.

**Interest on external Investment:** The Municipality has been performing well on investing its cash back reserves and the transfers hence an increase on interest on external investments estimates from R4.2 million to R4.6 million.

**Interest on outstanding debtors:** Debtors are taking longer than anticipated to settle their accounts in the current year as reflected in the debtors age analysis, hence we experience an increase in interest charged to these accounts the original budget is adjusted high by R 11.9 Million.

**Fines, Penalties and Forfeits:** There is no adjustment on fines and penalties.

**Licenses and Permits:** There is no adjustment on Licence and permits.

**Transfer and Subsidies:** R1.5 million from Cecil Marks Boarder Development recalled hence the decline in transfers and subsidies to R 246 902

- **Other Revenue-**

### 1.3.2 Operating Expenditure Framework

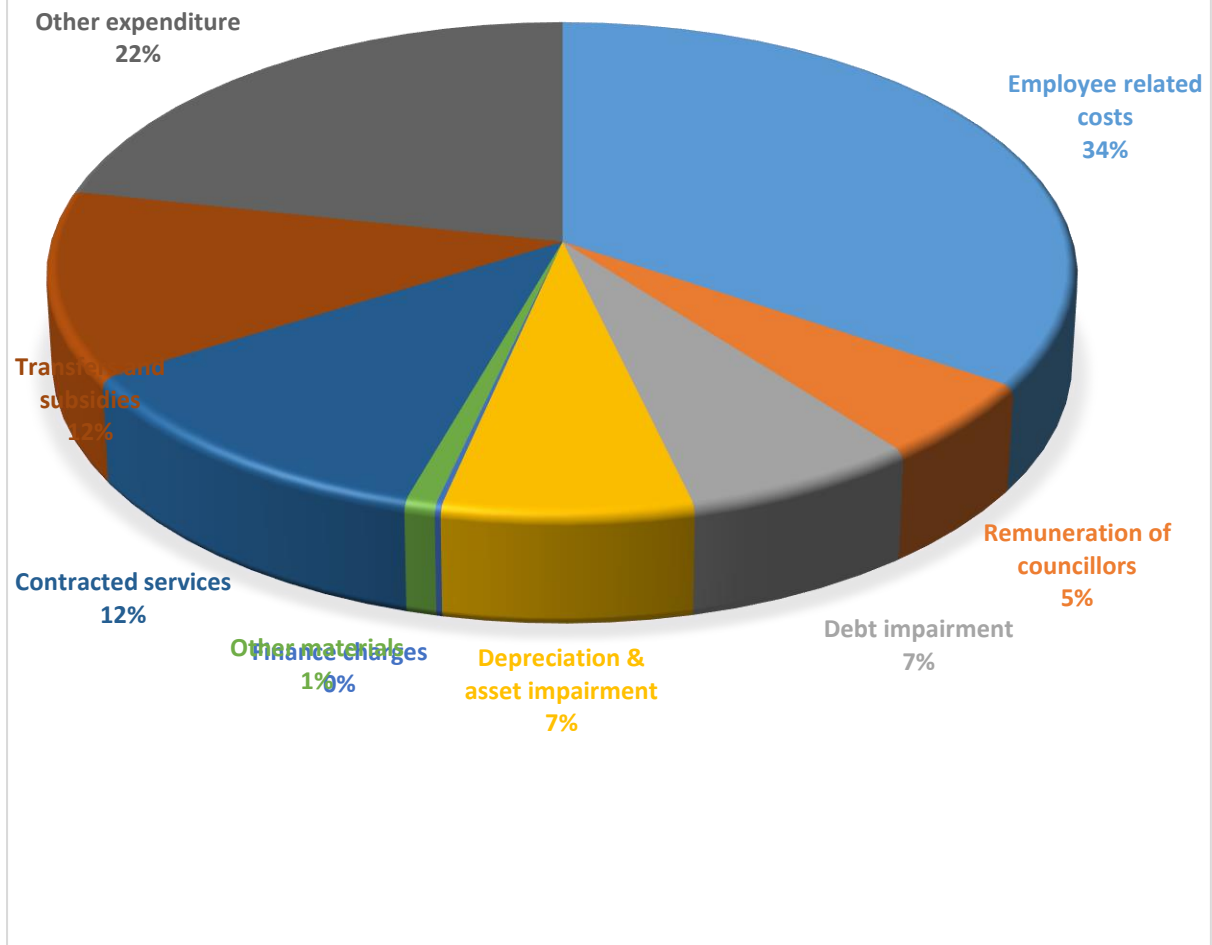
The Municipality's expenditure framework for the 2020/21 Adjustment budget and MTREF is informed by the following:

- Given that one of the primary drivers of this budget is to keep tariff increases with the inflationary envelope of 5.6 per cent, expenditure allocations in excess of the 2020/21 Adjustments budget are very limited;

- Despite the above restriction the Municipality have decrease the Repairs and Maintenance to the provision of 1.6 per cent. The Municipality is having financial constraints so more repairs and maintenance of asset will be provided in 2020/2021 annual budget.
- Related to the above weakness the capital programme carries the risk of not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;
- Funding of the budget over the adjustment medium-term is informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of “no project plan no budget”. If there is no business plan no funding allocation can be made.

