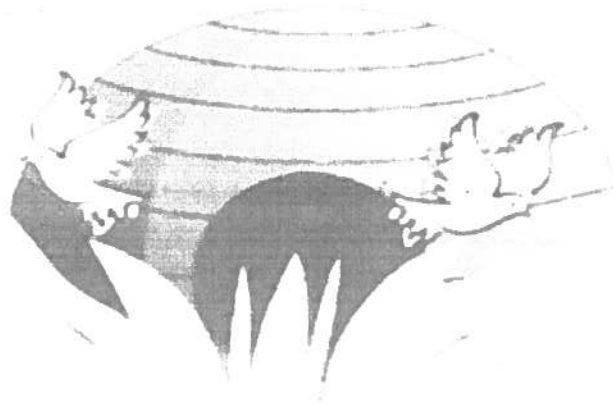




**DRAFT ANNUAL BUDGET
OF
NDWEDWE LOCAL MUNICIPALITY
FOR
2022/2023 TO 2024/2025**

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

Copies of this document can be viewed:

- **In the municipal building's receptions and**
- **At Ndwedwe main library and mobile library at Bhamshela**
 - **At Ndwedwe Thusong centre**
 - **At www.ndwedwe.gov.za**

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ABBREVIATIONS & ACRONYMS

AFS	Annual Financial Statements
BSC	Budget Steering Committee
BTO	Budget & Treasury Office (Finance)
CFO	Chief Financial Officer
DORA	Division of Revenue Act
DORB	Division of Revenue Bill
COGTA	Co-operative Governance & Traditional Affairs
EXCO	Executive Committee
FMG	Financial Management Grant
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HIV/AIDS	Human Immune Deficiency Virus / Acquired Immune Deficiency Syndrome
IDP	Integrated Development Plan
IT	Information Technology
NDW	Ndwedwe Municipality
MANCO	Management Committee
MBRR	Municipal Budget and Reporting Regulations
MFMA	Municipal Finance Management Act 2003 (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager (Accounting Officer)
MPCCs	Multi-Purpose Community Centres
MPRA	Municipal Property Rates Act 2004 (Act No. 6 of 2004)
MSA	Municipal Systems Act 2000 (Act No. 32 of 2000)
MSIG	Municipal Systems Improvement Grant
MTREF	Medium Term Revenue & Expenditure Forecast
MV	Market Value
NT	National Treasury
PPP	Public-Private Partnerships
PSI	Public Service Infrastructure
PT	Provincial Treasury
SALGA	South African Local Government Association
SDBIP	Service Delivery & Budget Implementation Plan
VAT	Value-Added Tax

PART 1 – ANNUAL BUDGET

1.1 MAYOR'S REPORT

DRAFT BUDGET FOR 2022/23

Thanks honourable speaker for the opportunity to present this Draft Budget for 2022/23.

Section 16 (1) of the Municipal Finance Management Act no 56 of 2003 indicates that, the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. Subsection (2) further states that 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.

As such the Council is presented with the Draft Annual Budget for 2022/2023 MTREF in compliance with Section 16 (1) and (2) of the MFMA and Municipal Budget & Reporting Regulations.

A critical review was also undertaken of expenditures on non-core and 'nice to have' items. The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by customers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring people lead government. The office of the accounting officer is finalizing the appointment of a service provider to compile a revenue enhancement strategy.

The main challenges experienced during the compilation of the 2022/2023 MTREF can be summarized as follows:

- Slow pace of Town development and proclamation thereof,
- High number of poorly maintained community access roads or non-existent at all.
- Substantial need of community assets e.g., Sports fields and Community Halls.
- The perpetual increase of Eskom electricity supply hence cost of supplying water supplied by the District Council also increases which subsequently affect the municipal cost for electricity and water.
- The need to increase municipal fleet and replace the current fleet to meet minimum service delivery standards.
- Maintain an adequate balance filling of the vacant posts and budget percentage of salaries against overall budget to ensure the municipality is following the National Treasury Salary bill norm.

- The high prevalent of indigent households within Ndwedwe Local Municipality.
- Inability of the municipality to generate its own revenue base.
- Producing a balanced, credible, and funded budget considering realistically anticipated revenues under these on-going difficulties in the national and local economy.
- The need to re-prioritise projects and expenditure within the existing resource envelop given the cash flow realities and declining cash position of the municipality.

The following budget principles and guidelines directly informed the compilation of the 2022/2023 draft MTREF:

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI.
- The fixed operational cost and contracted services expenditure to take presiding in the allocation of available budget.
- This budget is zero based.
- Zero-based budgeting is defined as a process where every department function is reviewed comprehensively and each expenditure must be approved, rather than increased.
- It requires the budget request to be justified in complete detail by each department rather than just increasing its expenditure from the previous year.

Table 1 indicates that the total operating revenue budget is expected to increase by R20 341 000 for the 2022/2023 financial year when compared to the 2021/2022 adjusted budget. For the two outer years, operational revenue budget will increase by R9 600 000 and R14 500 000 respectively, equating to a total revenue growth of R44 600 000 over the 2022/2023 MTREF when compared to the 2021/2022 financial year.

Total operating expenditure budget for the 2022/2023 financial year is expected to increase by R20 200 000 when compared to the 2021/2022 adjusted budget and increase by R6 000 000 and R10 700 000 respectively for the two outer years of the 2022/2023 MTREF, equating to a total revenue growth of R36 900 000 over the 2022/2023 MTREF when compared to the 2021/2022 financial year.

Table 2 shows that the municipality is planning to invest R85 700 000 in 2022/2023 financial year towards the construction/purchasing of municipal assets. Majority of this budget will be directed to the construction of road infrastructure, community creche,

municipal disaster centre and the municipal testing centre in line with the municipal strategy to generate its own revenue.

Table 3 depicts that the funding model of the capital project, where the larger portion of it will be funded from internal funding and the rest will be funded by the national grant i.e. MIG and Provincial grant in a form of Disaster Management programme for the construction of disaster centre for the municipality. Detailed allocation of capital budget is provided in Table 8.

Table 4 shows different types of revenue classes. Transfer recognised in operational revenue is expected to amount to R189 900 000 and this will be R17 300 000 more than the operational revenue for 2021/2022 financial year.

Table 5 shows the different types of Operating expenditure items.

Table 6 shows a surplus of R181 000 for 2022/2023 and R3 900 000 and R7 800 000 for two outer years.

R4 800 000 has been budgeted for Repairs and maintenance for 2022/2023 financial year which amounts to only 1 per cent against the property plant and equipment and only 2 per cent against the total operating expenditure. This is below the required percentage of 8 per cent. The municipality will implement the costing module in line with the mSCOA to cost all cost related to maintenance done by internal staff which will increase this percentage budgeted to a higher percentage. This is shown in table 7.

Supporting documents for this budget are attached to the item and Council must note the following:

- This draft budget is presented for discussion purposes
- It will be present to the community for their inputs
- Budget related policies, described in section 2.4 of the item still need to be reviewed and approved with the final budget

The following resolutions approving the 2022/2023 – 2024/2025 MTREF are submitted to Council for consideration and adjusted where necessary:

1. THAT in terms of Section 16(1) and (2) of the Municipal Finance Management Act, 56 of 2003: - The draft annual budget of the Municipality for the Financial year 2022/2023; and indicative allocations for the two projected outer years 2023/2024 and 2024/2025; and the multi – year and single year capital appropriations be approved as set out in budget table A1 to A10.

2. THAT the draft Tariff of Charges for the 2022/2023 financial year be considered and adopted.

3. THAT Council approves the draft budget related policies with effect from 01 July 2022.

4. THAT the following measurable performance indicator for revenue collections be set:
Property Rates income: the minimum collection rate of 65%.

5. THAT in terms of the priority in the execution of the capital budget, priority should first be given to all projects that have been rolled over of which are primarily grant funded.

6. THAT any savings on the capital budget to be retained and not transferred to any other vote to ensure that the municipal financial sustainability is maintained.

The item is presented for discussion speaker.

I thank you.

