



**DR NKOSAZANA DLAMINI-ZUMA
LOCAL MUNICIPALITY
PRESENTS
2019/20 ADJUSTMENT BUDGET**

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1. PURPOSE OF THE REPORT

The purpose of the report is to revise an approved annual budget through an adjustment budget as there have been changes on anticipated revenue and expenditure in terms of MFMA.

2. BASIS AND BACKGROUND ON THE PREPARATION OF ADJUSTMENT BUDGET

The Mid-Year Budget and Performance Assessment report (section 72 report) was prepared for Dr Nkosazana Dlamini Zuma municipality and presented to Council on the 23 January 2020 and after that process of the Mid-Year Budget and Performance Assessment report a decision for Adjustment budget preparation was taken.

The 2019/2020 Adjustments budget is prepared in accordance with Municipal budget and regulations, promulgated in government gazette No. 32141 dated 17 April 2009, MFMA, Act No. 56 of 2003 and guidelines and assumptions outlined on Treasury Circular for Mid Year Assessment and Adjustment Budget of 2018/19, taking into consideration the following aspects;

- National budget assumptions, guidelines and projections;
- Alignment with national and provincial priorities;
- Headline inflation and gross domestic products forecasts; and
- Revenue assumptions with regard to grants allocation in terms of DORA.
- Municipal budget underlying assumptions, guidelines and projections;
- Anticipated own revenue from rates and services charge, sundry charges and other revenues and affordability of ratepayers and consumers of services;
- The ability of municipality to collect revenue (payment level);
- Operating expenditure cost drivers and growth thereof;
- Capital budget funding model;
- Protecting the poor by ensuring access to basic services

According to the Mid-Year Budget and Performance assessment report presented to Council it was recommended to Council that the 2019/2020 annual budget be amended to revise projections for revenue and expenditure amongst the different votes.

PART 1 – ADJUSTMENT BUDGET

1.1 MAYOR'S REPORT

2019/20 Adjustment budget presentation by her Worship the Mayor Councilor P.N Mncwabe at Dr Nkosazana Dlamini-Zuma Local Municipality in February 2020.

Honorable Speaker, I am pleased to officially present an overview of 2019/20 Adjustment Budget in terms of MFMA where we report on how the municipality anticipates ensuring that Service delivery priorities, as identified in the Integrated Development Plan (IDP) are funded and implemented. The MFMA states that “a municipality may revise an approved annual budget through an adjustments budget”

(a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;

(b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;

(c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;

(d) May authorise the utilisation of projected savings in one vote towards spending under another vote;

(e) May authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;

(f) May correct any errors made in the annual budget; and

(g) May provide for any other expenditure within a prescribed framework.

The adjustment budget has been prepared considering the provision of the MFMA as stated above and in other sections of the MFMA as well as treasury regulations and circulars.

Our main Objective as the municipality is to ensure that the communities of the Dr Nkosazana Dlamini-Zuma Local Municipality get access to basic services and thus we are confident that this adjustment budget has been compiled to ensure that this happens.

I would also like to thank all the stakeholders who supported the municipality in the past years and current year, your dedication has led to an unqualified audit opinion in the past years as well as in 2018/2019 as included in the Annual Report.

Considering the above explanation, I hereby recommend that the council may approve the 2019/2020 adjustment budget.

I thank you.

**Honourable Mayor
Councillor P.N Mncwabe**

1.2 RESOLUTIONS

It is recommended that the council:

Notes and adopt the Adjustment Budget for 2019/2020 financial year

Notes the Mid-Year Budget and Performance Assessment Treasury comments for 2019/2020 financial year

1.3 EXECUTIVE SUMMARY

The 2019/2020 Adjustments Budget for Dr Nkosazana Dlamini Zuma Municipality has been prepared in terms of the guidelines contained in Section 28(2) of the MFMA and furthermore ensures that the municipality continues to deliver on its core mandate and identified priorities, achieves its strategic goals and entails prioritising all available resources towards addressing the basic needs of its citizens.

The aim for the compilation of the 2019/2020 adjustments budget is to align the expenditure to the anticipated revenue and ensure that the budget is adequately funded. Heads of Departments were requested to identify areas where possible savings were identified in order to address those where additional funding was required.

