



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2021/22 – 2023/24

BUDGET STEERING COMMITTEE 2ND

15 MAY 2021

**MUNICIPAL MANAGER
M.S DLAMINI**



SESSION 2: FINANCIAL HEALTH

FINANCIAL PLANNING AND SUSTAINABILITY: 2021/22 MTREF

NATIONAL IMPACT: LOCAL GOVERNMENT

SUMMARY OF BUDGET

SUMMARY OF REVENUE

SUMMARY OF EXPENDITURE

CAPITAL PROJECTS BREAKDOWN

DEPARTMENTAL ALLOCATION

NATIONAL IMPACT ON LOCAL GOVERNMENT

- In line with Circular 108 the following macro-economic forecasts have been considered upon the preparation of the 2021/22 – 2023/24 MTREF:

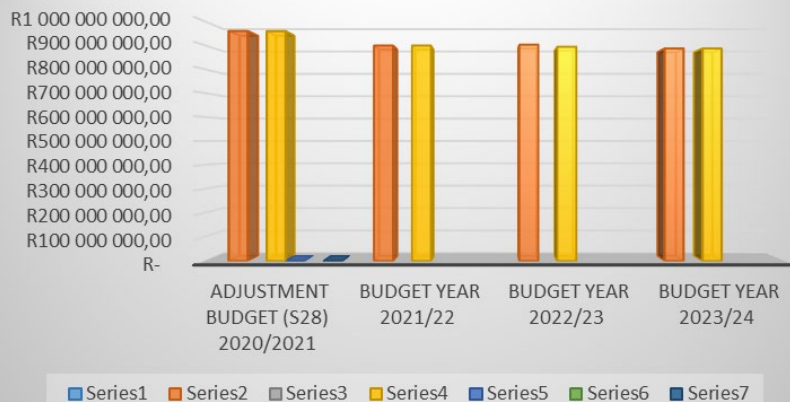
DESCRIPTION	2021/22	2022/23	2023/24
GENERAL REVENUE	6%	6%	6%
ELECTRICITY REVENUE	17.2%	8.9%	8.9%
ELECTRICITY BULK PURCHASES	17.8%	8.9%	8.9%
SALARIES AND WAGES	0.0%	0.0%	0.0%
GENERAL EXPENDITURE	4.5%	4.6%	4.6%
CONTRACTED SERVICES	-18%	5%	5%
OTHER MATERIALS	-20%	-5%	-5%
GENERAL EXPENDITURE	-15%	10%	5%
DEBT IMPAIRMENT	-20%	-5%	-5%

MTREF 2021/22 – 2023/24

SUMMARY SCHEDULE (SCHEDULE A1)

Annual Budget 2021/2022 - 2023/2024						
R	Budget Year 2020/21	Supplementary Budget 2020/21	Adjustment Budget (s28) 2020/2021	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Total Revenue	R 974 908 475,00	R 952 809 685,00	R 957 453 673,00	R 897 078 036,82	R 900 780 517,85	R 885 041 554,51
Total Expenditure	R 974 423 580,00	R 952 753 580,00	R 956 881 363,24	R 897 019 638,14	R 892 198 125,71	R 884 870 983,99
Surplus/Deficit	R 484 895,00	R 56 105,00	R 572 309,76	R 58 398,68	R 8 582 392,13	R 170 570,52

BUDGET SUMMARY 21/22 - 23/24



- Budget has substantially **DECREASED** for the 2021/22 – 2023/24 MTREF due to a major reduction inequitable Share and a massive reduction in the allocation of the Regional Bulk Infrastructure Grant (RBIG)
- In light of the above CALM is making provision for the adoption of a Draft Budget with a surplus for all three financial years under the MTREF:
 - 2021/22: R 58 298,68
 - 2022/23: R 8 582 392,13
 - 2023/24: R 170 570,52
- The Municipality has seen the prospects of building reserves for funding projects outside conditional grants being stagnant in light of the global low economic growth and COVID Pandemic.
- This is key taking into account the current strained national fiscus in its entirety:

GRANT	2020/21	2021/22	REDUCTION
EQ Share	R398 000	R349 235	R 48 765
RBIG	R219 500	R145 000	R 74 500
TOTAL			R123 265

- Revenue generation remains a key focus area for the Municipality in order to ensure sustainability in terms of delivery of services
- Electricity distribution losses are a major central point
- In light of the challenges faced CALM has managed to equivocally strike the balance of preparing a funded, credible and realistic budget



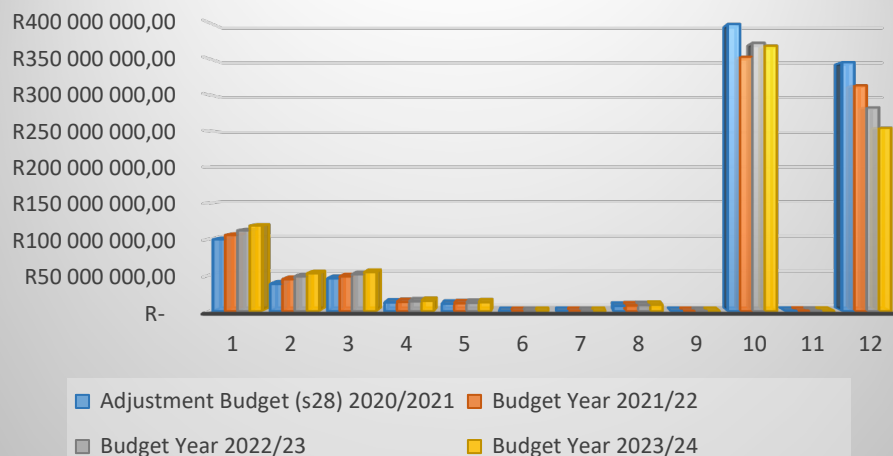
REVENUE (SCHEDULE A4)

Annual Budget 2021/2022 - 2023/2024						
R	Budget Year 2020/21	Supplementary Budget 2020/21	Adjustment Budget (s28) 2020/2021	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Property rates	R 99 663 775,00	R 99 663 775,00	R 99 663 775,00	R 105 643 601,50	R 111 982 217,59	R 118 701 150,65
Service charges - electricity revenue	R 37 834 495,00	R 37 834 495,00	R 37 834 495,00	R 44 342 028,14	R 48 288 468,64	R 52 586 142,35
Service charges - water revenue	R 45 586 628,00	R 45 586 628,00	R 45 586 628,00	R 48 321 825,68	R 51 221 135,22	R 54 294 403,33
Service charges - sanitation revenue	R 12 194 228,00	R 12 194 228,00	R 12 194 228,00	R 12 925 881,68	R 13 701 434,58	R 14 523 520,66
Service charges - refuse revenue	R 10 447 969,00	R 10 447 969,00	R 10 447 969,00	R 11 074 847,14	R 11 739 337,97	R 12 443 698,25
Rental of facilities and equipment	R 13 891,00	R 126 101,00	R 126 701,00	R 134 303,06	R 142 361,24	R 150 902,92
Interest earned - external investments	R 2 170 774,00	R 2 170 774,00	R 179 247,00	R 190 001,82	R 201 401,93	R 213 486,04
Interest earned - outstanding debtors	R 10 638 209,00	R 10 638 209,00	R 7 587 221,00	R 8 042 454,26	R 8 525 001,52	R 9 036 501,61
Fines	R 179 247,00	R 179 247,00	R 179 247,00	R 190 001,82	R 201 401,93	R 213 486,04
Transfers recognized	R 329 123 225,00	R 388 051 225,00	R 398 049 000,00	R 352 626 000,00	R 371 785 000,00	R 368 063 000,00
Other own revenue	R 794 034,00	R 794 034,00	R 482 162,00	R 511 091,72	R 541 757,22	R 574 262,66
Capital Projects	R 426 262 000,00	R 345 123 000,00	R 345 123 000,00	R 313 076 000,00	R 282 451 000,00	R 254 241 000,00
Total Revenue	R 974 908 475,00	R 952 809 685,00	R 957 453 673,00	R 897 078 036,82	R 900 780 517,85	R 885 041 554,51