1.2 COUNCIL RESOLUTIONS

The following resolutions approving the 2022/2023 – 2024/2025 MTREF are submitted to Council for consideration and adjusted where necessary:

1. **THAT** in terms of Section 16(1) and (2) of the Municipal Finance Management Act, 56 of 2003: - The draft annual budget of the Municipality for the Financial year 2022/2023; and indicative allocations for the two projected outer years 2023/2024 and 2024/2025; and the multi – year and single year capital appropriations be approved as set out in budget table A1 to A10.
2. **THAT** the draft Tariff of Charges for the 2022/2023 financial year be considered and adopted.
3. **THAT** Council approves the draft budget related policies with effect from 01 July 2022.
4. **THAT** the following measurable performance indicator for revenue collections be set: Property Rates income: the minimum collection rate of 65%.
5. **THAT** in terms of the priority in the execution of the capital budget, priority should first be given to all projects that have been rolled over of which are primarily grant funded.
6. **THAT** any savings on the capital budget to be retained and not transferred to any other vote to ensure that the municipal financial sustainability is maintained.

1.3 EXECUTIVE SUMMARY

1.3.1 Background

Section 16 (1) of the Municipal Finance Management Act no 56 of 2003 indicates that, the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. Subsection (2) further states that 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.

As such the Council is presented with the Draft Annual Budget for 2022/2023 MTREF in compliance with Section 16 (1) and (2) of the MFMA and Municipal Budget & Reporting Regulations.

1.3.2 Discussion

The application of sound financial management principles for the compilation of the municipality's financial plan is vital and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically, and equitably to all municipalities. The municipality business and service delivery priorities were reviewed as part of this year's planning and budget process where appropriate funds were transferred from low to high priority programmes to maintain sound financial stewardship.

A critical review was also undertaken of expenditures on non-core and 'nice to have' items. The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by customers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring people lead government.

The budget/IDP process will be conducted according to the budget timetable approved by the council in October 2021. This ensures compliance with the MFMA and subsequent circulars in the preparation and approval of 2022/2023 draft budget / IDP. The Budget and Medium-Term Revenue and Expenditure Framework (MTREF) was also prepared taking cognizance of the contents of the Municipal Finance Management Act No 56 of 2003, circular No. 112, circular of the MFMA budget formats Guide received from National Treasury.

The main challenges experienced during the compilation of the 2022/2023 MTREF can be summarized as follows:

- Slow pace of Town development and proclamation thereof,
- High number of poorly maintained community access roads or non-existent at all.
- Substantial need of community assets e.g., Sports fields and Community Halls.
- The perpetual increase of Eskom electricity supply hence cost of supplying water supplied by the District Council also increases which subsequently affect the municipal cost for electricity and water.
- The need to increase municipal fleet and replace the current fleet to meet minimum service delivery standards.
- Maintain an adequate balance filling of the vacant posts and budget percentage of salaries against overall budget to ensure the municipality is following the National Treasury Salary bill norm.
- The high prevalent of indigent households within Ndwedwe Local Municipality.
- Inability of the municipality to generate its own revenue base.
- Producing a balanced, credible, and funded budget considering realistically anticipated revenues under these on-going difficulties in the national and local economy.
- The need to re-prioritise projects and expenditure within the existing resource envelop given the cash flow realities and declining cash position of the municipality.

The Ndwedwe Municipality's Medium-Term Revenue Expenditure Framework complies with all legal requirements which are as follows:

- The Constitution 1996 (Act No. 108 of 1996),
- The Local Government: Transition Act 1993 (Act No. 209 of 1993),
- The Municipal Systems Act no 32 of 2000 and regulation,
- The Municipal Finance Management Act 56 of 2003 and regulation,
- The Municipal Structures Act 1998 (Act No. 117 of 1998),
- Municipal Budget & Reporting Regulations issued by NT,
- MFMA Circulars published by NT and
- Division of Revenue Act

The municipality is consistent with the 2021/2022 budget; the 2022/2023 budget focuses on the priorities of Council as outlined in the IDP. There are listed below:

- Basic Service Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development (LED)
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Safe and Secure Environment
- Spatial Analysis
- Environmental Management

The following budget principles and guidelines directly informed the compilation of the 2022/2023 draft MTREF:

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI.
- The fixed operational cost and contracted services expenditure to take presiding in the allocation of available budget.
- This budget is zero based.
- Zero-based budgeting is defined as a process where every department function is reviewed comprehensively and each expenditure must be approved, rather than increased.
- It requires the budget request to be justified in complete detail by each department rather than just increasing its expenditure from the previous year.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2022/2023 Medium-term Revenue and Expenditure Framework:

Table 1: Consolidated Operational Budget Overview of the 2022/2023 MTREF.

Description	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand						
Total Revenue (excluding capital transfers and contributions)	200 155	199 527	199 527	219 868	229 623	244 159
Total Expenditure	200 076	199 448	199 448	219 687	225 714	236 389
Surplus/(Deficit)	79	79	79	181	3 910	7 770
Transfers and subsidies - capital	31 331	31 331	31 331	36 627	37 000	36 458
Surplus/(Deficit) for the year	31 410	31 410	31 410	36 808	40 910	44 228

The above table indicates that the total operating revenue budget is expected to increase by R20.3 million for the 2022/2023 financial year when compared to the 2021/2022 adjusted budget. For the two outer years, operational revenue budget will increase by R9.6 million and R14.5 million respectively, equating to a total revenue growth of R44.6 million over the 2022/2023 MTREF when compared to the 2021/2022 financial year.

Total operating expenditure budget for the 2022/2023 financial year is expected to increase by R20.2 million when compared to the 2021/2022 adjusted budget and increase by R6.0 million and R10.7 million respectively for the two outer years of the 2022/2023 MTREF, equating to a total revenue growth of R36.9 million over the 2022/2023 MTREF when compared to the 2021/2022 financial year.

Table 2: The Proposed Total Capital Expenditure Budget for 2022/2023 MTREF

KZN293 Ndwedwe - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding							
Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Total Capital Expenditure Budget	82 662	82 407	82 407	117 703	85 667	51 950	44 368

The above illustrate that the municipality is planning to invest R85.7 million in 2022/2023 financial year towards the construction/purchasing of municipal assets. Majority of this budget will be directed to the construction of road infrastructure, community creche, municipal disaster centre and the municipal testing centre in line with the municipal strategy to generate its own revenue.

Table 3: Proposed Capital Budget Funding for 2022/2023 MTREF

Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
National Government	31 331	36 177	36 177	58 645	33 627	35 000	36 458
Provincial Government	-	-	-	-	3 000	2 000	-
District Municipality	-	-	-	-	-	-	-
Transfers recognised - capital	31 331	36 177	36 177	58 645	36 627	37 000	36 458
Borrowing	-	-	-	-	-	-	-
Internally generated funds	51 331	46 230	46 230	59 058	49 040	14 950	7 910
Total Capital Funding	82 662	82 407	82 407	117 703	85 667	51 950	44 368

The above table illustrates the funding model of the capital project, where the larger portion of it will be funded from internal funding and the rest will be funded by the national grant i.e. MIG and Provincial grant in a form of Disaster Management programme for the construction of disaster centre for the municipality.

1.3.4 OPERATING BUDGET

1.3.4.1 Operating revenue framework

For the municipality to continue with its mandate to provide the quality services to its citizens it must generate the required revenue. Strong revenue management is fundamental to the financial sustainability of every municipality under these tough economic times.

The reality is that some communities within our municipality are still faced with development backlogs and poverty. As a result, the required expenditure to address these challenges will inevitably always exceed the available funding; hence radical choices must be made in relation to tariff increases and balancing expenditure against the realistically anticipated revenue.

The municipality's revenue is directly informed around the following key components:

- The projected revenue is determined, inter alia, by setting tariffs which are not only affordable to the consumers, but also deemed to be fair and realistic.
- National Treasury's guidelines and macroeconomic policy;

- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA); and

The following table is a summary of the 2022/2023 MTREF (classified by main revenue source):

Table 3: 2022/2023 Summary of revenue classified by main revenue source.

Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Revenue By Source							
Property rates	18 837	18 644	18 644	19 092	19 261	20 108	21 093
Service charges - refuse revenue	100	501	501	376	1 000	1 044	1 095
Rental of facilities and equipment	533	773	773	530	1 384	1 445	1 516
Interest earned - external investments	6 500	4 986	4 986	2 911	6 159	6 430	6 745
Interest earned - outstanding debtors	942	942	942	756	1 000	1 044	1 095
Licences and permits	2	2	2	1	2	2	2
Agency services	-	-	-	-	100	104	110
Transfers and subsidies	172 688	172 716	172 716	130 164	189 994	198 435	211 443
Other revenue	554	964	964	728	968	1 011	1 060
Gains	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	200 155	199 527	199 527	154 559	219 868	229 623	244 159

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The transfer recognised in operational revenue forms a significant percentage of the revenue basket for the municipality. In 2022/2023 financial year, the transfer recognised in operational revenue is expected to amount to R189.9 million and this will be R17.3 million more than the operational revenue for 2021/2022 financial year.