**The following pie chart illustrate the total operating expenditure for the adjustment Budget of the 2020/20201 financial year.**

## OPERATING EXPENDITURE



The following table is a high-level summary of the 2020/21 Adjustment MTREF (classified per main type of operating expenditure).

KZN272 Jozini - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -												
Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			3	4	5	6	7	8	9	10		
R thousands	1	A	A1	B	C	D	E	F	G	H		
<b>Expenditure By Type</b>								-				
Employee related costs		93 533	93 533	-	-	-	-	6 845	6 845	100 377	104 593	108 986
Remuneration of councillors		14 836	14 836					-	-	14 836	15 459	16 108
Debt impairment		21 676	21 676					(2 013)	(2 013)	19 663	20 489	21 349
Depreciation & asset impairment		15 733	17 354	-	-	-	-	3 544	3 544	20 898	21 776	22 690
Finance charges		1 750	1 750					(1 250)	(1 250)	500	521	543
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-
Other materials		100	750					1 825	1 825	2 575	2 684	2 796
Contracted services		37 188	43 965	-	-	-	-	(10 131)	(10 131)	33 834	35 255	36 736
Transfers and subsidies		33 540	32 940					2 811	2 811	35 751	37 253	38 817
Other expenditure		55 836	66 840	-	-	-	-	(3 778)	(3 778)	63 062	65 711	68 471
Losses		-	-					-	-	-	-	-
<b>Total Expenditure</b>		<b>274 190</b>	<b>293 643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2 146)</b>	<b>(2 146)</b>	<b>291 497</b>	<b>303 740</b>	<b>316 497</b>

## **Operating Expenditure:**

- **Employee Related costs:** The original budget is R 93.5 million and the municipality is anticipating spending R100.7 million on employee related cost the increase is due to vacant positions being filled earlier than expected, the municipality increase the original budget by R6.8 million. The addition of employees including promotions has upped the employee related costs to operational budget to R100.7 million. Cost containment will be applied to control overtime and standby allowances.
- **Remuneration of Councillors:** There is no adjustment on the remuneration for councillors, the budget remains at R 14.8 million. We are however awaiting the new government gazette on Councillors remuneration.
- **Debt Impairment:** The original budget is R21.6 million and the municipality decreased the adjustment budget to R19.6 Million. Businesses are taking advantage of incentives provided by the Municipality which incorporate 50% amnesty and interest write offs.
- **Depreciation:** The original budget is R17.3 million and the municipality increased the Adjustment budget to R20.8 million due to additions in fixed assets.
- **Contracted Services:** The original budget is R43.9 million and the municipality adjusted the budget down to R33.8 million as a result of implemented of cost containment measures and decreased reliance on consultants.
- **Transfers & Subsidies:** The original budget is R33.5 million and the municipality had to increase the adjustment budget up to R33.7 million due to Electrification projects which are 97% complete, these will be classified as transfers and subsidies since rights and rewards will be transferred and handed over to ESKOM. Also, indigent and community bursaries have been re-classified as transfers and subsidies given out by the municipality.

- **Other Expenditure:** The original budget is R66.8 million and the municipality decreased the adjustment budget to R63 million, it excludes the poverty alleviation projects and contracted services.
- **Repairs & Maintenance:** The original budget is R1.8 Million and is increased to R2.6 Million which is far below the norm of 8% of PPE due to the fact that the municipality has repaired lot of assets during the previous financial years, moreover the Municipality has acquired grader to repair roads infrastructure using its own employees.

## **2 Capital Expenditure**

The below table illustrate the capital expenditure funded internally and funded by Municipal Infrastructure grant, The Municipality has already received all the allocation for MIG and anticipating to use all the grant as there are projects that are in a work in progress stage, Due to the financial constraints the Municipality adjusted the internally funded capital expenditure.

