

JOZINI MUNICIPALITY SPECIAL ADJUSTMENT BUDGET REPORT

2020-21



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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, Audit General Representatives and the citizens of the Jozini Municipal area. I would like to express a sincere warm welcome again to you all and would extend my word of gratitude to Honourable President and his minister of finance for allowing us an opportunity to prepare special adjustment budget right after tabling the original budget. During the original budget we had to sacrifice programmes which normally take the municipality to the community and had to set aside funding for Covid-19 projects and programmes. Now we will be better-off as we are having the muscle of 39 million top up from the revised Dora.

Hon. Members let me take this time to bestow trust to Municipal Manager, Management Team and the rest of personnel to redress the Qualified Audit Outcome of 2018/19 Financial year. The difficult and trying times our newly appointed Section 56 inherited requires their expertise to resolve. I once more commit myself to monitor current implementation of the AG action plans on a monthly basis to ensure that we improve the Audit rating received.

We opted to adjust the budget here and there to try implement prioritized projects that would better Jozini land scaping. Although we are quite behind on Municipal Infrastructure Grant spending, we are however at about 60.45%, we trust that the upcoming four months we would have exhausted the implementation of MIG projects. We have successfully appointed Contractors to implement MIG projects. We have not forgotten the people of Jozini, by accelerating service delivery in Ward 18, by completing that Ngonyameni Community Hall after a mischief delay. Cezwana Youth Centre at ward 4, is on a verge of completion with the overall progress status of 90%. Machobeni Community Hall has further progressed to 75% after being under scrutiny. Magwangu Community Hall in ward 16, has been accelerated 95% with due diligence. Never, never will again our rural people perish under the trees and scorching sun when they want to meet. I hope and trust that if only the people of Jozini can 'Trust Us' with one more time the change in the lives of the people will forever be lasting in their minds and memories. No one doesn't know that we have acute challenge in accessing town in Jozini, hence we are in serious talks with many stake holders.

Ward Upliftment Projects our Qualifying matter, despite the fact that the advocacy documents were not proper, I am proud to say all of poverty alleviation projects have been delivered to the people. "Okwabantu kubantu, akukho okwehle ngemikhono yamabhulukwe." We are

certain that we reduced poverty to most of Jozini Community, by implementing IDP prioritized projects. I would like to appeal to council through you Madam Speaker, that this transparently deliver Poverty Reduction Project to beneficiaries.

As a Local Municipality with very limited resource, urge private sector to contribute to the poor and vulnerable as they have a social responsibility to better lives of the entire society. In those few words I thank you.

Let us arise and accelerate service delivery more than before. I therefore commit before you our adjusted budget of **R356 964 000.00** for 2020/21 financial year.

I thank you.

1.2.2 Council Resolutions

On the 30th of September 2020, the Council of Jozini Local Municipality met to adopt the Special adjustment budget of the municipality for the financial year 2020/21. The Council resolved the following:

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
Total Revenue	R 257 293	R 39 086	R 297 379
Total Expenditure	R 274 190	R 19 453	R 293 643
Surplus/(Deficit)	R (16 896)	R 19 633	R 2 736

The Municipal total Revenue has increased by **R 39** million when comparing to the original budget of **R258** million and adjustment budget is **R297** million due to the additional equitable share allocated to the municipality. The total revenue does not include the Capital transfers of **R56** million for Municipal Infrastructure grant (**MIG**) and **INEP**. The total expenditure has increased by **R19** million.

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 **54** 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 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		
Revenue By Source												
Property rates	2	29 077	-	-	-	-	-	-	-	29 077	30 414	31 814
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	3 726	-	-	-	-	-	-	-	3 726	3 897	4 076
Rental of facilities and equipment		849	-	-	-	-	-	-	-	849	888	929
Interest earned - external investments		4 270	-	-	-	-	-	-	-	4 270	4 467	4 672
Interest earned - outstanding debtors		11 059	-	-	-	-	-	-	-	11 059	11 568	12 100
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		114	-	-	-	-	-	-	-	114	119	124
Licences and permits		2 395	-	-	-	-	-	-	-	2 395	2 505	2 620
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		205 316	-	-	-	-	-	39 086	39 086	244 402	255 644	267 404
Other revenue	2	488	-	-	-	-	-	-	-	488	510	534
Gains		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		257 293	-	-	-	-	-	39 086	39 086	296 379	310 012	324 273

