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1. PURPOSE AND LEGISLATIVE BACKGROUND

Section 16 of the MFMA states that:

16 (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

2. EXECUTIVE SUMMARY

Mayor's foreword

2020/2021 has been an unprecedented year a year of changes, challenges and courage. Some of the challenges faced this year are old and some are new. The economic challenges continue to persist, further amplified by the devastating onset of the COVID-19 pandemic. It is envisioned that, in both local and national interest, this collective effort will be adapted and deployed to attend to persistent and emerging challenges especially in our endeavours to be responsive for and responding to a growth economy, apply measures to maintain the fiscal framework and tackle structural constraints, restore investor confidence, reduce policy uncertainty and lower the cost of doing business. The world-wide lockdown measures implemented to slow the spread of the pandemic equally affected the local economy. The contraction in public finances continues to exert pressure on government's ability to balance the need for public services with constraints in public resources. This required and will continue to demand prioritisation of public service delivery, strengthening of responsive public administration, reduction in the cost of the public service and value for money programme decision making.

3. CONSOLIDATED OVERVIEW

KZN244 Msinga - Table A1 Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands										
Financial Performance										
Property rates	-	-	17 433	16 500	18 617	-	12 506	18 617	17 000	17 500
Service charges	-	-	0	400	400	-	252	539	415	430
Investment revenue	-	-	5 833	4 500	4 500	-	8 417	4 000	5 000	5 500
Transfers recognised - operational	-	-	169 199	200 645	231 491	-	214 262	194 017	207 725	203 624
Other own revenue	-	-	1 477	1 050	1 050	-	18 642	1 050	1 085	1 124
Total Revenue (excluding capital transfers and contributions)	-	-	193 942	223 095	256 058	-	254 079	218 224	231 225	228 178
Employee costs	-	-	66 432	67 703	72 875	-	55 955	78 006	83 886	90 597
Remuneration of councillors	-	-	17 421	15 776	15 776	-	9 566	13 725	14 548	15 421
Depreciation & asset impairment	-	-	275	23 016	23 016	-	-	23 016	24 397	25 861
Finance charges	-	-	-	-	1 000	-	-	600	636	674
Materials and bulk purchases	-	-	13 276	18 422	17 340	-	5 958	12 744	13 509	14 320
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	60 565	103 416	126 974	-	71 482	89 568	106 289	111 263
Total Expenditure	-	-	157 969	228 333	256 981	-	142 962	217 659	243 266	258 136
Surplus/(Deficit)	-	-	35 974	(5 238)	(923)	-	111 117	564	(12 041)	(29 958)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	51 890	37 189	36 733	-	36 903	39 412	42 413	44 206
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	87 864	31 951	35 810	-	148 020	39 976	30 372	14 248
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	87 864	31 951	35 810	-	148 020	39 976	30 372	14 248
Capital expenditure & funds sources										
Capital expenditure	-	-	(253 780)	47 908	59 092	-	29 275	61 938	66 289	69 506
Transfers recognised - capital	-	-	594 156	162 047	162 047	-	582 122	39 412	42 413	44 206
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	(362 128)	18 496	28 620	-	2 780	22 525	23 876	25 309
Total sources of capital funds	-	-	232 028	180 543	190 667	-	584 902	61 937	66 289	69 515
Financial position										
Total current assets	-	-	91 215	39 727	33 918	-	129 543	175 328	(13 902)	(15 147)
Total non current assets	-	-	256 109	238 633	248 301	-	289 974	334 411	55 893	57 654
Total current liabilities	-	-	38 696	25 395	25 395	-	(37 132)	62 950	-	-
Total non current liabilities	-	-	5 425	5 397	5 397	-	5 425	5 425	-	-
Community wealth/Equity	-	-	303 463	247 568	251 427	-	451 483	441 243	30 372	14 248
Cash flows										
Net cash from (used) operating	-	-	55 955	49 327	52 339	-	123 227	55 007	47 506	32 276
Net cash from (used) investing	-	-	236 728	(55 685)	(65 353)	-	(28 857)	(61 937)	(66 289)	(69 515)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	-	292 683	(6 358)	(13 014)	-	105 165	149 153	130 370	93 131
Cash backing/surplus reconciliation										
Cash and investments available	-	-	59 423	23 801	17 144	-	78 639	133 683	(31 317)	(33 077)
Application of cash and investments	-	-	78 022	13 975	13 546	-	(67 069)	38 882	(9 579)	(9 503)
Balance - surplus (shortfall)	-	-	(18 599)	9 826	3 598	-	145 708	94 801	(21 738)	(23 574)
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	275	19 283	19 283	-	-	19 283	20 440	21 667
Renewal and Upgrading of Existing Assets	-	-	57 303	-	4 942	-	-	11 520	12 318	13 057
Repairs and Maintenance	-	-	-	-	19 547	-	-	6 499	11 830	12 539
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

