



**UMZIMVUBU**  
LOCAL MUNICIPALITY

**EXTRACT of MINUTES** of the Sixth Ordinary Council Meeting of Umzimvubu Local Municipality held Virtually Via Microsoft Teams Application on 27<sup>th</sup> of March 2022 at 09h20.

**MINUTES**

**ULMC:058**

**10.3 BUDGET AND TREASURY DEPARTMENT**

**10.3.1 REPORT ON DRAFT BUDGET FOR 2024/2025 MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK**

**PURPOSE**

To present to Council the draft MTREF report for 2024/25 and two outer years 2025/26 and 2026/27 for consideration and recommendations for approval by Council before start of the 2024/2025 financial year.

**BACKGROUND AND REASONING**

The Budget was prepared according to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The information was requested to reach the Chief Financial Officer by the first week of March 2024.

As required by the Municipal Finance Management Act (MFMA) and other relevant legislations, regulations and guidelines, the municipality started the processes of budget preparation from August 2023 to March 2024 as follows:

**Budget process plan**

On 30th August 2023, the IDP and Budget process plan as required by section 21 of the MFMA was submitted and approved by Council to ensure that municipality does not fail to prepare and approve its credible budget within the legislated time frames.

**IDP review**

As per the approved plan, the municipality on the 24 – 27 October 2023, conducted its public consultative meetings with all 28 wards to review IDP for 2024-2027. The reviewed IDP has been used by the municipality to inform the draft budget for 2024/25 to 2026/27 (MTREF) for consideration. The tabled draft budget will then be subjected for comments and suggestions by stakeholders and public.

**Revenue budget**

Source	2024/25	2025/26	2026/27
Property rates	50,000,000.00	52,000,000.00	54,080,000.00
Service charges	2,000,000.00	2,080,000.00	2,163,200.00
Investment revenue	10,000,000.00	10,400,000.00	10,816,000.00
Transfers and subsidies	295,156,000.00	306,962,240.00	319,240,729.60
Rental of Facilities	6,500,000.00	6,760,000.00	7,030,400.00
Advertisement	120,000.00	124,800.00	129,792.00
Building plans	620,000.00	644,800.00	670,592.00
Cemetery and burials	24,000.00	24,960.00	25,958.40
Clearance certificates	16,000.00	16,640.00	17,305.60
Sale of goods	265,000.00	275,600.00	286,624.00
Fines, penalties and forfeits	3,500,000.00	3,640,000.00	3,785,600.00
Interest- Non exchange	2,200,000.00	2,288,000.00	2,379,520.00
Agency services	8,000,000.00	8,320,000.00	8,652,800.00
<b>Total revenue</b>	<b>378,401,000.00</b>	<b>393,537,040.00</b>	<b>409,278,521.60</b>

#### Remarks:

- The municipality is currently busy with a valuation roll which will have an impact on property rates on different classes of consumers.
- The municipality is obligated to use realistic anticipated projections hence the source of the above figures is the audited AFS. An increase in agency services is as a result of human settlement handling fee amount of about R6 million payable to the municipality.

#### **Operating Expenditure Budget**

Description	2024/25	2025/26	2026/27
Employee related costs	91,685,000.00	95,352,400.00	99,166,496.00
Remuneration of Councillors	24,485,000.00	25,464,400.00	26,482,976.00
Depreciation and amortisation	69,335,000.00	72,108,400.00	74,992,736.00
General expenditure	74,147,000.00	77,112,880.00	80,197,395.20
Contracted services	95,032,000.00	98,833,280.00	102,786,611.20
<b>Total</b>	<b>354,684,000.00</b>	<b>368,871,360.00</b>	<b>383,626,214.40</b>

#### Remarks:

#### **Employee related costs and Councillors allowances**

Provision has been made to cater for annual increases as approved by the SALGBC mostly to be effected at the beginning of the financial year.