Ndwedwe Local Municipality is the grant dependent municipality, however, the municipality is in the process of attracting more investors to come and invest in the municipality which will potentially increase the chances for the municipality to generate its own revenue.

In trying to improve the revenue base, the municipality will have the motor licensing office for the first time in 2022/2023 financial year and in 2021/2022 it introduced the refuse removal for business and government departments. In 2022/2023 financial it is expected that more customers will be provided with this service which will eventually lead to an increase in the revenue generated by the municipality.

The municipality has also put aside funding to lay the road infrastructure within the town to make the place more attractive to investors. This is expected to assist in the creation of job opportunities for municipal residents and increase the revenue base of the municipality.

The second largest revenue category for the municipality is property rates followed by the revenue anticipated from the interest earned on the external investments.

2022/2023 Proposed operating income budget can be summarised as follows.

Property rates.

- Property rates revenue for 2022/2023 financial year is expected to increase from near R18.6 million to R19.3 million when compared to 2021/2023 adjusted budget.
- This R617 thousands or 3% increase is attributed to the guide from the National Treasury in line with the 2022/2023 CPI and in line with circular 112 of the 2022/2023 financial year.

Service charges - refuse revenue.

- The municipality introduced the refuse removal services 2020/2021 financial year with R100 thousands in budget however due to ongoing negotiations with different customers that was further increased by R401 thousands during the adjustment budget. For 2022/2023 financial year the municipality has budgeted R1 million, and it anticipates a 100% collection rate in this revenue category.
- The Council to note that this service is so far targeted business and government and hence no free basic service has been set aside for 2022/2023 financial year.
- However, extending this service to community will be looked at in 2023/2024 financial year in line with the affordability of the municipality.

Rental of Facilities.

- Rent from municipal facilities is expected to increase by R611 thousands from R773 thousand in 2021/2022 to R1.4 million in 2022/2023.
- This increase is attributed to the anticipated 2022/2023 financial year 4.0% CPI increase as well as new lease agreements to be signed and renewal of existing leases at higher rates.

Interest earned – external investments.

- Interest earned on external investments is expected to increase by R1.2 million from 2021/2022 budget of almost R5 million to R6.2 million for 2022/2023 financial year.

This is motivated by the anticipated improvement in the interest rates to be offered by the financial institutions and also the anticipated improvement on the amount to be invested based on the higher amount of money expected to be received by the municipality in line with the attached cash flow under supporting document below.

Interest earned - outstanding debtors.

- Interest earned - outstanding debtors will increase by R58 thousands for 2022/2023 financial year R1 million.
- The continuing decrease in the collection rate and implementation of the new tariff of charges remain the main contributing factor to this increase.

Licences and permits

- Licences and permits budget will remain at R2 thousand for 2022/2023 financial year.
- The slow developments within the municipality have limited the chance for the municipality to receive more money for business licences and permits since there is low demand for these services in the municipality.

Agency services

- The municipality in its mission to improve the revenue base has secured an agreement with the Department of Transport to offer the service of motor vehicle licensing, hence the budget of R100 thousands for 2022/2023 financial year has been set aside as a revenue to be generated from offering these services.

Transfers and subsidies

- The 2022/2023 transfer recognised operational revenue will increase by R17.3 million when compared to 2021/2022 adjusted budget. This increase results from new grant allocations from National and Provincial government as displayed on the 2022/2023 DORA.

Other revenue

- Other revenue budget will increase by R4 thousands in 2022/2023 financial year to R968 thousands when compared to 2021/2022 adjusted budget of R964 million. This change is attributed to minor changes made in different line items of other revenue and

the budget is motivated by the historically performance of different line items of the other revenue.

1.3.4.2 Operating expenditure framework

The municipality's expenditure framework for the 2022/2023 MTREF is informed by the following budget principles:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash backed reserves to fund any deficit;
- Funding of the budget over the medium term as informed by Section 18 and 19 of the MFMA;
- The capital programs are aligned to addressing the backlogs of municipal infrastructure establishment.
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

Tabled 4: The following table is an indicative of the anticipated 2022/2023 operating expenditure by standard classification item: -

Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Expenditure By Type							
Employee related costs	71 170	63 607	63 607	41 478	77 282	78 246	81 960
Remuneration of councillors	16 247	14 913	14 913	9 199	15 901	16 569	17 298
Debt impairment	3 000	2 000	2 000	791	2 000	2 088	2 190
Depreciation & asset impairment	23 496	24 196	24 196	10 184	24 160	25 188	26 395
Inventory consumed	1 290	871	871	579	1 780	1 857	1 943
Contracted services	46 577	51 538	51 538	35 646	55 186	56 486	59 119
Transfers and subsidies	3 200	5 298	5 298	3 084	4 400	4 594	4 819
Other expenditure	35 097	37 026	37 026	24 498	38 977	40 686	42 664
Losses	-	-	-	-	-	-	-
Total Expenditure	200 076	199 448	199 448	125 458	219 687	225 714	236 389

In view of the above table, it can be noted that the total operating expenditure budget for 2022/2023 financial year amounts to R219.7 million, an increase of R20.2 million from 2021/2022 adjusted budget. For the outer years, the budget is estimated to be R225.7 million and R236.4.9 million, respectively.

The components of the operating budget can be explained as follows:

Employee related costs

- Employee related costs is budgeted at R77.3 million for 2022/2023 financial year.
- During the 2021/2022 adjustment budget, the council had to remove some of the delayed budgeted post to fund the then unforeseeable and unavoidable expenditure, such as demand increase in burial services and to fund the increase demand for disaster that affected the municipality during the December and January of 2021/2022 financial year.
- As a result, we have an increase of R13.7 million when compared to 2021/2022 adjustment budget which is attributed to the returning of those budgeted posts into the budget and the anticipated increases of 4.9 per cent in line with communication communicated through **circular 05/ 2022** of SALGA.
- This increase is also attributed to the new posts budgeted on the organogram that were not budgeted in the previous year in line with the Council Strategic Planning recommendations that took place in Drakensberg in the week of 14-18 February 2022.
- Council to note that the maximum norm for employees related cost is 40% when compared to the overall operating budget, however the municipality is sitting with a total employee budget of R42% of the total operating costs.
- Hence the municipality will have to engage on the process of ensuring that the organogram is attended to during the consultation process to come up with a workable strategy which can ensure that the filling of post is in line with the norm of 40% whereas the service delivery is not compromised on the other hand due to limited staff available.

Remuneration of councillors

- This line item is budgeted to be R15.9 million for 2022/2023 financial year.
- This budget is aligned to the consideration of determination of upper limits for councillors and office bearers as indicated on circular 112 of the MFMA which state that municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act.
- The increase of 6% when compared to 2021/2022 adjustment budget is due to the anticipated increase in council remuneration as well as adjustment made in 2021/2022 financial on the remuneration of the Deputy Mayor for a period equating to the date of

her passing and the appointment of the new Deputy Mayor as well as the non-payment of Council when their previous Council's period ended.

Debt impairment

- Debt impairments consist of the debts provision the municipality set aside to take care of the non-payments of the municipal accounts by consumers. Although this expenditure is a noncash item, but it informs the total cost associated with rendering of services by the municipality as well as the municipality's realistically anticipated revenue.
- This is following the GRAP standards. The debt provision has been calculated based on the collection trend of the municipality.

Depreciation & asset impairment

- Depreciation, asset impairment and amortisation budget for 2022/2023 financial year amounts to R24.2 million. This budget figure is informed by the fixed asset policy considering the existing fixed assets register and new projects to be completed in 2022/2023 financial year. Should the anticipated completion of the capital project change, this item will have to be revisited during the adjustment budget.

Inventory consumed.

- Inventory consumed budget for 2022/2023 financial is proposed to be amount to R1.9 million.
- This will be utilised to purchase the stock for repair and maintenance as well as to buy cleaning materials and stationery.

Contracted services

- This item is budgeted at R55.2 million for upcoming financial year. The increase of R3.6 million when compared to adjusted budget in zero based budgeting method applied by the municipality on the variable items and price escalations on the existing contract and anticipated price for new contract the municipality will entered to.

Transfers and subsidies

- The 2022/2023 Transfers and subsidies budget amounts to R4.4 million. The decrease of R898 thousands when compared to 2021/2022 adjusted budget is because of reduction of the budget for indigent support from R1.9 million in the adjustment budget to R1 million for 2022/2023 draft budget, this is based on the Community Service portfolio strategic resolution to try and manage this expenditure in a different way when compared to 2021/2022 financial year.