In compiling the adjustment budget for the 2019/2020 financial year, the under mentioned principles gave guidance to the compilation of the 2019/2020 adjustment budget;

- The budget must be funded as required by Section 18 of the MFMA, which states that, an annual budget may only be funded from –
 - a) realistically anticipated revenues to be collected;

- b) cash-backed surpluses from previous years not committed for other purposes; and
- c) borrowed funds, but only for the capital budget referred to in section 17(2).

- Revenue projections in the budget must be realistic, taking into account –
 - a) projected revenue for the year taking into account collection levels to date; and
 - b) actual revenue collected in the previous financial years.

The application of sound financial management principles to ensure that the Municipality gets the Clean Audit is essential and critical and to ensure that the Municipality's remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's 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. This has resulted in savings to the municipality.

The Provincial Treasury's Circular for Adjustment budget and Mid-Year Budget Assessment of 2019/20 was also used to guide the compilation of 2019/20 Adjustment Budget, comments on the 2019/2020 Mid-Year Budget and Performance Assessment report and the following was also taken into consideration;

- a) Revenue Reports on all revenue streams of Dr Nkosazana Dlamini-Zuma Local Municipality / allocation and grant receipts and expenditure for the past six months,
 - i) The Budget Versus Actual Expenditure report on all budgeted votes / budget statement
 - ii) Service delivery implementation plan as it sets the service targets and performance indicators for Dr NDZ Municipality
 - iii) Section 71 reports as submitted to National and Provincial Treasury which are used by the National Treasury and other stake holders for budget monitoring purposes
 - iv) Approved roll overs grant roll

1.4 ADJUSTMENTS BUDGET TABLES

TABLE B 1 ADJUSTMENT BUDGET SUMMARY

Table B1 below is a summary of Adjustment budget tables extracted from B Schedule. For more information on Adjustment Budget Tables, B Schedule version 6.3 extracted from financial system is attached on the report.

KZN436 Dr Nkosazana Dlamini Zuma - Table B1 Adjustments Budget Summary - 26/02/2020

Description	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjus. 6	Total Adjus. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	37,561	37,561	-	-	-	-	(5,181)	(5,181)	32,380	32,277	34,860
Service charges	3,800	3,800	-	-	-	-	-	-	3,800	4,005	4,221
Investment revenue	7,741	7,741	-	-	-	-	-	-	7,741	8,159	8,600
Transfers recognised - operational	135,407	135,407	-	-	-	-	171	171	135,578	140,050	149,447
Other own revenue	6,547	6,547	-	-	-	-	3,746	3,746	10,293	6,900	7,258
Total Revenue (excluding capital transfers and contributions)	191,056	191,056	-	-	-	-	(1,264)	(1,264)	189,792	191,392	204,387
Employee costs	63,965	63,965	-	-	-	-	(3,275)	(3,275)	60,690	64,021	67,479
Remuneration of councillors	12,627	12,627	-	-	-	-	-	-	12,627	13,309	14,028
Depreciation & asset impairment	34,654	34,654	-	-	-	-	(6,853)	(6,853)	27,801	29,303	30,885
Finance charges	425	425	-	-	-	-	(50)	(50)	375	448	472
Materials and bulk purchases	4,604	4,524	-	-	-	-	51	51	4,575	4,853	5,115
Transfers and grants	1,905	1,905	-	-	-	-	-	-	1,905	2,008	2,116
Other expenditure	69,859	69,939	-	-	-	-	11,869	11,869	81,808	73,209	81,163
Total Expenditure	188,039	188,039	-	-	-	-	1,743	1,743	189,781	187,151	201,257
Surplus/(Deficit)	3,018	3,018	-	-	-	-	(3,007)	(3,007)	11	4,241	3,130
Transfers recognised - capital	27,149	27,149	-	-	-	-	-	-	27,149	28,486	30,409
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	30,167	30,167	-	-	-	-	(3,007)	(3,007)	27,160	32,727	33,539
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	30,167	30,167	-	-	-	-	(3,007)	(3,007)	27,160	32,727	33,539
Capital expenditure & funds sources											
Capital expenditure	68,644	68,644	-	-	-	-	21,393	21,393	90,037	63,225	67,024
Transfers recognised - capital	27,149	27,149	-	-	-	-	-	-	27,149	28,486	30,409
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	41,495	41,495	-	-	-	-	21,393	21,393	62,888	34,739	36,615
Total sources of capital funds	68,644	68,644	-	-	-	-	21,393	21,393	90,037	63,225	67,024
Financial position											
Total current assets	80,755	-	-	-	-	-	121,446	121,446	121,446	123,019	130,511
Total non current assets	435,200	68,494	-	-	-	-	375,739	375,739	444,233	445,222	449,021
Total current liabilities	35,315	-	-	-	-	-	56,504	56,504	56,504	56,070	65,492
Total non current liabilities	16,460	-	-	-	-	-	17,397	17,397	17,397	17,397	17,397
Community wealth/Equity	464,180	-	-	-	-	-	491,778	491,778	491,778	464,057	464,057

Table B1 Cont.....