#### **MUNICIPAL TRANSFERS AND SUBSIDIES**



Description	Current Year		2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year 2023/24	Adjusted Budget	Draft Budget 2024/25	Budget 2025/26	Budget 2026/27
<b>RECEIPTS:</b>					
<b>Operating Transfers and Grants</b>					
<b>National Government:</b>	283,524	319,138	294,286	288,640	277,791
Local Government Equitable Share	275,387	275,387	289,930	286,840	275,791
Expanded Public Works Programme Integrated Grant	2,917	2,754	2,656	-	-
Disaster Relief Grant	3,500	39,277	26,848	-	-
Local Government Financial Management Grant	1,720	1,720	1,700	1,800	2,000
<b>Provincial Government:</b>	870	870	1,554	1,424	1,486
Capacity Building and Other : Library	750	750	1,434	1,424	1,486
LG SETA	120	120	120	-	-
<b>Total Operating Transfers and Grants</b>	<b>284,394</b>	<b>320,008</b>	<b>295,840</b>	<b>290,064</b>	<b>279,277</b>
<b>Capital Transfers and Grants</b>	<b>229,771</b>	<b>245,434</b>	<b>188,427</b>	<b>76,772</b>	<b>79,561</b>
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	17,350	15,850	22,728	20,000	18,000
Human Settlement Housing Projects	157,354	178,200	111,500	-	-
Municipal Infrastructure Grant (MIG)	55,067	51,384	54,199	56,772	61,561
<b>Total Capital Transfers and Grants</b>	<b>229,771</b>	<b>245,434</b>	<b>188,427</b>	<b>76,772</b>	<b>79,561</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>514,165</b>	<b>565,442</b>	<b>484,267</b>	<b>366,836</b>	<b>358,838</b>

### Remarks:

- Human settlement grant will be budgeted for as per the remaining amounts in the current year for the 2024/25 financial and that exercise will be performed before tabling the final budget on the 31<sup>st</sup> of May where Infrastructure and Planning department will quantify the remaining work to be budgeted for in the upcoming financial year.

### Departmental Capital Budgets

Directorate	Approved budget 2023/24	Adjusted budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Council	-	-	305,000.00	100,000.00	100,000.00
Budget and Treasury	8,720,000.00	5,535,000.00	150,000.00	200,000.00	201,000.00
Infra and Planning	85,563,000.00	155,133,000.00	238,578,000.00	127,578,000.00	85,276,000.00
Community safety	22,471,000.00	22,558,000.00	11,415,000.00	11,871,600.00	12,346,464.00
Waste management	6,100,000.00	6,100,000.00	3,250,000.00	3,380,000.00	3,515,200.00
LED	6,200,000.00	6,200,000.00	4,450,000.00	4,628,000.00	4,813,120.00
<b>Total</b>	<b>129,054,000.00</b>	<b>195,526,000.00</b>	<b>258,148,000.00</b>	<b>147,757,600.00</b>	<b>106,251,784.00</b>

The capital budget per municipal departments is tabulated as below,

### Council

Project	New or upgrading the existing	Ward/region	Budget 2024/25	Funding source
Furniture equipment	New	Whole of Municipality	305,000.00	Internal funding

### Remarks:

- The department will procure sound system and tents to reduce hiring costs which have a negative impact on cash coverage.



## Budget and Treasury

Project	New or upgrading the existing	Ward/ region	Budget 2024/ 25	Funding source
Furniture equipment	New	Whole of Municipality	150,000.00	Internal funding

### Remarks:

- The department will procure furniture equipment within the department.

## Community safety

Project	New or upgrading the existing	Ward/ region	Budget 2024/ 25	Funding source
Shooting range	New	Ward 18	4,000,000.00	Internal
Tools & equipment 209	New	Whole of municipality	191,100.00	Internal
Security equipment 209700023	Upgrading	Whole of municipality	100,000.00	Internal
TRAFFIC EQUIPMENT 209700029	Upgrading	Whole of municipality	312,000.00	Internal
Police: Construction of KwaBhaca public transport pound facility 2nd phase	New	Ward 18	4,000,000.00	Internal
Police: EmaXesibeni Pound upgrading 2nd phase	Upgrading	Ward 28	2,500,000.00	Internal

### Remarks:

- When SPCA conducted their assessment, it was discovered that ULM is none compliant with regulations in terms of animal health and safety hence there was a need to budget for upgrading of EmaXesibeni pound.
- The department of transport also raised concerns with regards to impounding of motor vehicles and the department decided to start the process of constructing a motor vehicle pound that is compliant with DOT regulations.