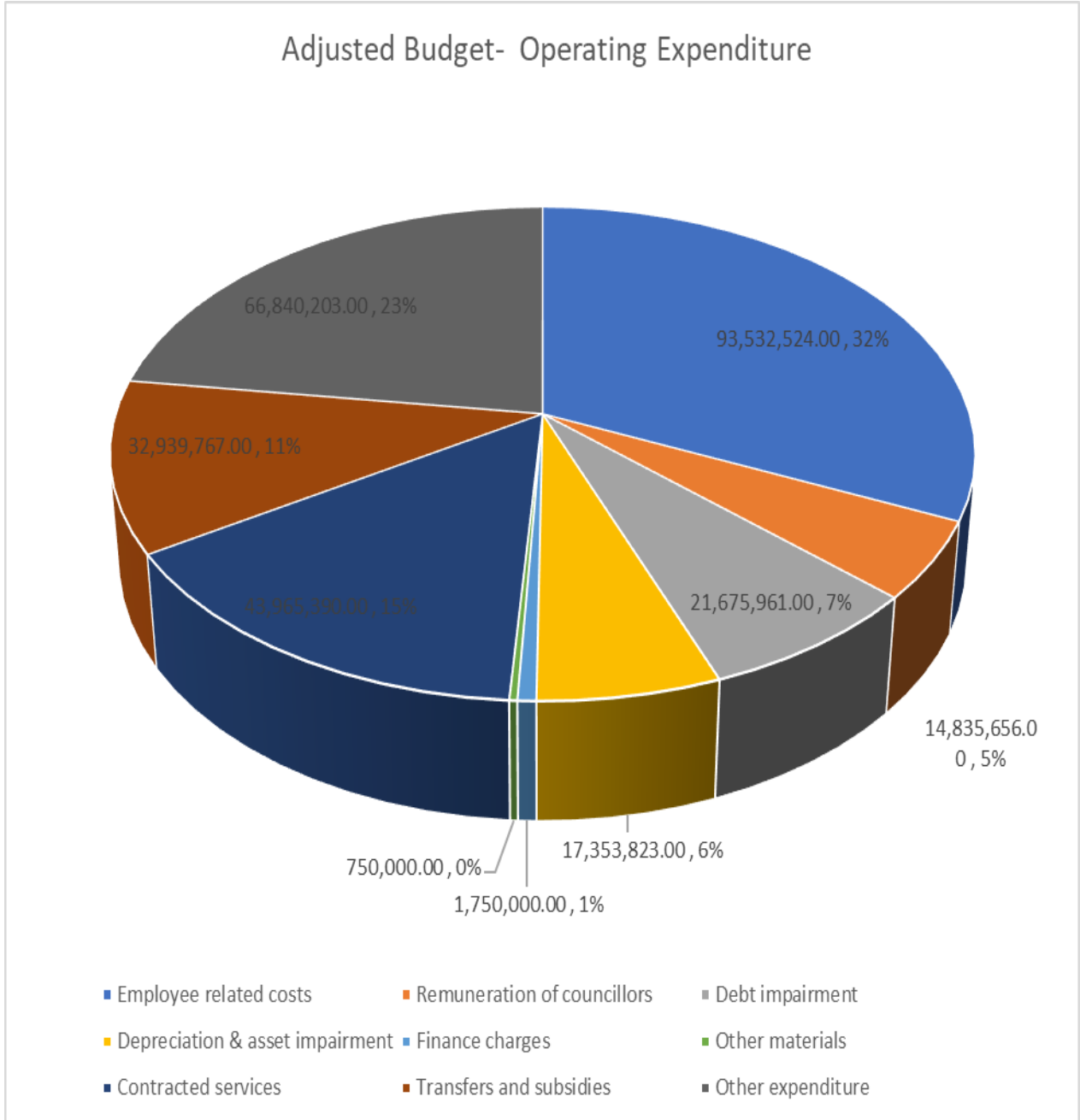
Transfers and subsidies: the 39 million increase from the original budget of R 206 million is based on the additional equitable share from treasury allocated to the municipality.