Cash flows												
Net cash from (used) operating	58,275	58,275	-	-	-	-	(4,704)	(4,704)	53,570	60,290	63,938	
Net cash from (used) investing	(68,299)	(68,299)	-	-	-	-	(16,935)	(16,935)	(85,234)	(62,862)	(66,641)	
Net cash from (used) financing	(771)	-	-	-	-	-	(672)	(672)	(672)	678	678	
Cash/cash equivalents at the year end	56,033	(10,024)	-	-	-	-	99,375	99,375	89,350	119,791	119,660	
Cash backing/surplus reconciliation												
Cash and investments available	56,033	-	-	-	-	-	89,350	89,350	89,350	110,889	117,685	
Application of cash and investments	33,551	-	-	-	-	-	41,398	41,398	41,398	53,984	64,016	
Balance - surplus (shortfall)	22,482	-	-	-	-	-	47,952	47,952	47,952	56,906	53,670	
Asset Management												
Asset register summary (WDV)	415,100	68,644	-	-	-	-	375,589	375,589	444,233	445,222	449,021	
Depreciation & asset impairment	34,654	34,654	-	-	-	-	(6,853)	(6,853)	27,801	36,467	38,436	
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-	
Repairs and Maintenance	9,404	9,404	-	-	-	-	(60)	(60)	9,344	9,911	10,447	
Free services												
Cost of Free Basic Services provided	242	242	-	-	-	-	-	-	242	255	269	
Revenue cost of free services provided	19,586	19,586	-	-	-	-	(4,569)	(4,569)	15,017	19,988	21,068	
Households below minimum service level												
Water:	-	-	-	-	-	-	-	-	-	-	-	
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-	
Energy:	-	-	-	-	-	-	-	-	-	-	-	
Refuse:	-	-	-	-	-	-	-	-	-	-	-	

TABLE B4 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

This table below provides information on the adjustment revenue by source and adjustment operational expenditures by type.

KZN436 Dr Nkosazana Dlamini Zuma - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 26/02/2020

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3	4	5	6	7	8	9	10	+1 2020/21	+2 2021/22
Revenue By Source												
Property rates	2	37,561	37,561	-	-	-	-	(5,181)	(5,181)	32,380	32,277	34,860
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	3,800	3,800	-	-	-	-	-	-	3,800	4,005	4,221
Service charges - other		-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1,144	1,144	-	-	-	-	(282)	(282)	862	1,206	1,271
Interest earned - external investments		7,741	7,741	-	-	-	-	-	-	7,741	8,159	8,600
Interest earned - outstanding debtors		1,800	1,800	-	-	-	-	395	395	2,195	1,897	2,000
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		665	665	-	-	-	-	30	30	695	701	739
Licences and permits		998	998	-	-	-	-	(278)	(278)	720	1,052	1,094
Agency services		-	-	-	-	-	-	31	31	31	-	-
Transfers and subsidies		135,407	135,407	-	-	-	-	171	171	135,578	140,060	149,447
Other revenue	2	1,595	1,595	-	-	-	-	(609)	(609)	986	1,681	1,772
Gains on disposal of PPE		345	345	-	-	-	-	4,459	4,459	4,804	364	383
Total Revenue (excluding capital transfers and contributions)		191,056	191,056	-	-	-	-	(1,264)	(1,264)	189,792	191,392	204,387
Expenditure By Type												
Employee related costs		63,965	63,965	-	-	-	-	(3,275)	(3,275)	60,690	64,021	67,479
Remuneration of councillors		12,627	12,627	-	-	-	-	-	-	12,627	13,309	14,028
Debt impairment		6,478	6,478	-	-	-	-	-	-	6,478	6,828	7,196
Depreciation & asset impairment		34,654	34,654	-	-	-	-	(6,853)	(6,853)	27,801	29,303	30,885
Finance charges		425	425	-	-	-	-	(50)	(50)	375	448	472
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-
Other materials		4,604	4,524	-	-	-	-	51	51	4,575	4,853	5,115
Contracted services		34,284	34,119	-	-	-	-	10,362	10,362	44,481	35,535	37,454
Transfers and subsidies		1,905	1,905	-	-	-	-	-	-	1,905	2,008	2,116
Other expenditure		29,096	29,341	-	-	-	-	1,508	1,508	30,849	30,847	36,513
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		188,039	188,039	-	-	-	-	1,743	1,743	189,781	187,151	201,257
Surplus/(Deficit)		3,018	3,018	-	-	-	-	(3,007)	(3,007)	11	4,241	3,130
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		27,149	27,149	-	-	-	-	-	-	27,149	28,486	30,409
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		30,167	30,167	-	-	-	-	(3,007)	(3,007)	27,160	32,727	33,539
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		30,167	30,167	-	-	-	-	(3,007)	(3,007)	27,160	32,727	33,539
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		30,167	30,167	-	-	-	-	(3,007)	(3,007)	27,160	32,727	33,539
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		30,167	30,167	-	-	-	-	(3,007)	(3,007)	27,160	32,727	33,539