## Waste Management

Project	New or upgrading the existing	Ward/ region	Budget 2024/ 25	Funding source
Machinery and equipment 208700036	New	Whole of municipality	850,000.00	Internal
Library office Furniture	New	Whole of municipality	100,000.00	DSRAC
Community Amenities 208700041	Upgrading	Whole of municipality	2,300,000.00	Internal

### Remarks:



- Library services are funded externally by DSRAC and there are business plans signed by the Municipality and the funder where it was stipulated that furniture for libraries will be procured through the grant.
- Landfill sites are always monitored by the Department of Environmental Affairs for compliance with legislation hence there's a budget put aside to upgrade community amenities.

## Local Economic Development

Project	New or upgrading the existing	Ward/region	Budget 2024/25	Funding source
Auction Pens	Upgrading	Ward 18	1,000,000.00	Internal
Ntsizwa Hiking trail	New	Ward 8	3,000,000.00	Internal
Ntenetyana camp site	New	Ward 15	450,000.00	Internal

### Remarks:

- As part of the revenue enhancement strategy, Ntenetyana dam and Ntsizwa hiking trails were projects targeted in order to increase revenue streams hence there's budget allocated to such projects.

## INFRASTRUCTURE DEPARTMENT:

### PROJECT MANAGEMENT UNIT - MIG PROJECTS TO BE IMPLEMENTED IN 2024/25 MTERF

MIG Projects	Ward	Project Manager	MIG Budget
Gugwini Community Hall		3 Yakobi	3,100,000.00
Mt White AR with concrete slab		13 Qwane	3,000,000.00
Mpungulelweni AR		14 Qwane	5,800,000.00
Spilini Community Hall		16 Yakobi	3,100,000.00
Completion of Kwabhaca Surfacing		18 Masinyane	18,000,000.00
Completion of high masts		18 Masinyane	2,200,000.00
Bhakaleni to Sekileni via Mqoma AR		19 Qwane	8,099,000.00
Tholeni AR new		20 Qwane	4,900,000.00
Ntutha CH		21 Yakobi	3,000,000.00
Lower Cabazana Community Hall		26 Yakobi	3,000,000.00
<b>TOTAL ALLOCATION</b>			<b>54,199,000.00</b>

### Remarks:

- The above projects have been applied for through CoGTA and approved for implementation with their amounts that make up the total allocation.

### ELECTRIFICATION PROJECTS TO BE IMPLEMENTED IN 2024/25 MTERF

Project Name	Ward	Budget	Number of Connections	Project Manager
Bhubesini Electrification	Ward 21	578,000.00	21 h/h	Masinyane
Debedebe Electrification	Ward 23	888,000.00	25 h/h	Masinyane
Mshikawuze Electrification	Ward 11	2,850,322.35	100 h/h	Masinyane
Marwaqa electrification	Ward 05	1,650,000.00	60 h/a	Masinyane
Ntelezini Electrification	Ward 20	3,240,000.00	117 h/h	Masinyane
Rode Electrification	Ward 11	1,870,200.00	68 h/h	Masinyane
Santombe Electrification	Ward 28/07	4,341,091.00	154 h/h	Masinyane
Sixhotyeni Electrification	ward 04	3,241,386.65	115 h/h	Masinyane
Kumhlokwana Electrification	ward 15	1,017,000.00	37 h/h	Masinyane
Emadameni Electrification	ward 7	2,227,000.00	81 h/h	Masinyane
Langeni Electrification	ward 20	825,000.00	30 h/h	Masinyane
<b>TOTAL</b>		<b>22,728,000.00</b>		



**Remarks:**

- These are projects meant to be implemented in 2024/25 financial where the rates differ from project to project depending on many considerations during logging of projects.

**DISASTER PROJECTS TO BE IMPLEMENTED IN 2024/2025 MTERF**

Project	Ward	Amount
Sibhozweni AR	27	2,500,000.00
Ngcozana AR	13	7,250,000.00
Sirhoqobeni Slab	5	2,000,000.00
Bonga AR	5	4,250,000.00
Mhlozini AR and Bridge	9	4,500,000.00
Badibanise- Internal Roads	18	3,500,000.00

**Remarks:**

- The above projects were affected by disaster and the municipality received an allocation to refurbish the affected infrastructure.