Below is the List of all projects funded by Municipal Infrastructure Grants in **2020/2021**:

<b>MIG Projects 2020-21</b>		<b>Actual spending to date</b>		<b>Revised Budget</b>
KZN272_KZN272-SD31_PMU Consultants	2 338 000.00	R	<b>1 267 027.10</b>	R 2 338 000.00
KZN272_KZN272-SD 1.7 _Construction of Onaleni Community Hall	4 000 000.00	R	<b>4 065 502.14</b>	R 4 065 502.14
KZN272_KZN272-SD 1.7 _Construction of Nhlangano Community Hall	2 000 000.00	R	<b>804 590.54</b>	R 2 500 000.00
KZN272_KZN272-SD 1.7 _Construction of KwaPhaweni Community Hall	2 000 000.00	R	<b>537 354.01</b>	R 1 000 000.00
KZN272_KZN272-SD 1.7 _Construction of KwaMbuzi Community Hall	3 000 000.00	R	<b>3 364 931.25</b>	R 4 500 000.00
KZN272_KZN272_SD1.39_Empileni Community Hall	3 000 000.00	R	<b>866 525.89</b>	R 2 000 000.00
KZN272_KZN272_2017/18_Upgrade of Mkhuze CBD Roads	2 200 000.00	R	<b>2 046 277.64</b>	R 4 000 000.00
KZN272_KZN272_2017/18_Upgrade of Jozini Municipal Offices	1 000 000.00	R	-	R 1 000 000.00
KZN272_KZN272_2017/18_Sidakeni Sports Field	1 222 000.00	R	<b>3 347 500.06</b>	R 4 000 000.00
KZN272_KZN272_2017/18_Construction of Emthojeni Sportsfield	1 000 000.00	R	<b>1 467 485.22</b>	R 1 467 485.22
KZN272_KZN272_2017/18_Cezwana Youth Centre	2 000 000.00	R	<b>705 879.98</b>	R 2 000 000.00
KZN272_KZN272- SD 1.6_Construction of Ezinhlalavini Access Road	3 000 000.00	R	-	R 2 000 000.00
KZN272_KZN272- SD 1.6_Construction of Mtshakela / Ekulingeni Access Road	3 000 000.00	R	<b>4 498 928.98</b>	R 6 422 430.59
KZN272_KZN 272-SD1.10_Construction of Manyiseni Youth Centre	2 000 000.00	R	-	R 500 000.00
EZIPHOSHENI COMMUNITY HALL	2 000 000.00	R	<b>699 020.62</b>	R 1 500 000.00
CONSTRUCTION OF NDUMO SPORTSFIELD	9 600 000.00	R	<b>469 307.97</b>	R 3 000 000.00
COVID 19 MIG FUNDED	3 400 000.00	R	<b>3 236 153.72</b>	R 3 236 153.72
KZN272_KZN272-SD 1.7 _Construction of Nhlonhlela Community Hall		R	<b>120 242.76</b>	R 1 000 000.00
Construction of Magwangu Community Hall		R	<b>79 347.36</b>	R 79 347.36
Construction of Munyawana Sportsfield		R	<b>151 080.97</b>	R 151 080.97
	<b>46 760 000.00</b>			<b>R 46 760 000.00</b>



**KZN272 Jozini - Table B5 Adjustments Capital Expenditure Budget by vote and funding -**

Description	Ref	Budget Year 2020/21									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2021/22	+2 2022/23	
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure to be adjusted</b>	2											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Administration		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - 0		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	3	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be adjusted</b>	2											
Vote 1 - Executive & Council		6 000	6 000	-	-	-	-	(1 407)	(1 407)	4 593	4 786	4 987
Vote 2 - Finance & Administration		1 064	1 064	-	-	-	-	(534)	(534)	530	552	575
Vote 3 - Finance & Administration		2 515	2 675	-	-	-	-	(1 441)	(1 441)	1 234	1 286	1 340
Vote 4 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		15 260	22 860	-	-	-	-	(12 360)	(12 360)	10 500	10 941	11 401
Vote 6 - Sports & Recreation		11 000	4 000	-	-	-	-	(1 500)	(1 500)	2 500	2 605	2 714
Vote 7 - Road Transport		15 088	17 022	-	-	-	-	(922)	(922)	16 100	16 777	17 481
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Community & Social Services		-	-	-	-	-	-	3 000	3 000	3 000	3 126	3 257
Vote 11 - Community & Social Services		8 200	8 200	-	-	-	-	3 879	3 879	12 079	12 586	13 115
Vote 12 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Protection		1 500	1 500	-	-	-	-	(1 385)	(1 385)	116	120	125
Vote 14 - 0		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>60 626</b>	<b>63 321</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12 669)</b>	<b>(12 669)</b>	<b>50 651</b>	<b>52 779</b>	<b>54 996</b>
<b>Total Capital Expenditure - Vote</b>		<b>60 626</b>	<b>63 321</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12 669)</b>	<b>(12 669)</b>	<b>50 651</b>	<b>52 779</b>	<b>54 996</b>

## **Cashflow Statement**

The statement below indicates the funding position for the municipality.

After taking into account all the collection from property rates, service charges, Rental of facilities Interest earned on investments, Fines and penalties, licences and permits, all transfers and subsidies to the municipality and other revenue; Set off against operational and Capital expenditure. The Municipality will remain with R34 million then set off retention monies, outstanding trade and other payables, Unspent conditional grants which is not expected to be more than what is reflected in the audited set of annual financial statements .