Operating Revenue

The revenue of the municipality has decreased from R191 million to R189 million in the adjustment budget and that is R1,3 million decrease when compared to the originally approved budget.

The contributing factors to this decrease are the property rates, rental of facilities, Licences and permits and other revenue.

Property Rates

Property rates that has decrease by 14%, from R 37,5 million to R 32,3 million when compared to the approved original budget as a result of Supplementary Valuation Roll received by the municipality towards the end of the previous financial year after the 2019/2020 Budget has already been approved by the Council.

Rental of facilities

Rental of facilities has decreased from R1 ,1million to R862 000 when compared to the adjustment budget due to decrease in demand of renting out of community facilities.

Licences and Permits

Licences and permit has decrease form R 998 000 to R 751 000 including the agency fee when compared to the original budget due to the delay in the reopening of the Himeville licencing office after it was closed.

Other Revenue

Other revenue sources have decrease from R 1, 6million to R986 000 there has been reviewed as the actuals for the past six months are not the same as the anticipated revenue collection.

Interest Earned on External Investment

There is no adjustment made for Interest earned as at the Mid-Year the investments were sitting at 56 percent.

Operating Expenditure

The overall operating expenditure has increased from R188 million to R189 million in the adjustment budget and that is 1% increase when compared to the originally approved budget but there is a decrease when checking per line item as some of the line items decreased. The contributing factors are as follows:

Employee Related Costs

It has decreased from R 63, 9million to R 60, 6million downwards from R 63,9 million and that is 5% decrease when compared to the original budget that was approved. This is due to some positions that have been vacant during the first half of the financial year and due to staff turnover, as well as unutilized staff benefits which were provided for in the 2019/2020 original budget.

Councilors Remuneration

It has not been adjusted as the Gazette on the determination of upper limits on remuneration of municipal councilors has not been published as when the adjustment budget was prepared.

Other Materials

A downward adjustment has been made to other materials as they decreased from R 4,6 million to R 4, 5 million when comparing to the original budget, it was due to the savings on some items.

Contracted Services

Contracted services have increased from R34, 2 million to R 44, 5 million the increase is mainly as a result of the electrification projects that are funded internally due to the low allocation of the INEP Grant and the projects have already kickstarted.

Other Expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality an upward adjustment of an amount of R1, 8 million was made due to the increase in operations. Operating expenditure increased from R 29, 1million to R 30, 8million when compared to the original budget.

Depreciation and Asset Impairment

A downward adjustment has been made, the budget decreased from R 34, 7 million to R 27, 8 million when compared to the original budget as a result of a delay in completion of projects that were supposed to be completed in the last financial year, the completion date has been revised to current.

Finance charges Finance charges decrease from R424,737 to R374,737 when compared to the original budget due to the correction of capital portion that was budget under operational during the original budget.

Table B3 presents the same information on the revenue and expenditure as the table above, the difference being that it's by Municipal vote.