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 tariffs increases but due to the reason that businesses, spheres of governments and households were all affected by Covid – 19 lockdowns, the municipality had to leave tariffs on a standstill compared to 2020/21 Original Budget hence discipline will be observed on spending patterns going forward.
- 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; only 4% of the property plant and equipment has been set aside for repairs and maintenance of property plant and equipment for Jozini Municipality, reason for 4% instead of 8 percent is due to budgetary constraints • 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 plans no budget”. If there is no business plan no funding allocation can be made.

THE FOLLOWING PIE CHART ILLUSTRATE THE TOTAL EXPENDITURE FOR THE ADJUSTMENT BUDGET OF THE 2020/2021 FINANCIAL YEAR.



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		
Expenditure By Type												
Employee related costs		93 533	-	-	-	-	-	-	-	93 533	97 835	102 335
Remuneration of councillors		14 836	-	-	-	-	-	-	-	14 836	15 518	16 232
Debt impairment		21 676	-	-	-	-	-	-	-	21 676	22 673	23 716
Depreciation & asset impairment		15 733	-	-	-	-	-	1 621	1 621	17 354	18 152	18 987
Finance charges		1 750	-	-	-	-	-	-	-	1 750	1 831	1 915
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-
Other materials		100	-	-	-	-	-	650	650	750	785	821
Contracted services		37 188	-	-	-	-	-	6 777	6 777	43 965	45 988	48 103
Transfers and subsidies		33 540	-	-	-	-	-	(600)	(600)	32 940	34 455	36 040
Other expenditure		55 836	-	-	-	-	-	11 005	11 005	66 840	69 915	73 131
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		274 190	-	-	-	-	-	19 453	19 453	293 643	307 151	321 280

OPERATING EXPENDITURE:

- **Depreciation:** The Municipality decided to increase depreciation estimate from 15.7 million to 17.3 million owing to the reason that 2019-20 Annual financial statements reflects depreciation of 17 million.
- **Other materials:** The Municipality originally budgeted less on the materials and suppliers by R100 thousand Rands due to Covid-19 however it has since reconsider budgeting more to R750 thousand looking at the fact that lock down level is at ease.
- **Contracted Services:** An increase in contracted services is owing to the fact that the municipality has reconsidered the community programs which were previously prohibited due to Covid-19.
- **Transfers & Subsidies:** An increase in transfers is owing to the fact that the municipality has reconsidered the community programs such as Community bursaries which were previously prohibited due to Covid-19, and electricity projects has been re-classified as transfers and subsidies.
- **Other Expenditure:** An increase in other expenditure is owing to the fact that the municipality has re- considered the community programs which were previously prohibited due to Covid-19.
-

2 Capital Expenditure

- The R4 million decrease in expenditure for INEP grant is due to a recall of funds by national treasury

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

MIG Projects 2020-21	
KZN272_KZN272-SD31_PMU Consultants	2,338,000.00
KZN272_KZN272-SD 1.7 _Construction of Onaleni Community Hall	4,000,000.00
KZN272_KZN272-SD 1.7 _Construction of Nhlangano Community Hall	2,000,000.00
KZN272_KZN272-SD 1.7 _Construction of KwaPhaweni Community Hall	2,000,000.00
KZN272_KZN272-SD 1.7 _Construction of KwaMbuzi Community Hall	3,000,000.00
KZN272_KZN272_SD1.39_Empileni Community Hall	3,000,000.00
KZN272_KZN272_2017/18_Upgrading of Mkhuze CBD Roads	2,200,000.00
KZN272_KZN272_2017/18_Upgrade of Jozini Municipal Offices	1,000,000.00
KZN272_KZN272_2017/18_Sidakeni Sports Field	1,222,000.00
KZN272_KZN272_2017/18_Construction of Emthojeni Sportsfield	1,000,000.00
KZN272_KZN272_2017/18_Cezwana Youth Centre	2,000,000.00
KZN272_KZN272- SD 1.6_Construction of Ezinhlalavini Access Road	3,000,000.00
KZN272_KZN272- SD 1.6_Construction of Mtshakela / Ekulingeni Access Road	3,000,000.00
KZN272_KZN 272-SD1.10_Construction of Manyiseni Youth Centre	2,000,000.00
EZIPHOSHENI COMMUNITY HALL	2,000,000.00
CONSTRUCTION OF NDUMO SPORTSFIELD	9,600,000.00
COVID 19 MIG FUNDED	3,400,000.00
	46,760,000.00