KZN244 Msinga - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	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	
R thousand																	
Revenue By Source																	
Property rates		1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	18 617	17 000	17 500	
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	539	539	415	430	
Rental of facilities and equipment		50	50	50	50	50	50	50	50	50	50	50	50	600	615	624	
Interest earned - external investments		333	333	333	333	333	333	333	333	333	333	333	333	4 000	5 000	5 500	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies		16 168	16 168	16 168	16 168	16 168	16 168	16 168	16 168	16 168	16 168	16 168	16 168	194 017	207 725	203 624	
Other revenue		38	38	38	38	38	38	38	38	38	38	38	38	450	470	500	
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributi		18 140	18 140	18 140	18 140	18 140	18 140	18 140	18 140	18 140	18 140	18 140	18 680	218 224	231 225	228 178	
Expenditure By Type																	
Employee related costs		6 501	6 501	6 501	6 501	6 501	6 501	6 501	6 501	6 501	6 501	6 501	6 500	78 006	83 886	90 597	
Remuneration of councillors		1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	13 725	14 548	15 421	
Debt impairment		83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 060	1 124	
Depreciation & asset impairment		1 918	1 918	1 918	1 918	1 918	1 918	1 918	1 918	1 918	1 918	1 918	1 918	23 016	24 397	25 861	
Finance charges		50	50	50	50	50	50	50	50	50	50	50	50	600	636	674	
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials		1 062	1 062	1 062	1 062	1 062	1 062	1 062	1 062	1 062	1 062	1 062	1 062	12 744	13 509	14 320	
Contracted services		4 602	4 602	4 602	4 602	4 602	4 602	4 602	4 602	4 602	4 602	4 602	4 723	55 341	70 009	72 806	
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	33 227	35 220	37 334	
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure		18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 249	217 659	243 266	258 136		
Surplus/(Deficit)		12	12	12	12	12	12	12	12	12	12	431	564	(12 041)	(29 958)		
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	39 412	42 413	44 206	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 715	39 976	30 372	14 248		
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 715	39 976	30 372	14 248		