KZN436 Dr Nkosazana Dlamini Zuma - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 26/02/2020

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		178,758	178,758	-	-	-	-	(870)	(870)	177,888	181,460	193,913
Vote 3 - Corporate Services		100	100	-	-	-	-	-	-	100	105	111
Vote 4 - Community Services		9,055	9,055	-	-	-	-	(249)	(249)	8,806	9,550	10,071
Vote 5 - Public Works and Basic Services		29,530	29,530	-	-	-	-	-	-	29,530	28,486	30,409
Vote 6 - Planning and Development		762	762	-	-	-	-	(145)	(145)	617	277	292
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	218,205	218,205	-	-	-	-	(1,264)	(1,264)	216,941	219,878	234,796
Expenditure by Vote	1											
Vote 1 - Executive and Council		25,784	25,784	-	-	-	-	257	257	26,041	27,177	28,644
Vote 2 - Budget and Treasury		64,724	64,724	-	-	-	-	(7,623)	(7,623)	57,101	60,838	64,123
Vote 3 - Corporate Services		24,370	24,370	-	-	-	-	(149)	(149)	24,221	25,792	31,184
Vote 4 - Community Services		33,286	33,286	-	-	-	-	(1,401)	(1,401)	31,885	35,083	35,867
Vote 5 - Public Works and Basic Services		34,581	34,581	-	-	-	-	10,821	10,821	45,402	33,209	36,013
Vote 6 - Planning and Development		5,294	5,294	-	-	-	-	(162)	(162)	5,132	5,052	5,425
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	188,039	188,039	-	-	-	-	1,743	1,743	189,781	187,151	201,257
Surplus/ (Deficit) for the year	2	30,167	30,167	-	-	-	-	(3,007)	(3,007)	27,160	32,727	33,539

The table above show the difference between revenue and expenditure by municipal vote when comparing the original budget and adjustment budget by municipal vote. The total revenue by vote decreased from R 218, 2 million to R 216, 9million and total expenditure by vote increased from R 188,039 million to R 189, 781million when compared to the original budget

TABLE B5 ADJUSTMENT CAPITAL EXPENDITURE BUDGET BY VOTE AND FUNDING

Table B5 below reports on the adjusted capital expenditures by departments (municipal vote) and also by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

Capital Expenditure has increased from R 68, 6million to R 90, 037 million when compared to the adjustment budget to ensure that the municipality continues to delivers services to community.

KZN436 Dr Nkosazana Dlamini Zuma - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 26/02/2020

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	+1 2020/21	+2 2021/22
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		-	-	-	-	-	-	(2,000)	(2,000)	-	-	-
Vote 5 - Public Works and Basic Services		2,000	2,000	-	-	-	-	3,950	3,950	12,950	2,635	2,777
Vote 6 - Planning and Development		7,500	9,000	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	9,500	11,000	-	-	-	-	1,950	1,950	12,950	2,635	2,777
Single-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		612	612	-	-	-	-	(340)	(340)	272	487	513
Vote 2 - Budget and Treasury		303	303	-	-	-	-	100	100	403	319	337
Vote 3 - Corporate Services		412	412	-	-	-	-	656	656	1,068	435	458
Vote 4 - Community Services		5,931	5,931	-	-	-	-	2,320	2,320	8,251	5,297	5,583
Vote 5 - Public Works and Basic Services		51,766	50,266	-	-	-	-	16,708	16,708	66,974	53,926	57,223
Vote 6 - Planning and Development		120	120	-	-	-	-	-	-	120	126	133
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		59,144	57,644	-	-	-	-	19,443	19,443	77,087	60,590	64,247
Total Capital Expenditure - Vote		68,644	68,644	-	-	-	-	21,393	21,393	90,037	63,225	67,024
Capital Expenditure - Functional												
Governance and administration		1,827	1,827	-	-	-	-	341	341	2,168	1,767	1,863
Executive and council		612	612	-	-	-	-	(340)	(340)	272	487	513
Finance and administration		1,215	1,215	-	-	-	-	681	681	1,896	1,281	1,350
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		8,131	8,131	-	-	-	-	320	320	8,451	5,508	5,806
Community and social services		3,525	3,125	-	-	-	-	(2,015)	(2,015)	1,110	659	694
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		4,606	5,006	-	-	-	-	2,335	2,335	7,341	4,849	5,111
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		58,686	58,686	-	-	-	-	20,733	20,733	79,419	55,950	59,356
Planning and development		53,936	53,936	-	-	-	-	23,063	23,063	76,999	51,734	54,912
Road transport		4,750	4,750	-	-	-	-	(2,330)	(2,330)	2,420	4,216	4,444
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	68,644	68,644	-	-	-	-	21,393	21,393	90,037	63,225	67,024
Funded by:												
National Government		27,149	27,149	-	-	-	-	-	-	27,149	28,486	30,409
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	27,149	27,149	-	-	-	-	-	-	27,149	28,486	30,409
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		41,495	41,495	-	-	-	-	21,393	21,393	62,888	34,739	36,615
Total Capital Funding		68,644	68,644	-	-	-	-	21,393	21,393	90,037	63,225	67,024