JOZINI MUNICIPALITY ADJUSTMENT BUDGET SECTION 28 MFMA 2020/2021

Detail	Month 1 July	Month 2 Aug	Month 3 Sept	Month 4 Oct	Month 5 Nov	Month 6 Dec	Month 7 Jan	Month 8 Feb	Month 9 Mar	Month 10 Apr	Month 11 May	Month 12 June
<b>Cash Receipts by Source</b>												
Property rates	815 772	1 336 047	5 040 613	2 144 180	1 354 282	2 079 838	1 114 440	1 158 098	1 158 098	1 158 098	1 158 098	1 158 098
Property rates - penalties & collection charges	0	0	0	0	0	0	0	0	0	0	0	0
Service charges - electricity revenue	0	0	0	0	0	0	0	0	0	0	0	0
Service charges - water revenue	0	0	0	0	0	0	0	0	0	0	0	0
Service charges - sanitation revenue	0	0	0	0	0	0	0	0	0	0	0	0
Service charges - refuse revenue	164 161	256 601	90 263	224 639	200 597	200 266	112 937	104 123	104 123	104 123	104 123	104 123
Service charges - other	0	0	0	0	0	0	0	0	0	0	0	0
Rental of facilities and equipment	56 168	48 546	41 928	166 791	42 494	21 206	34 607	34 607	34 607	34 607	34 607	34 607
Interest earned - external investments	199 685	311 288	292 476	209 973	341 318	160 447	220 802	144 665	144 665	144 665	144 665	144 665
Interest earned - outstanding debtors	0	0	0	0	0	0	0	0	0	0	0	0
Dividends received	0	0	0	0	0	0	0	0	0	0	0	0
Fines	3 200	5 636	5 300	7 112	15 875	720	600	3 204	3 204	3 204	3 204	3 204
Licences and permits	146 474	86 878	110 530	98 487	93 000	73 296	75 959	75 959	75 959	75 959	75 959	75 959
Agency services	0	0	0	0	0	0	0	0	0	0	0	0
Transfer receipts - operational	87 787 000	3 487 000	15 818 765	0	1 236 000	96 855 325	0	823 000	50 771 000	0	0	0
Other revenue	201 216	7 603 322	136 272	142 726	142 655	159 003	114 554	0	0	0	0	0
<b>Cash Receipts by Source</b>	<b>89 373 676</b>	<b>13 135 318</b>	<b>21 536 147</b>	<b>2 993 908</b>	<b>3 426 221</b>	<b>99 550 101</b>	<b>1 673 899</b>	<b>2 198 991</b>	<b>52 146 991</b>	<b>1 375 991</b>	<b>1 375 991</b>	<b>1 375 991</b>
<b>Other Cash Flows/Receipts by Source</b>												
Transfer receipts - capital	9 000 000	9 000 000	5 000 000	12 000 000	0	1 000 000	12 000 000	4 000 000	13 760 000	0	0	0
Contributions recognised - capital & Contributed	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds on disposal of PPE	0	0	0	0	0	0	0	0	0	0	0	0
Short term loans	0	0	0	0	0	0	0	0	0	0	0	0
Borrowing long term/refinancing	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in consumer deposits	0	0	0	0	0	0	0	0	0	0	0	0
Decrease (Increase) in non-current debtors	0	0	0	0	0	0	0	0	0	0	0	0
Decrease (increase) other non-current	0	0	0	0	0	0	0	0	0	0	0	0
Decrease (increase) in non-current investments	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Cash Receipts by Source</b>	<b>98 373 676</b>	<b>22 135 318</b>	<b>26 536 147</b>	<b>14 993 908</b>	<b>3 426 221</b>	<b>100 550 101</b>	<b>13 673 899</b>	<b>6 198 991</b>	<b>65 906 991</b>	<b>1 375 991</b>	<b>1 375 991</b>	<b>1 375 991</b>
<b>Cash Payments by Type</b>												
Employee related costs	7 836 632	7 939 533	7 963 735	8 281 089	9 586 090	9 021 593	8 416 667	8 416 667	8 416 667	8 416 667	8 416 667	8 416 667
Remuneration of councillors	721 306	785 492	750 899	869 483	954 264	1 104 152	922 816	2 932 038	2 932 038	2 932 038	2 932 038	2 932 038
Collection costs	0	0	0	0	0	0	0	0	0	0	0	0
Interest paid	0	0	0	0	0	0	0	0	0	0	0	0
Bulk purchases - Electricity	0	0	0	0	0	0	0	0	0	0	0	0
Bulk purchases - Water & Sewer	0	0	0	0	0	0	0	0	0	0	0	0
Other materials	0	0	0	0	0	0	0	0	0	0	0	0
Contracted services	525 739	1 077 915	1 197 363	1 070 158	1 260 892	1 291 165	1 178 125	1 266 892	1 178 125	1 178 125	1 178 125	1 178 125
Grants and subsidies paid - other municipalities	0	0	0	0	0	0	0	0	0	0	0	0
Grants and subsidies paid - other	0	363 500	196 000	8 424 317	352 600	5 023 481	4 886 581	4 886 581	4 886 581	4 886 581	4 886 581	4 886 581
General expenses	3 623 363	6 456 030	5 371 896	3 508 505	18 403 071	30 559 625	7 291 090	7 291 090	7 291 090	7 291 090	7 291 090	7 291 090
<b>Cash Payments by Type</b>	<b>12 707 040</b>	<b>16 622 470</b>	<b>15 479 893</b>	<b>22 153 552</b>	<b>30 556 917</b>	<b>47 000 016</b>	<b>22 695 279</b>	<b>23 526 376</b>	<b>24 704 501</b>	<b>24 704 501</b>	<b>24 704 501</b>	<b>24 704 501</b>
<b>Other Cash Flows/Payments by Type</b>												
Capital assets	2 270 102	5 441 007	3 123 186	2 140 551	1 626 448	7 291 503	6 189 550	6 189 550	6 189 550	6 189 550	6 189 550	6 189 550
Repayment of borrowing	0	0	0	0	0	0	0	0	0	0	0	0
Other Cash Flows/Payments	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Cash Payments by Type</b>	<b>14 977 142</b>	<b>22 063 477</b>	<b>18 603 079</b>	<b>24 294 103</b>	<b>32 183 365</b>	<b>54 291 519</b>	<b>28 884 829</b>	<b>29 715 926</b>	<b>30 894 051</b>	<b>30 894 051</b>	<b>30 894 051</b>	<b>30 894 051</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>83 396 534</b>	<b>71 841</b>	<b>7 933 068</b>	<b>-9 300 195</b>	<b>-28 757 144</b>	<b>46 258 582</b>	<b>-15 210 930</b>	<b>-23 516 935</b>	<b>35 012 940</b>	<b>-29 518 060</b>	<b>-29 518 060</b>	<b>-29 518 060</b>
Cash/cash equivalents at the month/year begin:	39 961 222	123 357 756	123 429 597	131 362 665	122 062 470	93 305 326	139 563 908	124 352 978	100 836 043	135 848 983	106 330 923	76 812 863
Cash/cash equivalents at the month/year end:	123 357 756	123 429 597	131 362 665	122 062 470	93 305 326	139 563 908	124 352 978	100 836 043	135 848 983	106 330 923	76 812 863	47 294 803