Funded from EQ 2020-21	
KZN272_KZN272-SD 1.7 _Construction of Nhlonhlela Community Hall	4,000,000.00

Below is the List of all projects funded by Integrated National Electrification Programme Grant in **2020/2021**:

PROJECTS	BUDGET
Majozini/ Maqonjwana Electrification	2 000 000.00
KwaQondile Electrical Connections	4 000 000.00
Mkuze waManzi/ Mshophi Electrical Connections	1 000 000.00
Nhlangano Electrification	3 000 000.00
TOTAL	10 000 000.00

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

Description	Ref	Budget Year 2020/21									Budget Year	Budget Year
		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	+1 2021/22	+2 2022/23
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	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 - 0		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		1 564	-	-	-	-	-	-	-	1 564	1 636	1 711
Vote 2 - Finance & Administration		6 000	-	-	-	-	-	-	-	6 000	6 276	6 565
Vote 3 - Finance & Administration		15 725	-	-	-	-	-	7 260	7 260	22 985	24 042	25 148
Vote 4 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		3 000	-	-	-	-	-	-	-	3 000	3 138	3 282
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Community & Social Services		13 588	-	-	-	-	-	1 934	1 934	15 522	16 236	16 983
Vote 10 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Community & Social Services		8 200	-	-	-	-	-	-	-	8 200	8 577	8 972
Vote 12 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - 0		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - 0		1 550	-	-	-	-	-	500	500	2 050	2 144	2 243
Capital single-year expenditure sub-total		49 626	-	-	-	-	-	9 694	9 694	59 321	62 050	64 904

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 R67 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 and provisions.

KZN272 Jozini - Supporting Table SB15 Adjustments Budget - monthly cash flow -

Monthly cash flows	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
		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																	
Cash Receipts By Source	1																
Property rates		816	1 336	1 435	1 435	1 435	1 435	1 435	1 435	1 435	1 435	1 435	1 435	16 500	17 259	17 259	
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse		164	257	128	128	128	128	128	128	128	128	128	128	1 700	1 778	1 778	
Rental of facilities and equipment		56	49	74	74	74	74	74	74	74	74	74	74	849	888	888	
Interest earned - external investments		200	311	376	376	376	376	376	376	376	376	376	376	4 270	-	-	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		3	6	10	10	10	10	10	10	10	10	10	10	114	119	119	
Licences and permits		146	87	216	216	216	216	216	216	216	216	216	216	2 395	2 505	2 505	
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and Subsidies - Operational		87 787	3 487	15 413	15 413	15 413	15 413	15 413	15 413	15 413	15 413	15 413	15 413	245 402	256 690	256 690	
Other revenue		201	26	26	26	26	26	26	26	26	26	26	26	488	510	510	
Cash Receipts by Source		89 374	5 558	17 679	17 679	17 679	17 679	17 679	17 679	17 679	17 679	17 679	17 679	271 717	279 750	279 750	
Other Cash Flows by Source																	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9 000	5 000	-	-	-	21 380	-	-	21 380	-	-	-	56 760	59 371	59 371	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on Disposal of Fixed and Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source		98 374	10 558	17 679	17 679	17 679	39 059	17 679	17 679	39 059	17 679	17 679	17 679	328 477	339 121	339 121	
Cash Payments by Type																	
Employee related costs		7 837	7 940	7 776	7 776	7 776	7 776	7 776	7 776	7 776	7 776	7 776	7 776	93 533	97 835	102 335	
Remuneration of councillors		526	1 078	1 323	1 323	1 323	1 323	1 323	1 323	1 323	1 323	1 323	1 323	14 836	15 518	16 232	
Finance charges		146	146	146	146	146	146	146	146	146	146	146	146	1 750	1 831	1 915	
Bulk purchases - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases - Water & Sewer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials		-	-	75	75	75	75	75	75	75	75	75	75	750	785	821	
Contracted services		526	1 078	4 486	4 486	4 486	4 486	4 486	4 486	4 486	4 486	4 486	4 486	46 465	45 988	48 103	
Transfers and grants - other municipalities		-	364	1 340	1 340	1 340	1 340	1 340	1 340	1 340	1 340	1 340	977	13 400	14 016	14 661	
Transfers and grants - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		3 623	6 456	5 676	5 676	5 676	5 676	5 676	5 676	5 676	5 676	5 676	5 676	66 840	69 915	73 131	
Cash Payments by Type		12 657	17 061	20 822	20 822	20 822	20 822	20 822	20 822	20 822	20 822	20 822	20 458	237 574	245 887	257 198	
Other Cash Flows/Payments by Type																	
Capital assets		2 270	5 441	5 561	5 561	5 561	5 561	5 561	5 561	5 561	5 561	5 561	5 561	63 321	66 234	69 280	
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Cash Flows/Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type		14 927	22 502	26 383	26 383	26 383	26 383	26 383	26 383	26 383	26 383	26 383	26 019	300 895	312 121	326 478	
NET INCREASE/(DECREASE) IN CASH HELD		83 446	(11 944)	(8 704)	(8 704)	(8 704)	12 676	(8 704)	(8 704)	12 676	(8 704)	(8 704)	(8 341)	27 583	27 000	12 643	
Cash/cash equivalents at the month/year beginning:		39 961	123 407	111 464	102 760	94 055	85 351	98 027	89 322	80 618	93 294	84 589	75 885	39 961	67 544	94 544	
Cash/cash equivalents at the month/year end:		123 407	111 464	102 760	94 055	85 351	98 027	89 322	80 618	93 294	84 589	75 885	67 544	67 544	94 544	107 187	