- Total Revenue of R897 078 036,82 which amounted to a R60 375 637,00 reduction at a rate of 6,3%
- Revenue remains a key focus area of consideration as this constitutes the fundamentals of a funded and credible budget
- We are a grant dependent Municipality with very limited revenue streams
 - Transfers and Subsidies: R665 702 000 (74%)
- There existence of informal areas limits cost reflective charges forcing the Municipality to levy a flat rate on some services
 - Own revenue: R231 376 036 (26%)
- Revenue Increase at 6%
- Electricity Revenue increase at 17,2%

GRANT	2020/21	2021/22	REDUCTION
EQ Share	R398 000	R349 235	R 48 765
RBIG	R219 500	R145 000	R 74 500
TOTAL			R123 265

REVENUE BY SOURCE 21/22 - 23/24



MTREF 2021/22 – 2023/24

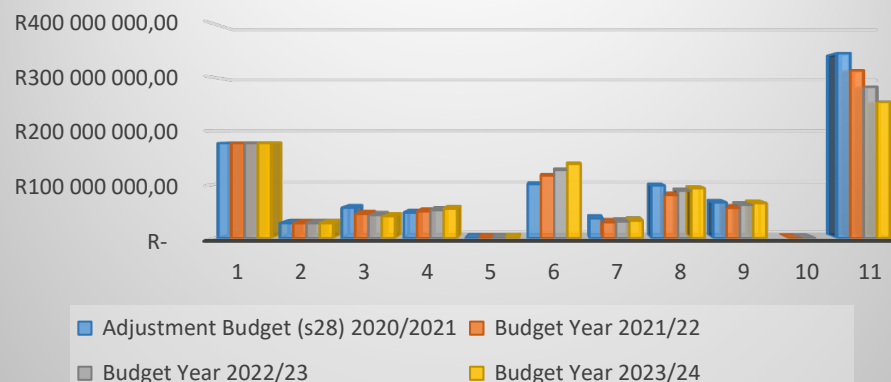
OPERATIONAL EXPENDITURE (SCHEDULE A4)

Annual Budget 2021/2022 - 2023/2024						
R	Budget Year 2020/21	Supplementary Budget 2020/21	Adjustment Budget (s28) 2020/2021	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Employee related costs	R 171 135 225,00	R 171 135 225,00	R 177 203 804,00	R 177 203 804,00	R 177 203 804,00	R 177 203 804,00
Remuneration of councillors	R 27 948 386,00	R 27 948 386,00	R 27 948 386,00	R 27 948 386,00	R 27 948 386,00	R 27 948 386,00
Debt impairment	R 56 658 443,00	R 56 658 443,00	R 56 658 451,00	R 45 326 760,80	R 43 060 422,76	R 40 907 401,62
Depreciation & asset impairment	R 47 405 346,00	R 47 405 346,00	R 47 405 346,00	R 49 775 613,30	R 52 264 393,97	R 54 877 613,66
Finance charges	R 1 460 312,00	R 1 460 312,00	R 550 171,24	R 577 679,80	R 606 563,79	R 636 891,98
Bulk purchases	R 94 626 251,00	R 94 626 251,00	R 100 660 040,00	R 116 765 646,40	R 127 157 788,93	R 138 474 832,14
Other materials/ Repairs and Maintenance	R 22 113 986,00	R 22 113 986,00	R 36 863 909,00	R 29 491 127,20	R 30 965 683,56	R 32 513 967,74
Contracted services	R 91 713 209,00	R 91 713 209,00	R 98 113 232,00	R 80 452 850,24	R 88 498 135,26	R 92 923 042,03
General Expenditure	R -	R 58 938 000,00	R 66 355 024,00	R 56 401 770,40	R 62 041 947,44	R 65 144 044,81
Other expenditure	R 35 631 422,00	R 35 631 422,00		R -	R -	
Capital Projects	R 425 731 000,00	R 345 123 000,00	R 345 123 000,00	R 313 076 000,00	R 282 451 000,00	R 254 241 000,00
Total Expenditure	R 974 423 580,00	R 952 753 580,00	R 956 881 363,24	R 897 019 638,14	R 892 198 125,71	R 884 870 983,99