## Balance Sheet

KZN272 Jozini - Table B6 Adjustments Budget Financial Position - 28/02/2021

Description	Ref	Budget Year 2020/21							Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2021/22	+2 2022/23
R thousands		A	A1	B	E	F	G	H	Adjusted Budget	Adjusted Budget
<b>ASSETS</b>										
<b>Current assets</b>										
Cash		17 920	311 977			(257 757)	(257 757)	54 220	56 435	58 742
Call investment deposits	1	16 500	(272 025)	-	-	289 604	289 604	17 579	18 318	19 087
Consumer debtors	1	56 121	55 776	-	-	14 883	14 883	70 658	93 289	116 870
Other debtors		-	-			990	990	990	1 031	1 075
Current portion of long-term receivables		-	-			-	-	-	-	-
Inventory		-	-			-	-	-	-	-
<b>Total current assets</b>		<b>90 541</b>	<b>95 728</b>	<b>-</b>	<b>-</b>	<b>47 720</b>	<b>47 720</b>	<b>143 448</b>	<b>169 073</b>	<b>195 774</b>
<b>Non current assets</b>										
Long-term receivables		-	-			-	-	-	-	-
Investments		-	-			-	-	-	-	-
Investment property		-	-			-	-	-	-	-
Investment in Associate		-	-			-	-	-	-	-
Property, plant and equipment	1	332 372	333 385	-	-	39 250	39 250	372 636	388 286	404 594
Biological		-	-			-	-	-	-	-
Intangible		1 293	793			2 742	2 742	3 534	3 683	3 837
Other non-current assets		-	-			-	-	-	-	-
<b>Total non current assets</b>		<b>333 665</b>	<b>334 178</b>	<b>-</b>	<b>-</b>	<b>41 992</b>	<b>41 992</b>	<b>376 170</b>	<b>391 969</b>	<b>408 432</b>
<b>TOTAL ASSETS</b>		<b>424 206</b>	<b>429 906</b>	<b>-</b>	<b>-</b>	<b>89 711</b>	<b>89 711</b>	<b>519 618</b>	<b>561 042</b>	<b>604 205</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft		-	-			-	-	-	-	-
Borrowing		-	-			-	-	-	-	-
Consumer deposits		831	831			(420)	(420)	411	1 304	1 359
Trade and other payables		45 350	45 350	-	-	(16 622)	(16 622)	28 727	29 934	31 191
Provisions		-	-			-	-	-	-	-
<b>Total current liabilities</b>		<b>46 181</b>	<b>46 181</b>	<b>-</b>	<b>-</b>	<b>(17 043)</b>	<b>(17 043)</b>	<b>29 138</b>	<b>31 238</b>	<b>32 550</b>
<b>Non current liabilities</b>										
Borrowing	1	-	-	-	-	-	-	-	-	-
Provisions	1	1 000	1 000	-	-	(18 044)	(18 044)	(17 044)	19 844	20 677
<b>Total non current liabilities</b>		<b>1 000</b>	<b>1 000</b>	<b>-</b>	<b>-</b>	<b>(18 044)</b>	<b>(18 044)</b>	<b>(17 044)</b>	<b>19 844</b>	<b>20 677</b>
<b>TOTAL LIABILITIES</b>		<b>47 181</b>	<b>47 181</b>	<b>-</b>	<b>-</b>	<b>(35 087)</b>	<b>(35 087)</b>	<b>12 094</b>	<b>51 082</b>	<b>53 227</b>
<b>NET ASSETS</b>	2	<b>377 025</b>	<b>382 725</b>	<b>-</b>	<b>-</b>	<b>124 798</b>	<b>124 798</b>	<b>507 524</b>	<b>509 960</b>	<b>550 978</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)		358 887	360 318	-	-	89 864	89 864	450 182	469 027	488 663
Reserves		-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>358 887</b>	<b>360 318</b>	<b>-</b>	<b>-</b>	<b>89 864</b>	<b>89 864</b>	<b>450 182</b>	<b>469 027</b>	<b>488 663</b>