PART 2 – SUPPORTING DOCUMENTATION

2.1 ADJUSTMENTS TO BUDGET ASSUMPTIONS

Adjustment budget on financial performance (revenue and expenditure)

Table below provides a brief summary of the budget adjustment of the municipality in the revenue, operating and capital expenditure. The revenue of the municipality has decreased from R191 million to R189 million in the adjustment budget and that is 1% decrease when compared to the originally approved budget. The contributing factor to this decrease is the property rates that has decrease by 14% when compared to the approved original budget as a result of Supplementary Valuation Roll received by the municipality towards the end of the previous financial year after the 2019/2020 Budget has already been approved by the Council.

Operational expenditure has increased from R188 million to R189 million in the adjustment budget and that is 1% increase when compared to the originally approved budget. The operating expenditure also includes electrification project funded by the municipality as the municipality is acting as an agent when it comes to the connection of electrification projects, therefor the municipality cannot capitalise such project. The overall surplus after operating expenditure is R27,1 million.

SUMMARY STATEMENT OF ADJUSTMENT BUDGET		
Description	2019/ 2020 Original Budget	2019/2020 Adjustment Budget
Total Operating Revenue	-191 056 000	-189 792 000
Total Capital Revenue	-27 149 000	-27 149 000
Operating Expenditure	188 039 000	189 781 000
Surplus/ (Deficit) before capital	-30 166 000	-27 160 000
Capital Expenditure	68 644 000	90 037 000
Other Grant revenue	Original Budget 2019/2020	Adjustment Budget 2019/2020
INEP Grant	-8 000 000	-8 000 000
Bhidla Housing Grant	-50 447 590	-50 447 590

2.2 ADJUSTMENTS TO BUDGET FUNDING

For Dr Nkosazana Dlamini Zuma Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times, strong revenue and expenditure management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with developed backlogs and poverty.

The expenditure to be incurred to address these challenges will inevitably always exceed available funding, hence difficult choices must be made in relation to tariff increase and balancing expenditure against realistically anticipated revenue.

The operational and capital budget is typically funded by Grants and the revenue generated by the Municipality. The municipality has a total budget of R 224,7 Million. That revenue will be used to fund the operational expenditure of R189,7 million, Capital expenditure of R90,5 million and Electrification projects of R11,7 million. The municipality has also used its own accumulated surplus to fund the expenditure difference as per the reconciliation of the accumulated surplus in table B8 of the adjusted budget tables below.

KZN436 Dr Nkosazana Dlamini Zuma - Table B8 Cash backed reserves/accumulated surplus reconciliation - 26/02/2020

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	A1	B	C	D	E	F	G	H			
Cash and investments available												
Cash/cash equivalents at the year end	1	56 033	(10 024)	-	-	-	-	101 828	101 828	91 803	119 791	119 660
Other current investments > 90 days		-	10 024	-	-	-	-	(10 024)	(10 024)	(0)	(8 902)	(1 975)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		56 033	-	-	-	-	-	91 803	91 803	91 803	110 889	117 685
Applications of cash and investments												
Unspent conditional transfers		7 944	-	-	-	-	-	12 545	12 545	12 545	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		619	-	-	-	-	-	619	619	619	-	-
Other working capital requirements	2	4 868	-	-	-	-	-	7 298	7 298	12 165	33 864	43 896
Other provisions		20 120	-	-	-	-	-	20 120	20 120	20 120	20 120	20 120
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		33 551	-	-	-	-	-	40 582	40 582	45 450	53 984	64 016
Surplus(shortfall)		22 482	-	-	-	-	-	51 221	51 221	46 353	56 906	53 670

2.3 ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANTS PROGRAMMES

The following table indicates the municipality's adjustment on allocation and grants programmes.