- Total Expenditure of R897 019 638,14 which amounted to a R59 861 725.00 reduction at a rate of 6,3%
- Electricity Bulk purchases VS Electricity revenue
 - R116 765 646 vs R44 342 028 : 62%
 - Prior year losses were at 60% there has been a 2% increase
- Employee related costs @ 39%
- Million
- Capital projects have registered a massive decrease from R345 million to R313 million
- Cost Containment and the implementation of circular 82 is an on-going matter

DESCRIPTION	2021/22	2022/23	2023/24
ELECTRICITY BULK PURCHASES	16%	8.9%	8.9%
SALARIES AND WAGES	0.0%	0.0%	0.0%
GENERAL EXPENDITURE	4.5%	4.6%	4.6%
CONTRACTED SERVICES	-18%	5%	5%
OTHER MATERIALS	-20%	-5%	-5%
GENERAL EXPENDITURE	-15%	10%	5%
DEBT IMPAIRMENT	-20%	-5%	-5%

EXPENDITURE BY SOURCE 21/22 - 23/24



MTREF 2021/22 – 2023/24

DIVISION OF REVENUE		2021/2022	2022/2023	2023/2024
Water Services Infrastructure Grant		R 64 000 000	R 57 745 000	R 60 000 000
Municipal infrastructure Grant		R 92 108 000	R 99 706 000	R104 241 000
Regional Bulk Infrastructure Grant		R145 000 000	R110 000 000	R 78 000 000
Integrated National Electrification Programme		R 8 468 000	R 12 000 000	R 12 000 000
Energy Efficiency Demand Side Management		R 3 500 000	R 3 000 000	R -
Financial Management Grant		R 2 000 000	R 2 000 000	R 2 000 000
Expended Public Works Programme		R 1 391 000	R -	R -
Equitable Share		R349 235 000	R369 785 000	R366 063 000
Total		R665 702 000	R654 202 000	R622 304 000