Balance Sheet

KZN272 Jozini - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2020/21									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2021/22 Adjusted Budget	+2 2022/23 Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
ASSETS												
Current assets												
Cash		17 920	-	-	-	-	-	289 787	289 787	307 707	326 328	341 340
Call investment deposits	1	16 500	-	-	-	-	-	(288 525)	(288 525)	(272 025)	(284 538)	(297 627)
Consumer debtors	1	56 121	-	-	-	-	-	-	-	56 121	104 754	109 572
Other debtors		1 698	-	-	-	-	-	-	-	1 698	1 776	1 858
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Inventory		-	-	-	-	-	-	-	-	-	-	-
Total current assets		92 239	-	-	-	-	-	1 262	1 262	93 501	148 320	155 143
Non current assets												
Long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1	332 372	-	-	-	-	-	1 013	1 013	333 385	348 721	364 762
Biological		-	-	-	-	-	-	-	-	-	-	-
Intangible		1 293	-	-	-	-	-	(500)	(500)	793	829	867
Other non-current assets		-	-	-	-	-	-	-	-	-	-	-
Total non current assets		333 665	-	-	-	-	-	513	513	334 178	349 550	365 629
TOTAL ASSETS		425 904	-	-	-	-	-	1 775	1 775	427 679	497 870	520 772
LIABILITIES												
Current liabilities												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Consumer deposits		831	-	-	-	-	-	-	-	831	869	909
Trade and other payables		45 350	-	-	-	-	-	-	-	45 350	47 436	49 618
Provisions		22 408	-	-	-	-	-	-	-	22 408	23 439	24 517
Total current liabilities		68 589	-	-	-	-	-	-	-	68 589	71 744	75 044
Non current liabilities												
Borrowing	1	-	-	-	-	-	-	-	-	-	-	-
Provisions	1	1 000	-	-	-	-	-	-	-	1 000	1 046	1 094
Total non current liabilities		1 000	-	-	-	-	-	-	-	1 000	1 046	1 094
TOTAL LIABILITIES		69 589	-	-	-	-	-	-	-	69 589	72 790	76 138
NET ASSETS	2	356 316	-	-	-	-	-	1 775	1 775	358 091	425 081	444 634
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		357 887	-	-	-	-	-	29 836	29 836	387 724	375 846	393 135
Reserves		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		357 887	-	-	-	-	-	29 836	29 836	387 724	375 846	393 135

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 and Employee related costs comprise 42 per cent of total operating expenditure in the 2020/21MTREF.