The above Table Illustrate the Financial position of the Municipality

## 1.5 Adjustment Budget tables (Still to be considered)

### **PART 2**

#### 2.1 ADJUSTMENT BUDGET ASSUMPTION

##### Overview of budget assumptions

2.1.1 External factors Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality finances

2.1.2 General inflation outlook and its impact on the municipal activities. There are five key factors that have been taken into consideration in the compilation of the 2020/21 Adjustment MTREF:

- National Government macro-economic targets as per MFMA circular 89 and 91
- The general inflationary outlook and the impact on Municipality residents and businesses.
- The impact of municipal cost drivers
- The increase in the cost of remuneration. Employee related costs comprise 44 per cent of total operating expenditure in the 2020/21 Adjustment MTREF.

2.1.3 Collection rate for revenue services. The base assumption is that tariff and rating increases will increase at a rate higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as a percentage (60 per cent) of annual billings. Cash flow is assumed to be 60 per cent of billings.

2.1.4 The Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 through the South African Local Government Bargaining Council Circular No. 6 of 2018 should be used when budgeting for employee related costs for the 2020 MTREF. As per circular 93 Municipalities are encouraged to perform an annual head count and payroll verification process by undertaking a once-a-year manual salary disbursement, in order to root out ghost

employees. An annual increase of 7 per cent and 6.4 per cent has been included in the two outer years of the MTREF.

2.1.5 Impact of national, provincial and local policies Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and, in this regard, various measures were implemented to align IDPs, provincial and

national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Implementing growth-enhancing economic reforms
- Reprioritising public spending to support economic growth and job creation
- Establishing an infrastructure fund
- Addressing urgent matters in education and health
- Investing in municipal social infrastructure improvement.