Other expenditure

- The proposed budget allocation for other expenditure is amounts to R38.9 million for 2022/2023 financial year. The R2 million change when compared to adjustment budget is attributed to additional programmes added into the budget in line with the increase in the revenue base of the municipality.

Draft Surplus/Deficit for 2022/2023 MTREF

Table 7: Surplus/Deficit for 2022/2023 MTREF

Description	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand						
Total Revenue (excluding capital transfers and contributions)	200 155	199 527	199 527	219 868	229 623	244 159
Total Expenditure	200 076	199 448	199 448	219 687	225 714	236 389
Surplus/(Deficit)	79	79	79	181	3 910	7 770
Transfers and subsidies - capital	31 331	31 331	31 331	36 627	37 000	36 458
Surplus/(Deficit) for the year	31 410	31 410	31 410	36 808	40 910	44 228

- The municipality has budgeted for a surplus of R181 thousand for 2022/2023 and R3.9 million and R7.8 million for two our years.
- This is in line with circular 72 which encourage the municipality to budget at a surplus. The Council to note that the municipality is not yet in the position to have more surplus in its budget due to more demand against the available revenue.

Table 8: Repairs and maintenance budget for 2022/2023 financial year

Description	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand						
Total Operating Expenditure	200 076	199 448	199 448	219 687	225 714	236 389
Total Asset Register Summary - PPE (WDV)	464 278	443 042	443 042	504 548	531 311	549 283
Total Repairs and Maintenance Expenditure	3 750	5 587	5 587	4 765	4 969	5 196
Repairs and Maintenance as the % of PPE	1%	1%	1%	1%	1%	1%
Repairs and Maintenance as the % of Total Operating Expenditure	2%	3%	3%	2%	2%	2%

- The municipality has set aside R4.8 million in cash for 2022/2023 financial year which amount to only 1 per cent against the property plant and equipment and only 2 per cent against the total operating expenditure which is below the required percentage of 8 per cent.
- It must be noted that this provision is not yet enough to deal with all maintenance due to financial constraints. The municipality will continue to try and increase this provision to secure the ongoing healthy of the municipal infrastructure.
- The municipality as part of maintaining its infrastructure has invested more money on yellow plant to maintain the road infrastructure. The municipality will try to implement the costing module in line with the mSCOA to cost all cost related to maintenance done by internal staff which will increase the percentage budgeted by the municipality in its municipal infrastructure repairs and maintenance. The yellow plant is on the site and awaiting the recruitment of the operators which is anticipated to be done by 30 June 2022.

1.3.4 Capital expenditure of the MTREF

The Capital Budget focuses on the IDP objectives and ndwedwe infrastructure needs.

Asset management best practice requires the Council to allocate 40% of the capital budget to renew/maintaining of the existing assets. Since Ndwedwe Municipality is still growing/developing, all wards still require new infrastructure like roads, sport fields, community halls and creches. Hence only 12% budget has been set aside for renewing or upgrading of the existing assets. However it is anticipated that in the few years to come the municipality will start to ensure that it sets aside enough budget to ensure that the already existing structure is renewed or maintained.

Table 6: The following table provides a breakdown of budgeted capital expenditure by function for 2022/2023 financial year:

Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Capital Expenditure - Functional							
<i>Governance and administration</i>	10 671	6 710	6 710	16 842	1 390	8 270	1 260
Executive and council	3 011	3 160	3 160	5 310	370	3 720	210
Finance and administration	7 660	3 550	3 550	11 532	1 020	4 550	1 050
Internal audit	-	-	-	-	-	-	-
<i>Community and public safety</i>	3 550	3 557	3 557	4 392	22 420	7 650	5 550
Community and social services	3 550	3 557	3 557	4 392	22 420	7 650	5 550
<i>Economic and environmental services</i>	68 441	72 141	72 141	96 470	61 857	36 030	37 558
Planning and development	36 787	43 366	43 366	45 183	56 827	35 280	36 858
Road transport	31 654	28 775	28 775	51 286	5 030	750	700
Environmental protection	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-
Energy sources	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	82 662	82 407	82 407	117 703	85 667	51 950	44 368

The above illustrate that the municipality is planning to invest R85.7 million in 2022/2023 financial year toward municipal assets with many of it to being directed to road infrastructure structure, community creche, construction of municipal disaster centre and construction of the municipal testing centre in line with the municipal strategy to generate its own revenue.

Governance and Administration – Executive and council

Governance and Administration – Executive and council includes the following departments.

Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Capital expenditure - Vote							
Vote 2 - Municipal Manager's Office	175	235	235	419	370	220	210

- **Municipal Manager Office** with a proposed budget of R370 thousands for 2022/2023 financial year. This budget is for the purchase of Computer equipment and furniture and office equipment for new employees to be recruited and to replace the existing computers and furniture

Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Capital expenditure - Vote							
Vote 7 - Executive and Council	2 836	2 925	2 925	4 891	–	3 500	–

- **Council General** budget has not budgeted for anything in the upcoming financial year however in 2023/2024 has set aside R3.5 million for the replacement of the principal vehicles in line with fleet policy.

Governance and Administration – Finance & Administration

Governance and Administration – Finance & Administration includes the following Departments:

Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Capital expenditure - Vote							
Vote 1 - Finance	300	300	300	447	270	250	370

- **Finance Department** with a proposed budget of R270 thousands for 2022/2023 financial year. This budget is for the purchase of Computer equipment and furniture and office equipment for new employees to be recruited in 2022/2023 financial year and to replace the existing computers and furniture to deserving employees.

Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote							
Vote 4 - Corporate services	7 360	3 250	3 250	11 084	750	4 300	680

Corporate Services Department with a budget of R750 thousands to procure the following capital items:

- ❖ Furniture and Office Equipment,
- ❖ Computer Equipment,

Corporates services department has also set aside the provision for 2022/2023 financial years to cater for replacement or additional fleet in line with municipal fleet policy.

Community and public safety

- Community & Social Services include the budget related to:

Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote							
Vote 3 - Community and Social Services	3 550	3 557	3 557	4 392	22 420	7 650	5 550

- **Community Services Department** with a budget of R22.4 million to procure the following items:
- Waste Management Truck
- Furniture and Office Equipment
- Park home
- Wheelie bin
- Upgrade of licencing office
- Buy Back Structure (Phase One)
- Skip bins
- Thusong Centre Major Renovations Upgrade ward 5
- Fire Fighting Entricate tools and equipment
- Taxi Rank Toilets and Renovation of Stalls ward 15
- Disaster and Emergency Services Establishment ward 15
- Disaster and Emergency Services Establishment ward 15 Grant
- Telecentre Roof Renovations ward 5

- This budget will assist the department to establish the disaster centre that will make life much easy to respond to any disaster calls once the construction of disaster centre is complete.
- The buyback centre once its completed will also assist the municipality to generate revenue through recycling and also through dumping charges to those that will want to utilise the municipal site for their refuse.

Economic & Environmental Services

In terms of Functional classification, the R68.4 million budget reflected under Economic & Environmental Services is for the following departments:

Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Capital expenditure - Vote							
Vote 5 - Economic Development and Planning	1 200	1 200	1 200	448	1 200	280	400

- **Planning and development (Economic Development and Planning)** with an annual budget of R1.2 million for the procurement of the following capital items:
 - ❖ Computer Equipment
 - ❖ Furniture and Office Equipment and
 - ❖ Machinery and Equipment (Corridor Development Tractor implementation)

The procurement of new tractor will assist the department to fast track the service of expanding the agricultural activities withing the municipality.

Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Capital expenditure - Vote							
Vote 6 - Technical Services	67 241	70 941	70 941	96 022	60 657	35 750	37 158

- **Technical Services Department** has a total proposed capital budget of R60.7 million which includes the MIG funding of R33.6 million and internally funding of R27.0 million. This budget will be utilised to mostly in building the new bridge in ward 17, construction of the new access road, construction of creche, construction of testing centre and other project which will assist the municipality in closing the backload in the municipality in terms of infrastructure projects and community assets.

Table 7: 2021/2022 capital budget funding sources.

Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
National Government	31 331	36 177	36 177	58 645	33 627	35 000	36 458
Provincial Government	-	-	-	-	3 000	2 000	-
District Municipality	-	-	-	-	-	-	-
Transfers recognised - capital	31 331	36 177	36 177	58 645	36 627	37 000	36 458
Borrowing	-	-	-	-	-	-	-
Internally generated funds	51 331	46 230	46 230	59 058	49 040	14 950	7 910
Total Capital Funding	82 662	82 407	82 407	117 703	85 667	51 950	44 368

The above table illustrates the funding model of the capital project, where the larger portion of it will be funded from internal funding and the rest will be funded by the national grant i.e. MIG and Provincial grant in a form of Disaster Management programme for the construction of disaster centre for the municipality.

1.3 ANNUAL BUDGET TABLES

In terms of the Municipal Budget and Reporting Regulations, the 10 primary budget tables, as attached, reflects the 2022/2023 budget and MTREF to be supported by Council and made public for comment.

Budget Table	Synopsis of table
Table A1	High level summary of the municipality's budget, including operating, capital, financial position, cash flow and MFMA funding compliance.
Table A2	Indicative of the budgeted financial performance with regards to revenue and expenditure per standard classification.
Table A3	Indicative of the budgeted financial performance with regards to revenue and expenditure and operating surplus or deficit per municipal vote.
Table A4	Indicative of the budgeted financial performance with regards to revenue by source and expenditure by type.
Table A5	Indicative of the municipality's capital projects in relation to the capital expenditure by municipal vote, capital expenditure by classification, and funding sources. Also included is information pertaining to capital transfers from National and Provincial government. NDW has adopted a multi-year capital budget appropriation.
Table A6	Indicative of the financial position of the municipality.
Table A7	Indicative of the cash and cash equivalent of the municipality over the draft MTREF.
Table A8	Indicative of the Cash Backed Reserves/ Accumulated Surplus. Represents an evaluation of the funding levels by forecasting cash and investments at year end and reconciling the available funding to the liabilities in existence. This is in line with MFMA legislation.
Table A9	Represents the municipal capital allocations to the funding of new assets and renewal of existing assets. This also includes spending on repairs and maintenance.
Table A10	Indicative of the service delivery levels, including backlogs, for each of the main services.

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

2.1.1 Background

Section 53 of the MFMA requires the Mayor to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. To assist the prioritisation and spending plans of the Council, the political component has a duty to oversee the budget process. In addition, chapter 2 of MBRR states that the mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of MFMA.

The municipality has a functional Budget Steering Committee (BSC) in place. The BSC monitors financial planning and spending plans and advises the Council accordingly. The BSC also considers all budget-related policies before these are tabled to the Council for approval.

Ndwedwe Municipality is required to follow a strict budget process that enables significant participation by the community and all stakeholders. This budget process is governed by the MSA and the MFMA.

The draft 2022/2023 MTREF will be submitted to Provincial and National Treasury immediately after being considered by the Council as required by MFMA.

2.1.2 Budget-related policies

All budget-related policies were considered in developing the draft 2022/2023 MTREF:

2.1.3 Alignment with national & provincial priorities

The MTREF is in line with National and Provincial objectives. The successful alignment of Ndwedwe municipality service delivery priorities, as captured in its IDP, with these objectives is critical in achieving its developmental goals. The MTREF is also formulated in a manner that supports Ndwedwe municipality long-term sustainable growth and development.

The following priorities are National Government's framework to enhance the social, cultural, and economic welfare of all South Africans:

- Protect the poor
- Build capacity for long-term growth
- Sustain employment growth

- Maintain sustainable debt level
- Address sector barriers to growth and investment

2.1.4 Key deadlines

The budget time schedule for compilation of the draft MTREF was approved in October 2021 instead of August in line with the MFMA's requirements. The non-compliance letter was issued to the municipality regarding this matter and the non-compliance was due to non-sitting of the Council during that period which led to missing of the deadline.

The budget timetable is necessary to ensure integration between the IDP and the MTREF. It also ensures a balanced budget and funded is tabled to Council for consideration and approval.

2.1.5 Importance of producing a balanced and credible MTREF.

A credible MTREF is one that is highly achievable, as it is in line with all agreed service delivery and performance targets. It contains revenue and expenditure projections that are consistent with current and past performance. These projections are also supported by documented evidence of future assumptions. Only activities that are consistent with the revised IDP are funded. This ensures that the IDP remains realistically achievable given Ndwedwe municipality financial constraints. A credible MTREF does not jeopardize financial viability, because it ensures that the financial position is maintained within generally accepted prudent limits and that obligations can be met. It also provides the Head of Department with appropriate levels of delegation sufficient to meet their financial management responsibilities.

It must also be stated that the implementation of mSCOA requires a direct link between the IDP and Budget and it is therefore vital that all stakeholders respect the timeframes that approved by the Council. The nature of the process results in subsequent delays should any one of the components delayed.

2.1.6 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e., in March) a time schedule that sets out the process to revise the IDP and prepare the budget.

- **August 2021** – Joint strategic planning session of the Financial Services Management team and the Budget Office. Aim: to assess Council's 2020/2021 Financial Statements and current year's (2021/2022) revised results and capacity, to determine the impact on future strategies and budgets.
- **September 2021** – Issuing of the 2022/2023 Medium Term Revenue and Expenditure Framework (MTREF) guideline memorandum and budget policy document addressing various budget assumptions, internal budget processes, policies, and requirements in terms of the Municipal Budgeting and Reporting Regulations etc.
- **January 2022** – The Council considered the 2021/2022 Mid-year Assessment Review Report.
- **01 to 20 February 2022** – Provincial Treasury's 2021/2022 Mid-year Budget and Performance Assessment visit.
- **28 February 2022** – Council considered the 2021/2022 Adjusted Budget.
- **31 March 2022** - Tabling in Council of the Draft 2022/2023 IDP and 2022/2023 MTREF for public consultation.
- **April 2022** – Public consultation on draft 2022/2023 IDP and draft 2022/2023 MTREF.
- **30 April 2022** - Closing date for written comments on the draft 2022/2023 IDP and draft 2022/2023 MTREF.
- **01 to 18 May 2022** – finalisation of the 2022/2023 IDP and 2022/2023 MTREF, taking into consideration comments received from the public, from National Treasury, and updated information from the most recent Division of Revenue Act and financial framework: and,
- **31 May 2022** - Tabling of the 2022/2023 MTREF before the Council for consideration and approval.

There have been no significant deviations from the key dates set out in the Budget Time Schedule adopted by Council as at to date.

IDP and Service Delivery and Budget Implementation Plan

Integrated Development Planning (IDP) is an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development.

Through the IDP, Government priorities are translated in our strategic framework and escalated to Strategic Goals, Strategic Objectives, Strategies, Key Performance indicators, which are then further developed into programs and projects. This directly informs the municipal Service Delivery and Budget Implementation Plan. This fair alignment between IDP and Government priorities is confirmed through our budgeting, which takes into serious consideration the strategic objectives when budgeting.

With the compilation of the 2022/2023 MTREF, each department/function had to review the business plan process, including the setting of priorities and targets after reviewing the mid-year and second quarter performance against the 2021/2022 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.7 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2022/2023 MTREF, extensive financial modeling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2022/2023 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Performance trends
- The approved 2021/2022 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for service.
- Improved and sustainable service delivery

- The impact of Covid 19 of the consumers affordability to pay for rates and other services provided by the municipality.

2.1.9 Community Consultation

- The 2022/2023 MTREF that will be tabled before Council on 31st March 2022 will be presented to the community for consultation.
- An insert will be included in the newspapers highlighting the Tabled 2022/2023 Medium Term Revenue and Expenditure Framework (MTREF) thereby inviting comments from the public and other stakeholders.
- Furthermore, the Executive Committee will approve a schedule of public meetings to be held at various locations to provide an opportunity for the public to comment on the budget however this will be done in line with Covid 19 regulations where a smaller target will be conserved to ensure that this process does not led to spreading of the virus.
- A meeting with AmaKhosi and their members of traditional council will also be scheduled to strengthen Council's relationship with traditional leaders.
- The administrative planning process also took into consideration the cluster approach that was used in the previous years' budget public participation. The advantage and benefit for the use of clusters is that it creates a shared sense of belonging amongst the citizens as well as an understanding of the diverse issues and needs amongst the community of the municipality. In this regard again a smaller audience will be targeted to ensure that the municipality is operating with the Government covid 19 guidelines.
- The media platform will also be utilised to ensure that consultation process is achieved and all relevant stakeholders in consultant for the Council to approve a well consultant budget.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Integrated Development Plan (IDP) is a strategic document that clearly outlines the municipality's development objectives and provides a policy framework that guides management in decision making related to budgeting and planning. It can also be described as the approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development.