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

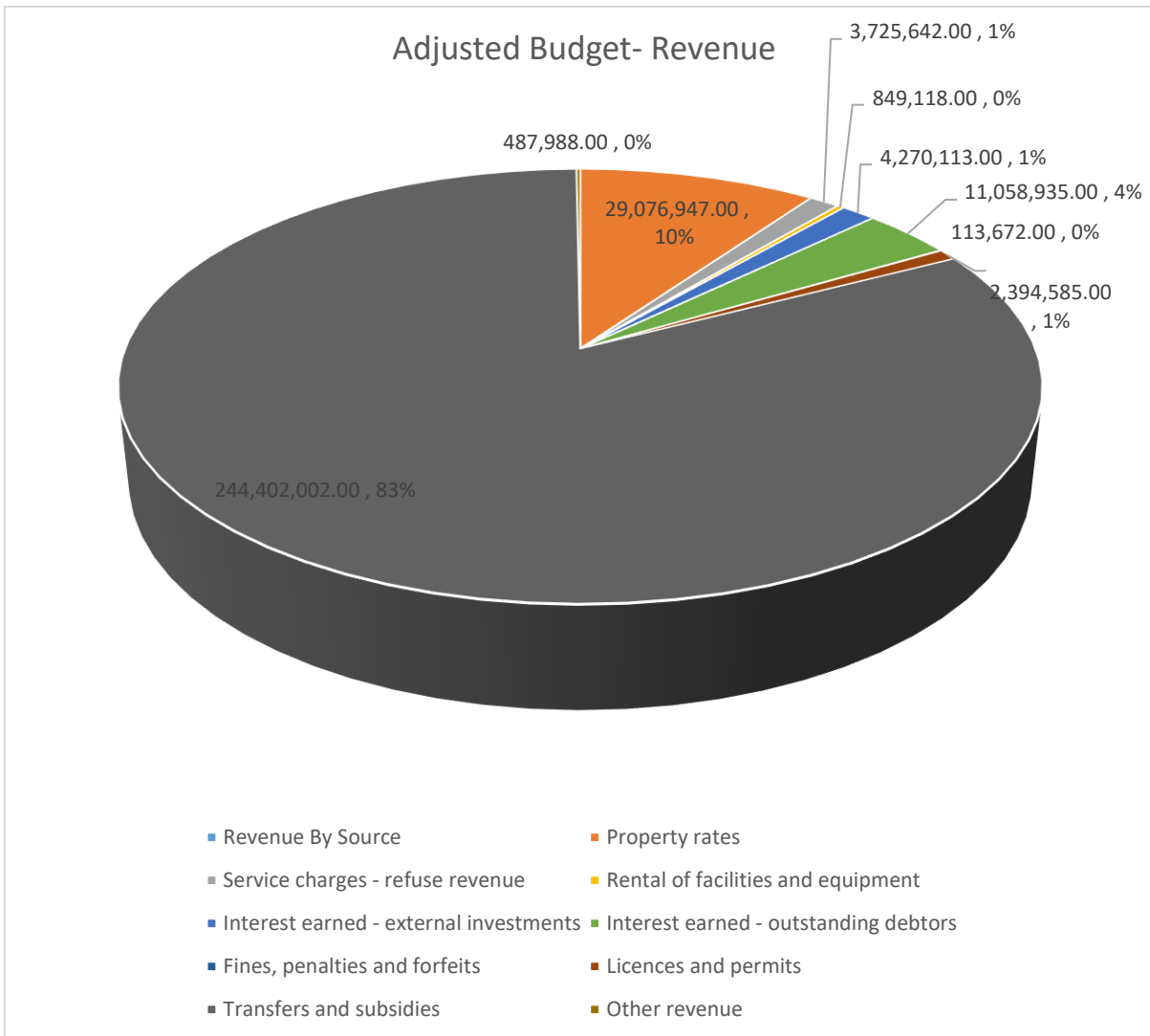
The Adjustment Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the Adjustment Medium term for the financial year 2020/21:

KZN272 Jozini - Table B4 Adjustments Budget Financial Performance (revenue and ex

Description	Budget Year 2020/21			Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		9	10		
R thousands	A	G	H		
Revenue By Source					
Property rates	29 077	-	29 077	-	-
Service charges - electricity revenue	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-
Service charges - refuse revenue	3 726	-	3 726	-	-
Rental of facilities and equipment	849	-	849	888	929
Interest earned - external investments	4 270	-	4 270	4 467	4 672
Interest earned - outstanding debtors	11 059	-	11 059	11 568	12 100
Dividends received	-	-	-	-	-
Fines, penalties and forfeits	114	-	114	119	124
Licences and permits	2 395	-	2 395	2 505	2 620
Agency services	-	-	-	-	-
Transfers and subsidies	205 316	39 086	244 402	255 644	267 404
Other revenue	488	-	488	-	-
Gains	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	257 293	39 086	296 379	275 190	287 849

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 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.