## **2.2 ADJUSTMENT BUDGET FUNDING**

The Adjustment Medium-term outlook: operating revenue

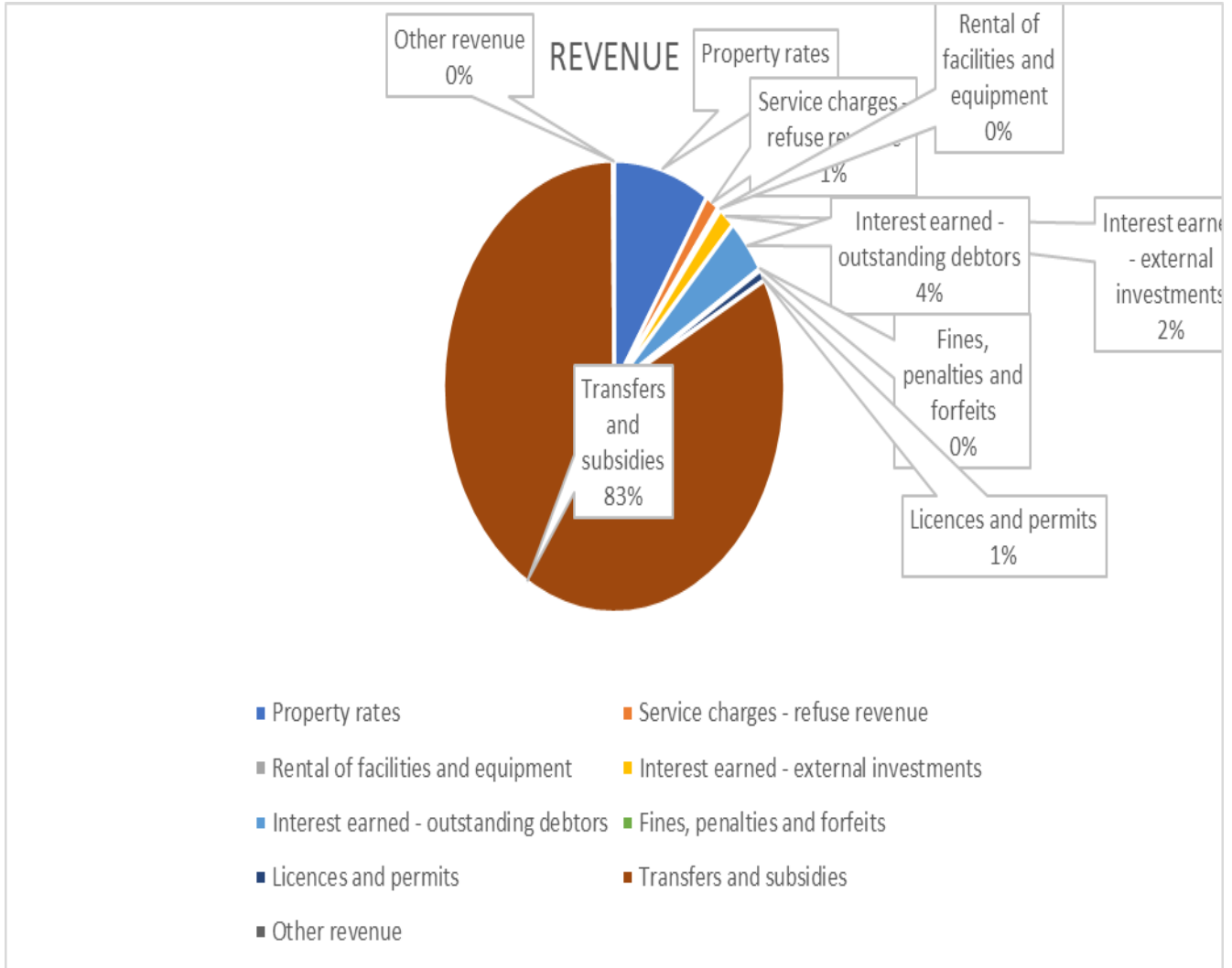
The following table is a breakdown of the operating revenue over the Adjustment Medium term for the financial year 2020/2021:

**KZN272 Jozini - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -**

Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
<b>Revenue By Source</b>												
Property rates	2	29 077	29 077	-	-	-	-	(1 753)	(1 753)	27 324	28 472	29 668
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	3 726	3 726	-	-	-	-	89	89	3 815	3 975	4 142
Rental of facilities and equipment		849	849					-	-	849	885	922
Interest earned - external investments		4 270	4 270					370	370	4 640	4 835	5 038
Interest earned - outstanding debtors		11 059	11 059					876	876	11 935	12 436	12 959
Dividends received		-	-					-	-	-	-	-
Fines, penalties and forfeits		114	114					236	236	350	365	380
Licences and permits		2 395	2 395					-	-	2 395	2 495	2 600
Agency services		-	-					-	-	-	-	-
Transfers and subsidies		206 316	245 402					1 500	1 500	246 902	257 272	268 077
Other revenue	2	488	488	-	-	-	-	(64)	(64)	424	442	460
Gains		-	-					-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>258 293</b>	<b>297 379</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 254</b>	<b>1 254</b>	<b>298 633</b>	<b>311 176</b>	<b>324 245</b>



The following graph is a breakdown of the operational revenue per main category for the 2020/21 financial year.



### **Breakdown of operating revenue over the 2020/21 Adjustment MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from Operating grants, Property rates organs of state and other minor charges (Rent, Interest on External Investment fines and licenses and permits etc.).

### **2.3 ADJUSTMENT BUDGET TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY.**

The Municipality transferred R100 thousands to the CTO.