Name of Grant	Original Budget 2019/2020	Adjustments	Adjustment budget 2019/2020
Equitable Share	125,869,000	-	125,869,000
Integrated National Electrification	8,000,000	-	8,000,000
Municipal Infrastructure Grant	27,149,000	-	27,149,000
Financial Management Grant	3,000,000	-	3,000,000
Provincial of Libraries	2,640,000	-	2,640,000
Community Library Services Grant	1,017,000	-	1,017,000
Expanded Public Works	2,381,000	-	2,381,000
Building Plans Information Management System	500,000	-	500,000
Anti Corruption Grant	-	171343	171 343
TOTAL	170 556 000	171 343	170 727 343
Bhidla Housing Project	50 447 590	-	50 447 590
TOTAL INCLUDING BHIDLA	221 003 590	-	221 174 933

The municipality has not received the adjusted Dora as it has not been published yet therefore the allocation and grants for 2019/2020 are still the same. The increased of R171 344 is due to provincial rolled over of anti-corruption grant.

2.4 ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The municipality does not have any grants transfers or allocations made to another municipality or institutions. The amount of R 1, 905 000 appearing on Table B4 as Transfers and subsidies is for Free Basic Electricity paid to Eskom for indigents.

2.5 ADJUSTMENT TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

The remuneration for councilors has not been adjusted as the Gazette on the determination of upper limits on remuneration of municipal councilors has not been published as when the adjustment budget was prepared.

Employee benefits has been adjusted downwards from R 63,9 million to R 60,6 million and that is 5% decrease when compared to the original adjustment that was approved. The contributing factor to such decrease is because of the position that were vacant during the first half of the financial year and some of them will be filled towards the end of the financial year and some will be filled next financial year.

2.6 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

In order for the municipality to stick to its mandate of providing service delivery to its communities the municipality had to adjust its budget and targets on municipal programmes downwards and increase on capital projects/ service delivery related projects. This SDBIP is aligned with both the revised budget and the Integrated Development Plan (IDP) for 2019/20 financial year. All departments have revised their 2019/20 budgets and SDBIP plans taking into consideration the importance of reporting on the strategic indicators and operational indicators to be reported and monitored at a departmental level. The revised SDBIP is the one that is going to be audited by the Auditor General in August 2020. for more information, Service Delivery and Budget Implementation Plan Report is Attached.

2.7 ADJUSTMENTS TO CAPITAL EXPENDITURE

Table B5 below indicates the summary of the municipality's adjustments budget on capital expenditure. The municipalities capital expenditure has been adjusted upwards by 24% in the adjustment budget when compare to the original budget that was approved, that is from R68,6 million to R90,6 million. The contributing factors to such increase is the project that were multi-year/ rolled over from previous financial year to the current financial year as it was indicated in the current Mid-Year budget and performance assessment that was presented to Council in January 2020. All those projects are being funded by accumulated surplus from 2018/19 financial year and other savings that the municipality has made from cutting down on some items in operating expenditure as the municipality had already received the allocation for 2019/20 financial year and it was not sufficient for the municipality to render services to its communities.

KZN436 Dr Nkosazana Dlamini Zuma - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 26/02/2020