The draft 2022/2023 MTREF is linked to the IDP as the review was an aligned process of the budget as per the budget timetable as approved by council in October 2021. This has translated to the plan of the municipality for the year, which is the service delivery and budget implementation plan.

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The IDP drives the strategic development of the Municipality. The Municipality's budget is fully influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Annual report.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Spatial Development Perspective (NSDP) and

- The National Priority Outcomes.

Refer to table SA4, SA5, SA6 and SA7 which highlights the IDP's five strategic objectives for the 2022/2023 MTREF and further planning refinements that have directly informed the compilation of the budget:

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

A municipality's Performance Management System is a mechanism to monitor, review and improve the implementation of its IDP and monitor progress made in achieving set goals as stipulated in the IDP. Effective service delivery relies on the IDP, effective utilisation of scarce resources and the PMS system.

The IDP is developed in conjunction with the community and a realistic budget and is reviewed annually. The IDP will consider, inter alia: -

- Existing conditions, problems, and resources available for development
- Economic and social development needs of the community
- It sets a framework for land use, infrastructure, and services.

The Service Delivery and Budget Implementation Plan is the tool used to align the budget to the IDP. The focus of the SDBIP is both Financial and non-financial measurable performance objectives in the form of service delivery targets.

The municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The municipality targets, monitors, assess and reviews organizational performance which in turn is directly linked to individual employees' performance. At this stage performance management applies to Section 57 employees and the municipality intends to cascade it to junior employees.

An organisation scorecard is developed after taking into consideration the aspects as indicated/highlighted in the IDP and SDBIP. This scorecard will be used to monitor the performance of the Municipality.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

The Ndwedwe municipalities budgeting process is guided and governed by relevant legislation, frameworks strategies and budget related policies.

2.4.1 Rates Policy

The Rates Policy applies to all currently rated properties and covers exemptions, rebates, and reductions. This policy ensures that all new rates are tabled to Council for approval, before being implemented. The Rates Policy is in line with MPRA.

2.4.2 Credit Control & Debt Collection Policy

The Credit Control & Debt Collection Policy, adopted by Council, focuses on all outstanding debt, and aims to promote a culture of good payment habits amongst debtors. Debtors have a responsibility towards the payment of their accounts. This policy implements an appropriate, innovative system of debt collection, which is also cost-effective. The aim of this policy is to ensure that debt is collected in the shortest possible time, without any interference in the process, thereby reducing all municipal debt.

The Credit Control & Debt Collection Policy ensures a sensitive, transparent, and equitable approach to debt recovery. It prescribes methods to effectively and efficiently deal with those who default on payments, whilst taking indigent consumers into consideration and keeping costs to a minimum.

2.4.3 Indigent Policy

The objective of the Indigent Policy is to ensure the following: -

- The provision of basic services to indigent households in a manner that is sustainable, within the financial and administrative capacity of the Council.
- To provide procedures and guidelines for the subsidisation of basic service charges to its indigent households, using Council's budgetary provisions, according to prescribed guidelines.

2.4.4 Tariff Policy

In terms of Section 74 of the Local Government Municipal Systems Act 2000, a municipal Council must adopt and implement a Tariff Policy. The Tariff Policy is the policy for levying fees; rates or taxes for the municipal services provided by Ndwedwe Municipality. Tariff

calculations are based on the nature of the service provided and treat all users of municipal services equally, by ensuring that consumers pay in proportion to the number of services consumed.

This policy covers the Tariff Determination Process and the Classification and Pricing Strategies of Services. It highlights the fact that all proposed tariffs are presented to the community of Ndwedwe Municipality during the Council's consultation process in respect of the MTREF. The aims of this policy are:

- To promote local economic development' growth and competitiveness
- To cater for the indigent households whilst keeping rates affordable
- To ensure financial sustainability of service delivery

2.4.5 Cash Management & Investment Policy

In terms of Section 13 (2) of the MFMA, a municipality must adopt a policy dealing with cash management and investments. The Investment & Cash Management Policy ensures that all investments are made in an effective and efficient manner and generate the best return for the municipality. This policy ensures that all investments made consider the preservation and safety of the principal and appropriate liquidity.

2.4.7 Supply Chain Management Policy

A municipality is required in terms of Section 111 of the MFMA to develop and implement a Supply Chain Management Policy. The comprehensive Supply Chain Management Policy governs, inter alia, the procurement of goods and services; disposal of goods and selecting contractors to aid the Municipality in service delivery.

2.4.8 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA.

2.4.9 Budget Policy

The Budget Policy sets out the principles followed by municipality in drafting the MTREF. This policy covers the responsibilities of the Mayor; the MM; the CFO and other senior managers in preparing the MTREF. The operating and capital budget; budget funding; budget transfers; unavoidable expenditure and the budget preparation process are covered extensively.

2.4.10 Funding & Reserve's Policy

The Funding & Reserves Policy is aimed at ensuring that the municipality procures sufficient and cost-effective funding to achieve its capital expenditure objectives in an optimum manner. This policy must be adhered to in the procurement of funding, whilst considering the maturity profile of municipalities assets and liabilities.

This policy sets out the assumptions and methodology for estimating:

- Revenue;
- Revenue that will not be collected;
- Proceeds from the disposal of assets;
- Funds to be set aside in Reserves (excluding Reserves held in order to comply with GRAP Standards)

2.4.11 Asset Management Policy

The Fixed Asset Management Policy governs the acquisition, utilisation, control, maintenance, and disposal of assets. This policy ensures that assets are managed in an economical, effective, and efficient manner throughout their life cycles, to achieve the maximum level of service.

2.4.12 Leave Management Policy

The purpose of this policy is to regulate the taking of leave by employees of Ndwedwe Local Municipality, having regard to the relevant statutory provisions regarding leave and the relevant Collective Agreement insofar as it relates to leave.

2.4.13 Disposal Policy

The purpose of this policy is to provide for an effective system for the disposal or letting of assets no longer needed, including unserviceable, redundant, or obsolete assets. This disposal system is subject to sections 14 and 90 of the Municipal Finance Management Act (56, 2003).

2.4.14 Cost Containment Policy

The purpose of the policy is to regulate spending and to implement cost containment measures at Ndwedwe Local Municipality. The objective of this policy is to ensure that the resources of the municipality are used effectively, efficiently and economically.

2.4.15 Variation Order Policy

The purpose of the policy is to regulate changes in prices of goods or services as well as the project costs. It highlights the requirements to be complied with before the approval of a variation order.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

In the compilation of the draft MTREF, the following influencing factors were considered:

Normal inflationary increases and economic pressures, especially

- Higher fuel prices.
- Consumer Price Index inflations – impacting the general tariff increases levelled by the municipality.
- Higher unemployment rate –
- Global Economic status – thus hindering the consumer's ability to timeously settle debt.

A conservative approach is used for projecting revenue.

Zero-based budgeting for 2022/2023

- Zero-based budgeting is defined as a process where every Business Unit function is reviewed comprehensively and each expenditure must be approved, rather than increased.
- It requires the budget request to be justified in complete detail by each Department rather than just increasing its expenditure from the previous year.

The budgeted figure includes the normal increase of 4.9% in line with the directive received from SALGA through circular 5 of 2022.

2.5.1 Significant External Factors

- Slow economic growth in our country
- High unemployment rates
- Increasing fuel prices
- Significant fluctuations in gold, platinum, and coal minerals
- Currency fluctuations
- GDP estimates for the duration of the final MTREF
- Covid 19 pandemic

2.5.2 Basis and Methodology for Forecasting Budget Projections

In terms of Chapter 4, Section 16, of the MFMA, the operational and capital budgets for the 2022/2023 financial year, and the two subsequent years, attached hereto have been prepared according to the Municipal Budget and Reporting Regulations as gazetted in Government Gazette No. 32141 published on 17 April 2009.

2.6 OVERVIEW OF BUDGET FUNDING

Section 18 (1) of the MFMA states that the annual budget may only be funded from the following: -

- Realistically anticipated revenue to be collected.
- Cash backed accumulated funds from previous years' surplus funds not committed for other purposes, and
- Borrowed funds, but only for the capital budgets.

Table 8: Below table indicates the total expenditure for Ndwedwe local municipality 2022/2023 MTREF.

Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Total Operating Expenditure	200 076	199 448	199 448	125 458	219 687	225 714	236 389
Total Capital Expenditure	82 662	82 407	82 407	117 703	85 667	51 950	44 368
Total Expenditure for 2022/2023 Financial Year	282 738	281 855	281 855	243 162	305 354	277 664	280 757

2.6.1 Funding sources

The funding model of the 2022/2023 MTREF is dependent on the following main revenue categories:

Table 9: Funding sources over 2022/2023 MTREF

Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Revenue By Source							
Property rates	18 837	18 644	18 644	19 092	19 261	20 108	21 093
Service charges - refuse revenue	100	501	501	376	1 000	1 044	1 095
Rental of facilities and equipment	533	773	773	530	1 384	1 445	1 516
Interest earned - external investments	6 500	4 986	4 986	2 911	6 159	6 430	6 745
Interest earned - outstanding debtors	942	942	942	756	1 000	1 044	1 095
Licences and permits	2	2	2	1	2	2	2
Agency services	-	-	-	-	100	104	110
Transfers and subsidies	172 688	172 716	172 716	130 164	189 994	198 435	211 443
Other revenue	554	964	964	728	968	1 011	1 060
Gains	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	200 155	199 527	199 527	154 559	219 868	229 623	244 159

2.6.2 Tariff of charges

The Tariff of Charges is proposed to be implemented on 01 July 2022. This document provides for major services and lists minor and miscellaneous tariffs – including the hiring of municipal facilities and town planning. An intensive and rigorous tariff setting process is undertaken to ensure the compilation of a credible and realistic budget.

2.6.3 Investments

Ndwedwe Local Municipality has funds held in bank deposits, including the depositing of grant funding into ring fenced call deposit accounts to improve management of grant funding.

2.6.4 Government grant allocations

National and Provincial Allocations:

The amended DORA allocations that will be granted to Ndwedwe Municipality consist of:

Table 10: National and Provincial Allocations:

Description	2022/23 Medium Term Revenue & Expenditure Framework		
	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand			
Local Government Equitable Share	181 613	193 331	206 251
Expanded Public Works Programme Integrated Grant	2 277	–	–
Local Government Financial Management Grant	3 100	3 100	3 100
Municipal Employment Initiative	1 000	–	–
Integrated National Electrification Programme Grant	10 000	10 000	12 539
Disaster Management programme	3 000	2 000	–
Municipal Infrastructure Grant	33 627	35 000	36 458
Massification/Electrification Programme	5 000	–	–
TOTAL RECEIPTS OF TRANSFERS & GRANTS	239 617	243 431	258 348

- All the above allocations, excluding equitable share, are conditional grants. This means that they have been allocated to Ndwedwe Municipality for a specific purpose and may not be used to fund any other expenditure.
- Once all conditions are met, these allocations are transferred to the Statement of Financial Performance to match the expenditure incurred.
- This follows the relevant GRAP standards. The transfers indicated on the Statement of Financial Performance are, therefore, accounting entries and do not actually represent cash on hand.

2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Grant funding and expenditure is covered in detail in Supporting Tables SA18, SA19 and SA20. However, can be summarized as follows:

Table 11: expenditure on allocations and grant programmes

Description	2022/23 Medium Term Revenue & Expenditure Framework		
	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand			
Local Government Equitable Share	181 613	193 331	206 251
Expanded Public Works Programme Integrated Grant	2 277	–	–
Local Government Financial Management Grant	3 100	3 100	3 100
Municipal Employment Initiative	1 000	–	–
Integrated National Electrification Programme Grant	10 000	10 000	12 539
Disaster Management programme	3 000	2 000	–
Municipal Infrastructure Grant	33 627	35 000	36 458
Massification/Electrification Programme	5 000	–	–
TOTAL RECEIPTS OF TRANSFERS & GRANTS	239 617	243 431	258 348

2.8 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The budget related to funds made by the municipality amounts to R4.4 million which can be explain as follows.

- R1.7 million for external studies assistance for those learners in need of the financial assistance as per municipal study assistance.
- R700 thousands for free basic services (electricity)
- R1 million related to Indigent Burial Assistance and,
- R1 million related to "Disaster Management (Emergency Relief)

2.9 COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

The budget allocation for employee related cost for municipal staff including councillors amounts to R93.2 million for 2022/2023 MTREF. This amount includes posts as per the current staff establishment, new post to be filled in 2022/2023 financial year as well as 4.9% of salary anticipated increment. Below are the supporting tables that indicates how the salaries and allowances are allocated.

Table 12: Councillor and board member allowances and employee benefits

Summary of Employee and Councillor remuneration	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Councillors (Political Office Bearers plus Other)						
Basic Salaries and Wages	12 667	12 593	12 593	13 684	14 259	14 886
Pension and UIF Contributions	1 102	429	429	346	360	376
Medical Aid Contributions	468	275	275	196	204	213
Motor Vehicle Allowance	145	92	92	71	73	77
Cellphone Allowance	1 721	1 524	1 524	1 605	1 672	1 746
Other benefits and allowances	143	-	-	-	-	-
Sub Total - Councillors	16 247	14 913	14 913	15 901	16 569	17 298
% increase	-	(8.2%)	-	6.6%	4.2%	4.4%
Senior Managers of the Municipality						
Basic Salaries and Wages	3 836	3 095	3 095	3 706	3 867	4 051
Pension and UIF Contributions	11	11	11	13	13	14
Medical Aid Contributions	126	95	95	95	99	103
Performance Bonus	-	380	380	-	-	-
Motor Vehicle Allowance	1 324	1 063	1 063	1 267	1 322	1 385
Sub Total - Senior Managers of Municipality	5 298	4 644	4 644	5 081	5 301	5 552
% increase	-	(12.3%)	-	9.4%	4.3%	4.7%
Other Municipal Staff						
Basic Salaries and Wages	46 153	41 559	41 559	51 840	51 726	54 170
Pension and UIF Contributions	8 307	7 540	7 540	9 290	9 665	10 129
Medical Aid Contributions	2 882	2 801	2 801	2 777	2 898	3 037
Overtime	477	-	-	230	240	251
Performance Bonus	3 495	2 772	2 772	3 743	3 906	4 092
Motor Vehicle Allowance	1 853	1 497	1 497	1 757	1 833	1 922
Housing Allowances	262	235	235	255	266	279
Other benefits and allowances	603	550	550	555	579	607
Payments in lieu of leave	1 648	1 816	1 816	1 525	1 592	1 669
Long service awards	192	192	192	230	240	251
Sub Total - Other Municipal Staff	65 872	58 963	58 963	72 201	72 945	76 408
% increase	-	(10.5%)	-	22.5%	1.0%	4.7%
Total Parent Municipality	87 416	78 520	78 520	93 183	94 815	99 258
% increase	-	(10.2%)	-	18.7%	1.8%	4.7%
TOTAL MANAGERS AND STAFF	71 170	63 607	63 607	77 282	78 246	81 960

2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 14: Monthly targets for revenue, expenditure

Description	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source															
Property rates	1 605	1 605	1 605	1 605	1 605	1 605	1 605	1 605	1 605	1 605	1 605	1 605	19 261	20 108	21 093
Service charges - refuse revenue	83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 044	1 095
Rental of facilities and equipment	115	115	115	115	115	115	115	115	115	115	115	115	1 384	1 445	1 516
Interest earned - external investments	513	513	513	513	513	513	513	513	513	513	513	513	6 159	6 430	6 745
Interest earned - outstanding debtors	83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 044	1 095
Licences and permits	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Agency services	8	8	8	8	8	8	8	8	8	8	8	8	100	104	110
Transfers and subsidies	15 833	15 833	15 833	15 833	15 833	15 833	15 833	15 833	15 833	15 833	15 833	15 833	189 994	198 435	211 443
Other revenue	81	81	81	81	81	81	81	81	81	81	81	81	968	1 011	1 060
Total Revenue (excluding capital transfers)	18 322	18 322	18 322	18 322	18 322	18 322	18 322	18 322	18 322	18 322	18 322	18 322	219 868	229 623	244 159
Expenditure By Type															
Employee related costs	6 440	6 440	6 440	6 440	6 440	6 440	6 440	6 440	6 440	6 440	6 440	6 440	77 282	78 246	81 960
Remuneration of councillors	1 325	1 325	1 325	1 325	1 325	1 325	1 325	1 325	1 325	1 325	1 325	1 325	15 901	16 569	17 298
Debt impairment	167	167	167	167	167	167	167	167	167	167	167	167	2 000	2 088	2 190
Depreciation & asset impairment	2 013	2 013	2 013	2 013	2 013	2 013	2 013	2 013	2 013	2 013	2 013	2 013	24 160	25 188	26 395
Inventory consumed	148	148	148	148	148	148	148	148	148	148	148	148	1 780	1 857	1 943
Contracted services	4 599	4 599	4 599	4 599	4 599	4 599	4 599	4 599	4 599	4 599	4 599	4 599	55 186	56 486	59 119
Transfers and subsidies	367	367	367	367	367	367	367	367	367	367	367	367	4 400	4 594	4 819
Other expenditure	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	38 977	40 686	42 664
Total Expenditure	18 307	18 307	18 307	18 307	18 307	18 307	18 307	18 307	18 307	18 307	18 307	18 307	219 687	225 714	236 389
Surplus/(Deficit)	15	15	15	15	15	15	15	15	15	15	15	15	181	3 910	7 770
Transfers and subsidies - capital	3 052	3 052	3 052	3 052	3 052	3 052	3 052	3 052	3 052	3 052	3 052	3 052	36 627	37 000	36 458
Surplus/(Deficit)	3 067	3 067	3 067	3 067	3 067	3 067	3 067	3 067	3 067	3 067	3 067	3 067	36 808	40 910	44 228