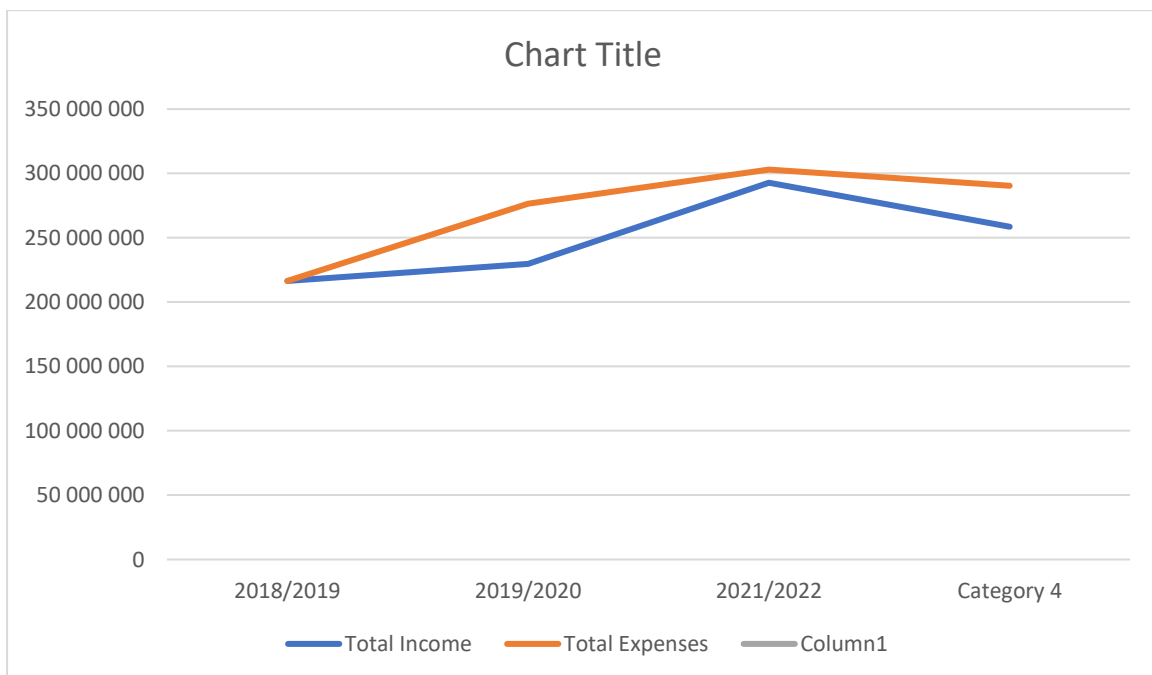
4. OPERATING REVENUE FRAMEWORK

KZN244 Msinga - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source											
Property rates	2	-	-	17 433	16 500	18 617	-	12 506	18 617	17 000	17 500
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	0	400	400	-	252	539	415	430
Rental of facilities and equipment		-	-	655	600	600	-	584	600	615	624
Interest earned - external investments		-	-	5 833	4 500	4 500	-	8 417	4 000	5 000	5 500
Interest earned - outstanding debtors		-	-	387	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	169 199	200 645	231 491	-	214 262	194 017	207 725	203 624
Other revenue	2	-	-	435	450	450	-	18 059	450	470	500
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	193 942	223 095	256 058	-	254 079	218 224	231 225	228 178

Comments:

1. Total income for 2021/2022 has dropped significantly from R254 million to R218 million excluding MIG allocation of R39.4 million.
2. The equitable Share grant has made a huge difference by going down by R27 million compared to the previous year 2020/2021.
3. This budget cut was also stated in the MFMA Budget Circular that more focus will be in infrastructure development and health care service through. More funding is expected in the next few years to flow into Covid-19 expenditure.
4. Billing on property rates is not expected to change in the next year. There is a strong bias that this revenue stream will remain around the current budget. This is also true with other revenue streams.



5. OPERATING EXPENDITURE FRAMEWORK 2021/2022

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework			
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22
R thousand	1											
Expenditure By Type												
Employee related costs	2	-	-	66 432	67 703	72 875	-	55 955	78 006	83 886	90 597	
Remuneration of councillors		-	-	17 421	15 776	15 776	-	9 566	13 725	14 548	15 421	
Debt impairment	3	-	-	(9 505)	1 000	1 000	-	-	1 000	1 060	1 124	
Depreciation & asset impairment	2	-	-	275	23 016	23 016	-	-	23 016	24 397	25 861	
Finance charges		-	-	-	-	1 000	-	-	600	636	674	
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-	
Other materials	8	-	-	13 276	18 422	17 340	-	5 958	12 744	13 509	14 320	
Contracted services		-	-	38 734	61 723	77 403	-	46 576	55 341	70 009	72 806	
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	
Other expenditure	4, 5	-	-	30 965	40 693	48 571	-	24 906	33 227	35 220	37 334	
Losses		-	-	371	-	-	-	-	-	-	-	
Total Expenditure		-	-	157 969	228 333	256 981	-	142 962	217 659	243 266	258 136	

COMMENTS

- It must be noted that the declining revenues illustrated above next and two outer year have a negative effect on Surplus for the next fiscal years.
- Employee related cost will continue to rise in relation to inflation. Employee related has been increased by not less than 6%.
- Employee cost is 35,8 percent of the total operational budget and which is concerning. The municipality is likely to exceed the approved limit soon should the pattern not change.