**HUMAN SETTLEMENT PROJECTS TO BE IMPLEMENTED IN 2024/2025 MTERF**

Project	Ward	Amount
Human Settlement Housing Project-Dundee	3	6,290,000.00
Human Settlement Housing Project-Nkungwini	13	7,215,000.00
Human Settlement Housing Project-Cabazana A&B	26	41,070,000.00
Human Settlement Housing Project-Nguse	12	13,875,000.00
Human Settlement Housing Project-Nqalweni/Matyeni	14	12,950,000.00
Human Settlement Housing Project-Qadu	5	14,800,000.00
Human Settlement Housing Project-Xhameni	12	9,250,000.00
Human Settlement Housing Project-Cancele	23	5,550,000.00
<b>Total</b>		<b>111,000,000.00</b>

**Remarks:**

- The Department of Human Settlement approved the above projects to be implemented where Umzimvubu LM is an agent for the department. The appointment of contractors is done by the municipality and the value of work done is paid for by submitting the certificate to the funder then the money is directly paid to the municipality's primary bank account then the contractor gets paid.
- The department is delegating their personnel to site in order to ensure that the work was actually done before making a payment.



## INTERNALLY FUNDED PROJECTS TO BE IMPLEMENTED IN 2024/25 MTERF

Ward No	Maintenance	Internally funded	Project Manager
Ward 1	Mvakomzi ARMaintenance	1,700,000.00	Maqalekane
Ward 2	KwaNyathi to Mnambithi AR- New	2,800,000.00	Maqalekane
Ward 4	Minqwane ARMaintenance	1,800,000.00	Maqalekane
Ward 5	Ehonga ARMaintenance	2,100,000.00	Maqalekane
Ward 6	Skolweni ARMaintenance	2,600,000.00	Maqalekane
Ward 7	Nyathini Bridge	2,400,000.00	Maqalekane
Ward 8	Lusuthu ARMaintenance	2,800,000.00	Maqalekane
Ward 9	Mhlozini ARMaintenance	1,700,000.00	Qwane
Ward 10	Nxashini ARMaintenance	1,800,000.00	Qwane
Ward 11	Magontsini ARMaintenance	1,900,000.00	Qwane
Ward 12	Lutateni ARMaintenance	1,850,000.00	Gumisa
Ward 14	Nqalweni ARnew	1,700,000.00	Gumisa
Ward 15	Ntenetyana - Godola ARMaint	2,100,000.00	Gumisa
Ward 17	Ncunteni ARMaint	2,200,000.00	Gumisa
Ward 19	Zimbileni via Mntwana ARMaint	1,600,000.00	Qwane
Ward 22	Velem via Mthonjeni - Gamakhulu AR Maintenance	2,600,000.00	Gumisa
Ward 23	SDA- Magwaca ARMaint	2,500,000.00	Gumisa
Ward 24	Ngojini via Ngxonga ARMaint	2,200,000.00	Gumisa
Ward 25	Mnxekazi ARMaint	2,600,000.00	Gumisa
Ward 27	Mbodleni, Bhibha via Cabazi ARMaint	2,400,000.00	Gumisa
Ward 28	New Street lights 30	1,800,000.00	Qwane
Ward 23	Completion of Mpondomise Electrification	5,000,000.00	Masinyane
<b>Total</b>		<b>50 150 000</b>	

### Remarks:

- The list above consists of internally funded projects from various wards where National allocations could not cover.