Table 15: Budget monthly capital expenditure by municipal vote

Description	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<i>Single-year expenditure to be appropriated</i>															
Vote 1 - Finance	23	23	23	23	23	23	23	23	23	23	23	23	270	250	370
Vote 2 - Municipal Manager's Office	31	31	31	31	31	31	31	31	31	31	31	31	370	220	210
Vote 3 - Community and Social Services	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	22 420	7 650	5 550
Vote 4 - Corporate services	63	63	63	63	63	63	63	63	63	63	63	63	750	4 300	680
Vote 5 - Economic Development and Planning	100	100	100	100	100	100	100	100	100	100	100	100	1 200	280	400
Vote 6 - Technical Services	5 055	5 055	5 055	5 055	5 055	5 055	5 055	5 055	5 055	5 055	5 055	5 055	60 657	35 750	37 158
Vote 7 - Executive and Council	-	-	-	-	-	-	-	-	-	-	-	-	-	3 500	-
Total Capital Expenditure	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	85 667	51 950	44 368

- The municipality has budgeted for straight line monthly estimate in line with how the system is programmed and how the Provincial Treasury analyse the municipal budget

2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Ndwedwe Municipality does not have the contracts that are awarded beyond the medium-term revenue and expenditure framework (three years)..

2.12 CAPITAL EXPENDITURE DETAILS

Table 16: The following table present details of the municipality capital expenditure programme,

Vote Description	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand							
Capital expenditure - Vote							
Vote 1 - Finance	300	300	300	447	270	250	370
Vote 2 - Municipal Manager's Office	175	235	235	419	370	220	210
Vote 3 - Community and Social Services	3 550	3 557	3 557	4 392	22 420	7 650	5 550
Vote 4 - Corporate services	7 360	3 250	3 250	11 084	750	4 300	680
Vote 5 - Economic Development and Plann	1 200	1 200	1 200	448	1 200	280	400
Vote 6 - Technical Services	67 241	70 941	70 941	96 022	60 657	35 750	37 158
Vote 7 - Executive and Council	2 836	2 925	2 925	4 891	-	3 500	-
Capital single-year expenditure sub-total	82 662	82 407	82 407	117 703	85 667	51 950	44 368
Total Capital Expenditure - Vote	82 662	82 407	82 407	117 703	85 667	51 950	44 368
Capital Expenditure - Functional							
Governance and administration	10 671	6 710	6 710	16 842	1 390	8 270	1 260
Executive and council	3 011	3 160	3 160	5 310	370	3 720	210
Finance and administration	7 660	3 550	3 550	11 532	1 020	4 550	1 050
Community and public safety	3 550	3 557	3 557	4 392	22 420	7 650	5 550
Community and social services	3 550	3 557	3 557	4 392	22 420	7 650	5 550
Sport and recreation	-	-	-	-	-	-	-
Economic and environmental services	68 441	72 141	72 141	96 470	61 857	36 030	37 558
Planning and development	36 787	43 366	43 366	45 183	56 827	35 280	36 858
Road transport	31 654	28 775	28 775	51 286	5 030	750	700
Environmental protection	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-
Energy sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	82 662	82 407	82 407	117 703	85 667	51 950	44 368
Funded by:							
National Government	31 331	36 177	36 177	58 645	33 627	35 000	36 458
Provincial Government	-	-	-	-	3 000	2 000	-
District Municipality	-	-	-	-	-	-	-
Transfers recognised - capital	31 331	36 177	36 177	58 645	36 627	37 000	36 458
Borrowing	-	-	-	-	-	-	-
Internally generated funds	51 331	46 230	46 230	59 058	49 040	14 950	7 910
Total Capital Funding	82 662	82 407	82 407	117 703	85 667	51 950	44 368

2.13 LEGISLATION COMPLIANCE STATUS

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

IDP

The 2022/2023 IDP review process is currently underway. All comments made by the community and key stakeholders are considered in reviewing the IDP.

In-year reporting

Reporting to Provincial Treasury and National Treasury in electronic format was fully complied with monthly. Section 71 reporting to the Executive Mayor (within 10 working days) is also done on monthly basis.

Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme. The municipality has five interns employed.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee has been established and is fully functional.

Service Delivery and Implementation Plan

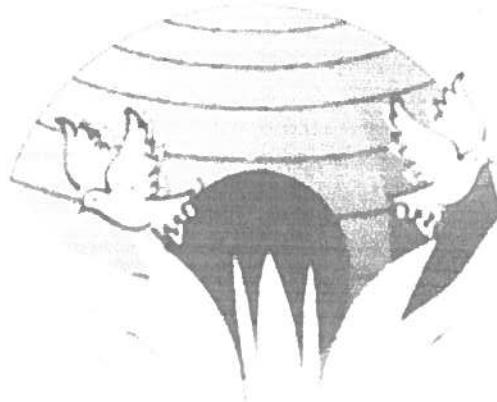
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2022/2023 MTREF in May 2022 to be directly aligned and informed by the 2022/2023 MTREF.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

MFMA Training

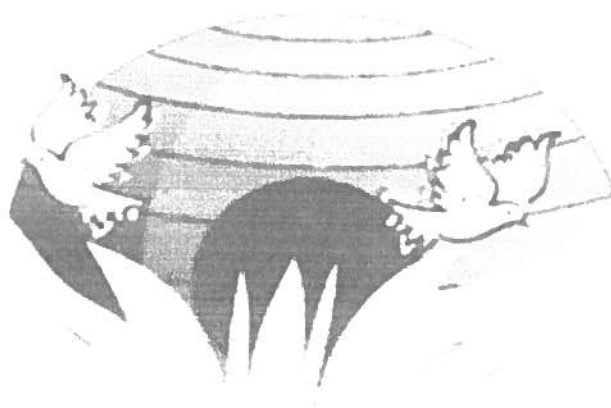
The MFMA training module in electronic format is presented at the Municipality and training is ongoing.



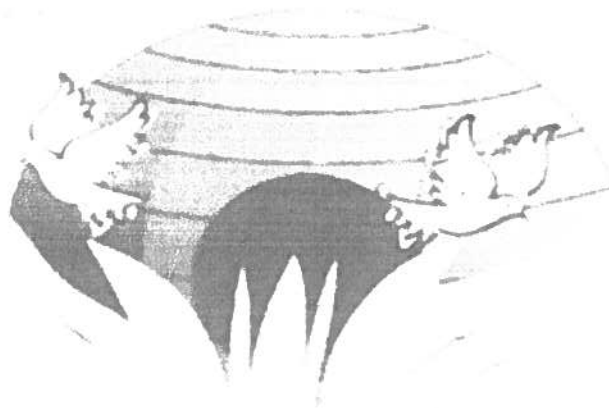
2.14 OTHER SUPPORTING DOCUMENTS

- Draft Budget A Schedule
- Draft Budget tariff of charges
- Draft Service Level Standard

2.15 MUNICIPAL MANAGERS QUALITY CERTIFICATION



MUNICIPAL MANAGERS QUALITY CERTIFICATION



2022/2023 DRAFT ANNUAL BUDGET QUALITY CERTIFICATE

I, MF, Hadebe the Municipal Manager of Ndwedwe local Municipality, hereby certify that the 2022/2023 Draft Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act No. 56 of 2003 and the regulations made under the Act.

MF Hadebe

The Municipal Manager of Ndwedwe Municipality (KZN 293)

Signature

Date 25/03/2022