6. GRANT ALLOCATIONS 2021/2022

KZN244 Msinga - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	166 106	199 426	229 522	-	192 789	207 725	203 624
Local Government Equitable Share		-	-	163 783	175 125	209 221	-	182 530	191 875	187 774
Integrated National Electrification Programme		-	-	-	-	-	-	4 420	14 000	14 000
EPWP Incentive		-	-	-	-	-	-	3 989	-	-
Finance Management		-	-	-	-	-	-	1 850	1 850	1 850
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	2 323	24 301	20 301	-	-	-	-
Provincial Government:		-	-	3 093	1 219	1 969	-	1 228	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Library Grant		-	-	3 093	1 219	1 969	-	1 228	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	-	-	169 199	200 645	231 491	-	194 017	207 725	203 624
Capital Transfers and Grants										
National Government:		-	-	50 815	37 189	36 733	-	39 412	42 413	44 206
		-	-	50 815	37 189	36 733	-	39 412	42 413	44 206
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	1 075	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	1 075	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	-	51 890	37 189	36 733	-	39 412	42 413	44 206
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	221 089	237 834	268 224	-	233 429	250 138	247 830

As discussed above, the fiscal constraints faced by national government have had drastic spill over effects to local government nationwide. The financial burden amplified by slow economic growth and low levels of employment has led to unprecedented outcomes to the allocation of scarce resources to Local government. The fourth column on the above table shows the extent of decrease in municipal transfers and subsidies.

The tables above presents national government allocations allocated to uMsinga Municipality for the period of past two years as well as the drafts allocations for the next three years.

It must be noted that the year 2021/2022 has the lowest allocations in comparison to the two previous years and the three future projected years. This imposes the toughest fiscal challenge to the municipalities service delivery objectives. Grant allocations have dropped with more that R34m from R268m to R233m.

7. CAPITAL EXPENDITURE

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 2 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Other		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 8 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 9 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 10 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 12 - Pounds		-	-	-	-	-	-	-	-	-	-
Vote 13 - Finance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Community and Social Services		-	-	(10 903)	1 604	3 128	-	951	1 590	1 685	1 787
Vote 2 - Energy Sources		-	-	268	7 192	5 677	-	4 515	4 597	14 187	14 199
Vote 3 - Executive and Council		-	-	216	585	585	-	75	53	56	60
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Other		-	-	225	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	(4 957)	1 742	2 062	-	375	1 585	1 680	1 781
Vote 8 - Public Safety		-	-	69	412	439	-	4 812	5 101	5 407	
Vote 9 - Road Transport		-	-	95 844	22 779	23 260	-	14 824	22 524	24 511	25 230
Vote 10 - Sport and Recreation		-	-	11 133	754	3 072	-	1 986	10 070	10 675	11 315
Vote 11 - Waste Management		-	-	12 267	990	1 041	-	79	3 500	3 710	3 933
Vote 12 - Pounds		-	-	-	-	-	-	-	-	-	-
Vote 13 - Finance and Administration		-	-	-	-	-	-	-	17 626	18 684	19 805
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	104 161	36 058	39 262	-	22 805	66 357	80 289	83 515
Total Capital Expenditure - Vote		-	-	104 161	36 058	39 262	-	22 805	66 357	80 289	83 515
Capital Expenditure - Functional											
Governance and administration											
Executive and council		-	-	(359 991)	19 626	26 091	-	11 060	17 679	18 740	19 864
Finance and administration		-	-	(359 991)	19 626	26 091	-	11 060	17 626	18 684	19 805
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety											
Community and social services		-	-	(8 370)	1 604	3 128	-	951	1 590	1 685	1 787
Sport and recreation		-	-	11 133	754	3 072	-	1 986	10 070	10 675	11 315
Public safety		-	-	69	412	439	-	4 812	5 101	5 407	
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services											
Planning and development		-	-	(4 957)	1 742	2 062	-	375	1 585	1 680	1 781
Road transport		-	-	95 844	22 779	23 260	-	14 824	22 524	24 511	25 230
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services											
Energy sources		-	-	-	-	-	-	-	178	187	190
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	12 267	990	1 041	-	79	3 500	3 710	3 933
Other											
Other		-	-	225	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	(253 780)	47 908	59 092	-	29 275	61 938	66 289	69 506
Funded by:											
National Government		-	-	595 231	162 047	162 047	-	582 122	39 412	42 413	44 206
Provincial Government		-	-	(1 075)	-	-	-	-	-	-	-
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	-	-	594 156	162 047	162 047	-	582 122	39 412	42 413	44 206
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds											
Internally generated funds		-	-	(362 128)	18 496	28 620	-	2 780	22 525	23 876	25 309
Total Capital Funding	7	-	-	232 028	180 543	190 667	-	584 902	61 937	66 289	69 515