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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.	Adjusted Budget	% change
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		10 005	-							10 005	0.0%
Pension and UIF Contributions		-	-							-	
Medical Aid Contributions		-	-							-	
Motor Vehicle Allowance		-	-							-	
Cellphone Allowance		1 661	-							1 661	0.0%
Housing Allowances		-	-							-	
Other benefits and allowances		3 170	-							3 170	0.0%
Sub Total - Councillors		14 836								14 836	0.0%
% increase			(0)								
Senior Managers of the Municipality											
Basic Salaries and Wages		6 182	-							6 182	0.0%
Pension and UIF Contributions		11	-							11	0.0%
Medical Aid Contributions		-	-							-	
Overtime		-	-							-	
Performance Bonus		-	-							-	
Motor Vehicle Allowance		1 780	-							1 780	0.0%
Cellphone Allowance		105	-							105	0.0%
Housing Allowances		495	-							495	0.0%
Other benefits and allowances		145	-							145	0.0%
Payments in lieu of leave		-	-							-	
Long service awards		-	-							-	
Post-retirement benefit obligations	5	-	-							-	
Sub Total - Senior Managers of Municipality		8 719								8 719	0.0%
% increase			(0)								
Other Municipal Staff											
Basic Salaries and Wages		50 480	-							50 480	0.0%
Pension and UIF Contributions		7 808	-							7 808	0.0%
Medical Aid Contributions		3 294	-							3 294	0.0%
Overtime		-	-							-	
Performance Bonus		4 084	-							4 084	0.0%
Motor Vehicle Allowance		8 501	-							8 501	0.0%
Cellphone Allowance		38	-							38	0.0%
Housing Allowances		287	-							287	0.0%
Other benefits and allowances		9 863	-							9 863	0.0%
Payments in lieu of leave		370	-							370	0.0%
Long service awards		89	-							89	0.0%
Post-retirement benefit obligations	5	-	-							-	
Sub Total - Other Municipal Staff		84 814								84 814	0.0%
% increase											
Total Parent Municipality		108 368								108 368	0.0%

- There are no adjustment made on the employee related cost.

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	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total Adjusts.	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	11	Budget	Budget	Budget
R thousands		5	6	7	8	9	10	11	12			
		A	A1	B	C	D	E	F	G	H		
Capital Expenditure - Functional												
<i>Governance and administration</i>		9 114	-	-	-	-	-	500	500	9 614	10 056	10 519
Executive and council		6 000	-	-	-	-	-	-	-	6 000	6 276	6 565
Finance and administration		3 114	-	-	-	-	-	500	500	3 614	3 780	3 954
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		26 725	-	-	-	-	-	260	260	26 985	28 226	29 525
Community and social services		15 725	-	-	-	-	-	7 260	7 260	22 985	24 042	25 148
Sport and recreation		11 000	-	-	-	-	-	(7 000)	(7 000)	4 000	4 184	4 376
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		21 788	-	-	-	-	-	1 934	1 934	23 722	24 813	25 955
Planning and development		13 588	-	-	-	-	-	1 934	1 934	15 522	16 236	16 983
Road transport		8 200	-	-	-	-	-	-	-	8 200	8 577	8 972
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		3 000	-	-	-	-	-	-	-	3 000	3 138	3 282
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		3 000	-	-	-	-	-	-	-	3 000	3 138	3 282
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	60 626	-	-	-	-	-	2 694	2 694	63 321	66 234	69 280
Funded by:												
National Government		43 888	-	-	-	-	-	(5 066)	(5 066)	38 822	40 608	42 476
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	43 888	-	-	-	-	-	(5 066)	(5 066)	38 822	40 608	42 476
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		3 679	-	-	-	-	-	-	-	3 679	3 848	4 025
Total Capital Funding		47 566	-	-	-	-	-	(5 066)	(5 066)	42 501	44 456	46 501

- There are no adjustments made for Municipal Infrastructure grant and internal generated funding.
- The decrease in the national government funding is as the result of INEP recalled by the National Treasury.

2.6 OTHER SUPPORTING DOCUMENTS

2.6.1. See attached B Schedule

3. CONCLUSION

3.1. 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 30 September 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: _____