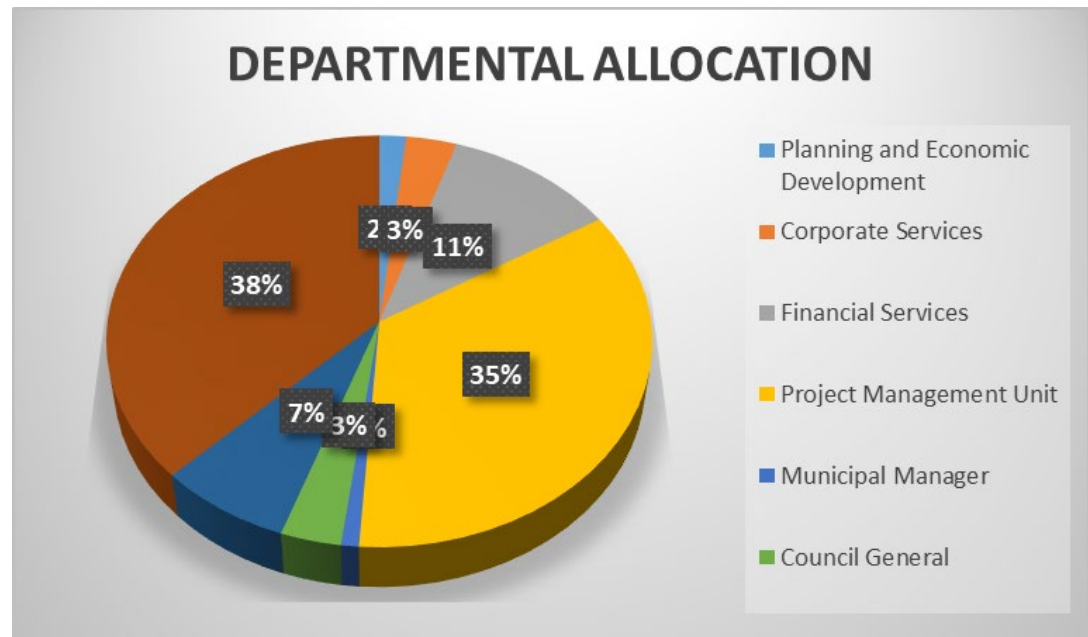
CAPITAL PROJECTS

Name of Municipality		CHIEF ALBERT LUTHULI MUNICIPALITY						
Municipal Manager		Mr MS Dlamini						
Chief Financial Officer		Mr MGT Mnisi						
Signature of the Municipal Manager		Date	31 st May 2021					
Signature of the Chief Financial Officer		Date	31 st May 2021					
Signature of the Manager: Supply Chain Management		Date	31 st May 2021					
Telephone Number		(017) 843 4026	E-mail Address		MM@albertluthuli.gov.za			
Project Name & Brief Description		Estimated value (all Inclusive)	Envisaged date of advert: E tender & website	No of days for advert	Envisaged closing date of bid	Envisaged date of award	Current Status/ Challenges	Responsible Office
PMU Department								
Upgrading of Carolina Water Treatment Works: Phase 4		R 11 000 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Replacement of AC Pipes at Ekulindeni Water Scheme: Phase 2		R 3 000 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Non-Revenue Water & Revenue Enhancement Programme for the Schemes in CALLM		R 64 000 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Regional Bulk Infrastructure		R 145 000 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Upgrading of Empuluzi Waste Water Treatment Works (WWTW)		R 12 000 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Upgrading of Elukwatini Waste Water Treatment Works (WWTW)		R 12 000 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Installation of Smartsan or Environsan Toilets		R 11 502 600,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Construction of Ekulindeni Ring Road		R 7 000 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Construction of Paving Road in Carolina		R 10 000 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Construction of Paving Road in Nhlazatshe		R 8 000 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Construction of High mast lights		R 8 000 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Upgrading of Silobela Substation, infills & Connections		R 8 468 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Energy Efficiency Demand Side Management		R 3 500 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
Construction of Silobela Sport Fields		R 5 000 000,00	09-Jun-21	30	10-Jul-20	31-Jul-21	Awaiting Council's approval on May 2021	Mr. B Mdutyulwa
TOTAL		R 308 470 600,00						

DEPARTMENTAL ALLOCATION

Annual Budget 2021/2022 - 2023/2024						
R	Budget Year 2020/21	Supplementary Budget 2020/21	Adjustment Budget (s28) 2020/2021	Budget Year 2021/22	Variance	Percentage of Budget
Planning and Economic Development	R 15 488 235,00	R 15 488 235,00	R 16 420 520,00	R 15 599 494,00	R 821 026,00	2%
Corporate Services	R 36 996 567,00	R 36 996 567,00	R 31 043 099,00	R 29 490 944,05	R 1 552 154,95	3%
Financial Services	R 123 072 988,00	R 143 027 988,00	R 105 325 584,24	R 100 059 305,03	R 5 266 279,21	11%
Project Management Unit	R 432 213 194,00	R 351 650 193,00	R 345 123 000,00	R 313 076 000,00	R 32 047 000,00	35%
Municipal Manager	R 9 092 803,00	R 9 092 803,00	R 9 092 803,00	R 8 638 162,85	R 454 640,15	1%
Council General	R 31 042 469,00	R 31 042 469,00	R 31 042 469,00	R 29 490 345,55	R 1 552 123,45	3%
Community Services	R 67 083 720,00	R 67 083 720,00	R 68 526 801,00	R 65 100 460,95	R 3 426 340,05	7%
Technical Services	R 259 433 605,04	R 298 371 605,04	R 350 307 087,00	R 335 564 925,65	R 14 742 161,35	37%
Total Expenditure	R 974 423 580,00	R 952 177 581,04	R 956 881 363,24	R 897 019 638,08	R 59 861 725,16	100%

- Technical Services and Project Management have the largest chunk of the Budget at 37% and 35% respectively
- Within the Financial Services department we have centralised provision for non-cash items
- There has been a R59 861 725 budget cut for all departments with PMU and Technical Services suffering the biggest share of reduction with an amount of R32 047 000 and R14 742 161 respectively
- Over the next three years, Chief Albert Luthuli will have to adjust to significant changes in expenditure plans. The 2021 Budget has projected major reductions across the entire expenditure spectrum inclusive of infrastructure and service delivery.
- The 2021 Budget includes funding for initiatives to improve municipal revenue collection



THANK YOU