PROPOSED ELECTRICITY EXPENDITURE 2021/2022

FISCAL YEAR	INEP FUNDED PROJECT 2022	BUDGET
2022	Macanco Electrification Programme INEP	130,000.00
2022	Mngeni Bulk INEP	3,000,000.00
2022	Mngeni Electrification INEP	750,000.00
2022	Ekuvukeni-Ngiyane Electrification INEP	549,000.00
		4,429,000.00
	EQS FUNDED 2022	BUDGET
2022	Phalafini Electrification	1,200,000.00
2022	Douglas Phase 3 Electrification	1,400,000.00
2022	Ogede- Obisini Electrification Programme (Equitable Share)	7,000,000.00
2022	Msinga Master Lights	176,663.60
2022	Voltage Regulator: Gcuba Electrification	1,892,576.00
2022	Msinga Master Lights	176,663.60
		11,845,903.20

- INEP projects have suffered the most fiscal contraction. Allocation for INEP has been decreased from R17m to R4,4m, this is more than 3 third of funding reduction.
- The municipality is currently considering directing at least R11.8 million from the Equitable Share grant to fund electricity projects. This is too demanding and might affect the general operations. However, it is in the municipality's interest to direct as much as possible of its budget to service delivery.

PROPOSED MIG CAPITAL EXPENDITURE 2021/2022

MIG DRAFT BUDGET	2021/2022	
Project Name	budget	
Roll-over projects		
Xholobane access road	R	2,500,000.00
Ngongolo access road	R	3,000,000.00
Mvundlweni sport field	R	7,512,977.05
Ezibomvini access road	R	1,500,000.00
	R	14,512,977.05
New projects		
Gobamagagu sportfield	R	3,000,000.00
Sethembe sportfield	R	5,000,000.00
Msizini sportfield	R	4,000,000.00
Gonondo access road	R	5,000,000.00
Phowane access road	R	5,000,000.00
Mfulamuni access road	R	2,899,022.95
	R	24,899,022.95
Total MIG Allocation	R	39,412,000.00

COMMENTS

- The Municipality has set aside funds to drive the infrastructure development plan through developments of access roads and sports fields. 99% percent of these projects are funded by MIG.
- MIG for 2021/2022 has increased by R3 million compared to the 2020/2021 allocation of R39.9 million. This has given some limited relief to the infrastructure plan after a huge cut in the Equitable Share grant.

8. CASH FLOW STATEMENT

KZN244 Msinga - Table A7 Budgeted Cash Flows

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	(30 380)	10 900	12 170	-	2 461	9 633	8 676	8 931
Service charges		-	-	(1 358)	360	360	-	88	539	415	43
Other revenue		-	-	684	1 050	1 050	-	9 739	1 050	1 085	1 124
Transfers and Subsidies - Operational	1	-	-	169 199	200 645	231 491	-	214 262	194 017	207 725	203 624
Transfers and Subsidies - Capital	1	-	-	51 890	37 189	36 733	-	36 903	39 412	42 413	44 206
Interest		-	-	6 220	4 500	4 500	-	8 417	4 000	5 000	5 500
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	-	(146 706)	(205 317)	(232 965)	-	(140 788)	(193 043)	(217 173)	(230 478)
Finance charges		-	-	-	-	(1 000)	-	-	(600)	(636)	(674)
Transfers and Grants	1	-	-	6 406	-	-	-	(7 855)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	55 955	49 327	52 339	-	123 227	55 007	47 506	32 276
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	371	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	(19 251)	-	-	-	5 008	-	-	-
Payments											
Capital assets		-	-	(255 609)	(55 685)	(65 353)	-	(33 865)	(61 937)	(66 289)	(69 515)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	236 728	(55 685)	(65 353)	-	(28 857)	(61 937)	(66 289)	(69 515)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	292 683	(6 358)	(13 014)	-	94 370	(6 930)	(18 783)	(37 239)
Cash/cash equivalents at the year begin:	2	-	-	-	-	-	-	10 795	156 083	149 153	130 370
Cash/cash equivalents at the year end:	2	-	-	292 683	(6 358)	(13 014)	-	105 165	149 153	130 370	93 131

COMMENTS

- Net cash from operations is anticipated to be a positive R55 million and which is less than 2020/2021. Reason being the huge decrease of R34 million in operating grants.
- Net cash outflow in investing activities is expected to increase to R61.9 million. More investment is planned for the coming year due an increase in MIG grant.
- However, cash and cash equivalent is also like to increase at the end of 2021/2022 due to plans in place to increase the municipal reserves.