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjus.	Adjus.	Budget	Budget	Budget
R thousands	A	A1	B	C	D	E	F	G	H			
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		2 000	2 000	-	-	-	-	(2 000)	(2 000)	-	-	-
Vote 5 - Public Works and Basic Services		7 500	9 000	-	-	-	-	3 950	3 950	12 950	2 635	2 777
Vote 6 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	9 500	11 000	-	-	-	-	1 950	1 950	12 950	2 635	2 777
Single-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		612	612	-	-	-	-	(340)	(340)	272	487	513
Vote 2 - Budget and Treasury		303	303	-	-	-	-	100	100	403	319	337
Vote 3 - Corporate Services		412	412	-	-	-	-	656	656	1 068	435	458
Vote 4 - Community Services		5 931	5 931	-	-	-	-	2 320	2 320	8 251	5 297	5 583
Vote 5 - Public Works and Basic Services		51 766	50 266	-	-	-	-	16 708	16 708	66 974	53 926	57 223
Vote 6 - Planning and Development		120	120	-	-	-	-	-	-	120	126	133
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		59 144	57 644	-	-	-	-	19 443	19 443	77 087	60 590	64 247
Total Capital Expenditure - Vote		68 644	68 644	-	-	-	-	21 393	21 393	90 037	63 225	67 024
Capital Expenditure - Functional												
Governance and administration		1 827	1 827	-	-	-	-	341	341	2 168	1 767	1 863
Executive and council		612	612	-	-	-	-	(340)	(340)	272	487	513
Finance and administration		1 215	1 215	-	-	-	-	681	681	1 896	1 281	1 350
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		8 131	8 131	-	-	-	-	320	320	8 451	5 508	5 806
Community and social services		3 525	3 125	-	-	-	-	(2 015)	(2 015)	1 110	659	694
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		4 606	5 006	-	-	-	-	2 335	2 335	7 341	4 849	5 111
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		58 686	58 686	-	-	-	-	20 733	20 733	79 419	55 950	59 356
Planning and development		53 936	53 936	-	-	-	-	23 063	23 063	76 999	51 734	54 912
Road transport		4 750	4 750	-	-	-	-	(2 330)	(2 330)	2 420	4 216	4 444
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	68 644	68 644	-	-	-	-	21 393	21 393	90 037	63 225	67 024
Funded by:												
National Government		27 149	27 149	-	-	-	-	-	-	27 149	28 486	30 409
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	27 149	27 149	-	-	-	-	-	-	27 149	28 486	30 409
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		41 495	41 495	-	-	-	-	21 393	21 393	62 888	34 739	36 615
Total Capital Funding		68 644	68 644	-	-	-	-	21 393	21 393	90 037	63 225	67 024

Electrification projects

Capital expenditure of Dr NDZ municipality does not include Electrification projects although the municipality does receive an allocation for INEP project. The reason for that is that the municipality not an electricity Service Provider and does not have a license to provide electricity to its residents, it acts as an agent when it comes to electrification project.

Bhidla Housing project

The municipality has received a letter from the Department of Human settlement in 2018/2019 financial year stating that the municipality will receive a revenue from them to fund the Bhidla housing project that is in progress in the municipality. Because of the accounting treatment and some regulation, the municipality is not including that money on its budget as they will be not owning these housing at the end of the day but they will be only owned by the department of human settlement the municipality is only be acting as an agent in this project and the municipality is not receiving the money upfront as other funding like MIG and Electrification but the funding is based on the invoices for the work done from the service provider.

2.8 OTHER SUPPORTING DOCUMENTS

2.8.1 Operating revenue

The major contributing to the revenue of Dr NDZ Municipality is grants; the municipality has a low collection on rates, refuse, traffic fines, and other revenue. This is an indication that the municipality is highly dependent on grants, the contributing factor on this dependence is that most of Dr NDZ Municipal communities are in rural areas as a result the municipality is not generating any revenue from them.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed to the municipality. Furthermore, the Municipality has undertaken various customer care initiatives to ensure that the municipality truly involves all citizens in the process of ensuring a people lead government. Amongst other things that the municipality has done is that of strengthening the municipality's debt collection unit. The collection unit is following on customer with the collection process mostly on customers where they have been no payment to account for a number of months, which we have seen responses with customer settling their account in full and other coming forward to make arrangements. The municipality is doing everything in its powers to collect the outstanding

debts from customers and to decreasing the aging debt. The municipality has appointed attorneys to assist in debt collection and is also planning to recover cash in terms of a debt collection strategy from consumers to ensure sufficient cash is available to meet daily requirements.

2.8.2 Operating Expenditure

The Municipality's expenditure framework for the 2019/20 adjustment budget and MTREF is informed by the following:

- 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 programme is aligned to the asset renewal strategy and backlog eradication plan and
- Operational gains and efficiencies will be directed to funding the capital budget and other core services.

2.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2019/20 budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

2.8.4 Overview of alignment of adjustment budget with IDP and SDBIP

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.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. 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 aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

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 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP but must also conduct its affairs in a manner which is consistent with its IDP.

2.9 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, N.C Vezi Municipal Manager of Dr Nkosazana Dlamini Zuma Municipality hereby certify that the Adjustment Budget for the year 2019/20 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the act. And that the Adjustment Budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: N.C Vezi

Municipal Manager of Dr Nkosazana Dlamini Zuma Municipality, KZN436

Signature: _____

Date: _____