## Total Budget 2024/2025 - 2026/2027

Description	Approved Budget 2023/2024	Adjustment Budget 2023/2024	Budget 2024/2025	Budget Year +2025/2026	Budget Year +2026/2027
Operating Budget	452 000	617 521 909 000	354 864 000	368 360	871 383 626
Capital Budget	314 000	687 387 706 000	258 148 000	147 000	757 106 252
<b>Total</b>	<b>767 000</b>	<b>304 909 615 000</b>	<b>613 012 000</b>	<b>516 360</b>	<b>628 489 878</b>

## PROPOSED TARIFF INCREASES AND BUDGET ASSUMPTIONS

### Property Rates

Categories	Rate Randages /Rand Value – c/R	Ratio relation residential property	in to
Residential property	1:1	0.0058	
Business and commercial property	1:2	0.0140	
Industrial property	1:2	0.0140	
Agricultural property	1:0.25	0.0015	
Mining property	N/A	N/A	
Public service infrastructure property	1.025	0.0015	
Public benefit organisations	1.025	0.0015	
Vacant sites	1:2	0.0140	

### Exemptions, reductions and rebates

**Residential Properties:** For all residential properties, the municipality will not levy a rate on the first R 15 000.00 of the property's market value. The R 15 000.00 is inclusive of the R15 000 statutory impermissible rate as per section 17(1)(h) of the Municipal Property Rates Act.

### Rebates in respect of a category of owners of property are as follows:

**Indigent owners:** 100% for all approved indigent households Child headed households: 100% rebates. The municipality further grants 25% Senior Citizens rebates and Disabled and Medically boarded property owners respectively

### Budget Related Policies

The following budget related policies have been reviewed for the 2024/25 budget:

- Budget and virement policy
- Credit control and debt collection policy
- Rates policy





- Tariff policy
- Indigent policy
- S&T policy
- Supply chain management policy
- Asset management policy
- VAT policy
- Cash and investment policy
- Petty cash policy

### **Overview of anticipated expenditure**

Hiring charges have been found to be highly contributing towards expenditure  
The municipality should utilize available resources and avoid hiring e.g conference facilities

Cost containment measures should be enforced at all times to minimise unnecessary expenditures.

### **Budget Funding**

The draft budget is cash – funded which is an indicator of a “credible” budget.  
Funding levels are acceptable (inclusive of the Reserve balances), which is remarkable in these economic times, and is sufficient to cover all requirements of the funding and reserves policy.

***It was thereafter with Councillor M Ngwaqa and Councillor C.L Noqhakala proposing and seconding respectively.***

### **RESOLVED**

1. That, the draft budget of the municipality for the year 2024/25; and its indicative for the two projected outer years 2025/2026 and 2026/2027 as outlined on the report be tabled as set out in the following:
  - Operating Revenue by source R378, 401, 000
  - Operating Expenditure by source of R354, 684, 000
  - Capital Expenditure by source and municipal vote of R258, 148, 000
  - Total budget of R613, 012, 000
2. That, the council notes and approves the following draft tariff increases for the 2024/25 financial year;

Property rates tariff increase of 0% and first R15 000 property values as exemption.

**Indigent owners:** 100% for all approved indigent households  
**Child headed households:** 100% rebates. The municipality further grants 25% Senior Citizens rebates and Disabled and Medically boarded property owners respectively



No increase of Refuse tariffs.

That all other municipal tariffs will not be increased.

3. That, the disaster projects for 2024/2025 MTERF as indicated below is noted and approved by Council:

Project	Ward	Amount
Sibhozweni AR	27	2,500,000.00
Ngcozana AR	13	7,250,000.00
Sirhoqobeni Slab	5	2,000,000.00
Bonga AR	5	4,250,000.00
Mhlozini ARand Bridge	9	4,500,000.00
Badibanise- Internal Roads	18	3,500,000.00

**COUNCIL 058/2023/2024**

*This was carried unanimously.*

**NB: These Sixth Ordinary Council minutes are subject to confirmation by the Council on its next Ordinary Council Meeting scheduled for 26<sup>th</sup> of April 2024.**

**THIS IS CERTIFIED AS A TRUE REFLECTION AND EXACT EXTRACT FROM THE MINUTES OF THE SIXTH ORDINARY COUNCIL MEETING HELD VIRTUALLY VIA MICROSOFT TEAMS APPLICATION ON WEDNESDAY, THE 27<sup>TH</sup> OF MARCH 2024 AT 09H20**

  
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**MUNICIPAL MANAGER**  
**MR G.P.T NOTA**

27/03/2024  
**DATE**