### **2.4 ADJUSTMENT TO COUNCILLOR ALLOWANCES AND EMPLOYEES BENEFITS.**

## KZN272 Jozini - Supporting Table SB11 Adjustments Budget - councillor and staff benefits -

Summary of remuneration	Ref	Budget Year 2020/21							
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages		10 005	10 005						
Pension and UIF Contributions		-	-						
Medical Aid Contributions		-	-						
Motor Vehicle Allowance		-	-						
Cellphone Allowance		1 661	1 661						
Housing Allowances		-	-						
Other benefits and allowances		3 170	3 170						
<b>Sub Total - Councillors</b>		<b>14 836</b>	<b>14 836</b>						
% increase			-						
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages		6 182	6 182						6 182
Pension and UIF Contributions		11	11						11
Medical Aid Contributions		-	-						-
Overtime		-	-						-
Performance Bonus		-	-						-
Motor Vehicle Allowance		1 780	1 780					(800)	980
Cellphone Allowance		105	105					(18)	87
Housing Allowances		495	495					-	495
Other benefits and allowances		145	145					-	145
Payments in lieu of leave		-	-					-	-
Long service awards		-	-					-	-
Post-retirement benefit obligations		-	-					-	-
<b>Sub Total - Senior Managers of Municipality</b>	5	<b>8 719</b>	<b>8 719</b>					<b>(818)</b>	<b>7 901</b>
% increase			-						
<b>Other Municipal Staff</b>									
Basic Salaries and Wages		50 480	50 480					7 000	57 480
Pension and UIF Contributions		7 808	7 808					-	7 808
Medical Aid Contributions		3 294	3 294					-	3 294
Overtime		-	-					-	-
Performance Bonus		4 084	4 084					-	4 084
Motor Vehicle Allowance		8 501	8 501					1 312	9 813
Cellphone Allowance		38	38					-	38
Housing Allowances		287	287					-	287
Other benefits and allowances		9 863	9 863					(850)	9 013
Payments in lieu of leave		370	370					200	570
Long service awards		89	89					-	89
Post-retirement benefit obligations		-	-					-	-
<b>Sub Total - Other Municipal Staff</b>	5	<b>84 814</b>	<b>84 814</b>					<b>7 663</b>	<b>92 477</b>
% increase			-						
<b>Total Parent Municipality</b>		<b>108 368</b>	<b>108 368</b>					<b>6 845</b>	<b>100 377</b>

- The **Remuneration of councillors** the remuneration of councillors is not adjust bed.
- The **Senior Managers** of the Municipality were budgeted R5.1 million on the original budget but is adjusted up by 5.5%
- For other **Municipal staff** the original budget of R93.5 million is adjusted by increase of 6.6 million.

## 2.5 ADJUSTMENTS TO CAPITAL EXPENDITURE

KZN272 Jozini - Table B5 Adjustments Capital Expenditure Budget by vote and funding -												
Description	Ref	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>		9 114	9 614	-	-	-	-	(3 257)	(3 257)	6 357	6 624	6 902
Executive and council		6 000	6 000					(1 407)	(1 407)	4 593	4 786	4 987
Finance and administration		3 114	3 614					(1 850)	(1 850)	1 763	1 838	1 915
Internal audit		-	-					-	-	-	-	-
<b>Community and public safety</b>		26 725	26 985	-	-	-	-	(10 985)	(10 985)	16 000	16 672	17 372
Community and social services		15 725	22 985					(12 485)	(12 485)	10 500	10 941	11 401
Sport and recreation		11 000	4 000					1 500	1 500	5 500	5 731	5 972
Public safety		-	-					-	-	-	-	-
Housing		-	-					-	-	-	-	-
Health		-	-					-	-	-	-	-
<b>Economic and environmental management</b>		21 788	23 722	-	-	-	-	4 376	4 376	28 098	29 278	30 508
Planning and development		13 588	15 522					497	497	16 019	16 692	17 393
Road transport		8 200	8 200					3 879	3 879	12 079	12 586	13 115
Environmental protection		-	-					-	-	-	-	-
<b>Trading services</b>		3 000	3 000	-	-	-	-	(2 803)	(2 803)	197	205	214
Energy sources		-	-					-	-	-	-	-
Water management		-	-					-	-	-	-	-
Waste water management		-	-					-	-	-	-	-
Waste management		3 000	3 000					(2 803)	(2 803)	197	205	214
<b>Other</b>		-	-					-	-	-	-	-
<b>Total Capital Expenditure</b>	3	60 626	63 321	-	-	-	-	(12 669)	(12 669)	50 651	52 779	54 996

The original budget for capital expenditure funded internally is R11.5 and is decreased by 66.6% on the adjustment budget. The Municipality will provide more budget on the 2020/2021 financial year. There are no adjustments made for Municipal Infrastructure grant.

## **2.6 Other supporting documents**

### **2.6.1. See attached B Schedule**

## **3. Conclusion**

**3.1.** The Municipality considered Provincial Treasury comments on Mid-year Budget review and Performance Assessment when preparing this analysis report, and were accordingly tabled to council on the 26<sup>th</sup> of February 2021.

**3.2.** This report has been prepared in terms of Municipal Budget reporting and regulations. And all reasonable steps have been taken to ensure that this municipal Adjustment budget for 2020-21 Financial year is Funded accordingly.

**QUALITY CERTIFICATE**

I, **JA MNGOMEZULU MUNICIPAL MANAGER** of the Jozini Local Municipality, hereby certify that the section 28 report for the period ending 28 February has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: .....

Municipal Manager of the Jozini Local Municipality

Signature: \_\_\_\_\_

Date: \_\_\_\_\_