KZN244 Msinga - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	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
R thousand																
Revenue By Source																
Property rates		1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	18 617	17 000	17 500
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	539	539	415	430
Rental of facilities and equipment		50	50	50	50	50	50	50	50	50	50	50	50	600	615	624
Interest earned - external investments		333	333	333	333	333	333	333	333	333	333	333	4 000	5 000	5 500	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		16 168	16 168	16 168	16 168	16 168	16 168	16 168	16 168	16 168	16 168	16 168	194 017	207 725	203 624	
Other revenue		38	38	38	38	38	38	38	38	38	38	38	450	470	500	
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		18 140	18 140	18 140	18 140	18 140	18 140	18 140	18 140	18 140	18 140	18 140	18 680	218 224	231 225	228 178
Expenditure By Type																
Employee related costs		6 501	6 501	6 501	6 501	6 501	6 501	6 501	6 501	6 501	6 501	6 501	6 500	78 006	83 886	90 597
Remuneration of councillors		1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	13 725	14 548	15 421
Debt impairment		83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 060	1 124
Depreciation & asset impairment		1 918	1 918	1 918	1 918	1 918	1 918	1 918	1 918	1 918	1 918	1 918	1 918	23 016	24 397	25 861
Finance charges		50	50	50	50	50	50	50	50	50	50	50	50	600	636	674
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		1 062	1 062	1 062	1 062	1 062	1 062	1 062	1 062	1 062	1 062	1 062	12 744	13 509	14 320	
Contracted services		4 602	4 602	4 602	4 602	4 602	4 602	4 602	4 602	4 602	4 602	4 723	55 341	70 009	72 806	
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	33 227	35 220	37 334	
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 249	217 659	243 266	258 136	
Surplus/(Deficit)		12	12	12	12	12	12	12	12	12	12	431	564	(12 041)	(29 958)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	39 412	42 413	44 206	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 715	39 976	30 372	14 248	
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 715	39 976	30 372	14 248	

9. Recommendations by the accounting officer

1. Alignment:

- (a) That Directorates ensure more alignment between the IDP, PMS and Budget Process;
- (b) That co-ordination internally be improved immediately through the Office of the Municipal Manager;
- (c) That Directorates re-align annual plans to this adjustment.

2. Reporting:

- (a) That monthly monitoring of SDBIP's and Capital Program through the respective Portfolio Committees be effective immediately;
- (b) That Directors comply with monthly reporting requirements to ensure compliance with all targets;
- (c) That the financial system, collaborator and performance management system be re-aligned to ensure accurate performance reports are prepared and submitted.

2. Budget:

- (a) That options for the implementation of the capital program be reviewed to ensure the effective and timeous implementation of the projects;
- (b) That internal project management processes be improved to ensure effective implementation of the capital program;
- (c) That the number of cost centres on the budget be rationalized and aligned to the organizational structure, while taking into account the requirements of National Treasury GFS reporting, in the 2020/21 financial year;

Motivations

Budget

As required by the MFMA, the budget is needed to deal with items needed by the municipality to advance service delivery. The budget had to take into account changes in the national and provincial adjustments budgets; align budgets as a result of changes in the macro-organisational structure; adjust the revenue and expenditure.

estimates downwards due to the material shortfall in projected revenue; distribute the task implementation provision to all directorates and to authorise utilisation of unspent capital funds from 2020/2021.

SDBIP Top Layer

Revisions to the SDBIP will have to be made taking into consideration the effects of the adjustments budget and approved following the approval of the budget as required by section the MFMA.

10 Budget certificate

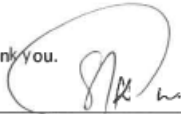


UMSINGA MUNICIPALITY
UMKHANDLU WASEMSINGA
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BUDGET QUALITY CERTIFICATE DRAFT

I Lieughtenent Senzo Sokhela, municipal manager of **uMsinga Municipality**, hereby certify that the 2021/2022 Draft Budget and Supporting Documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under this Act, and that the Adjustment Budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Thank you.


Mr. Lieughtenent Senzo Sokhela
The Accounting Officer
uMsinga Municipality (KZN244)
Date: 31 March 2021