

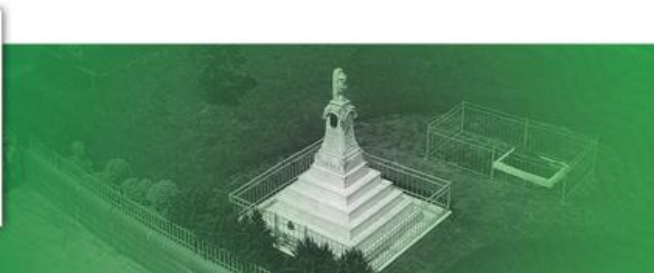
DRAFT BUDGET 2022/23 FINANCIAL YEAR SUBMISSION FOR PUBLIC PARTICIPATION



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BASIC ECONOMIC PRINCIPLES

- Kwadukuza has unlimited needs.
- The municipality has limited resources to attain these needs.
- Therefore we need to carefully consider what are the most important needs.
- Allocate resources to only those most important needs.
- Create a balance in the budget :
 Revenue vs Expenditure ; Capital vs Operational ; Effective methods of service delivery
- Stick to the plan.



ROAD SO FAR

- Process commenced in prior year with issue of CFO Budget Memo
- Section 72 and Adjustment Budget process
- Various Budget Sessions at MANCO
- Budget Steering Committee – Policies and Budget Principles
- Budget Steering Committee – Draft Budget for Public Comment
- Tabling of Draft Budget at Council : 31 March 2022
- ***Public Participation for discussion and prioritisation of projects***



BUDGET SUMMARY - OPERATIONAL

CATEGORY	ITEM	DRAFT INCREASE
Revenue	Rates	5% Increase
Revenue	Refuse	6% Increase
Revenue	Electricity	Average 6% Increase
	<ul style="list-style-type: none"> Domestic and Indigent (conventional and prepaid) excluding tariff 2 domestic customers with bulk meters 	3%
	<ul style="list-style-type: none"> Industrial, Business ,Commercial and other categories not specifically mentioned above 	7.47%
Revenue	Average Increase	4 % Increase
Expenditure	Bulk Purchase	8,61%
Expenditure	PPP Refuse Removal	6,4% Increase
Expenditure	Salaries	4,9% Increase

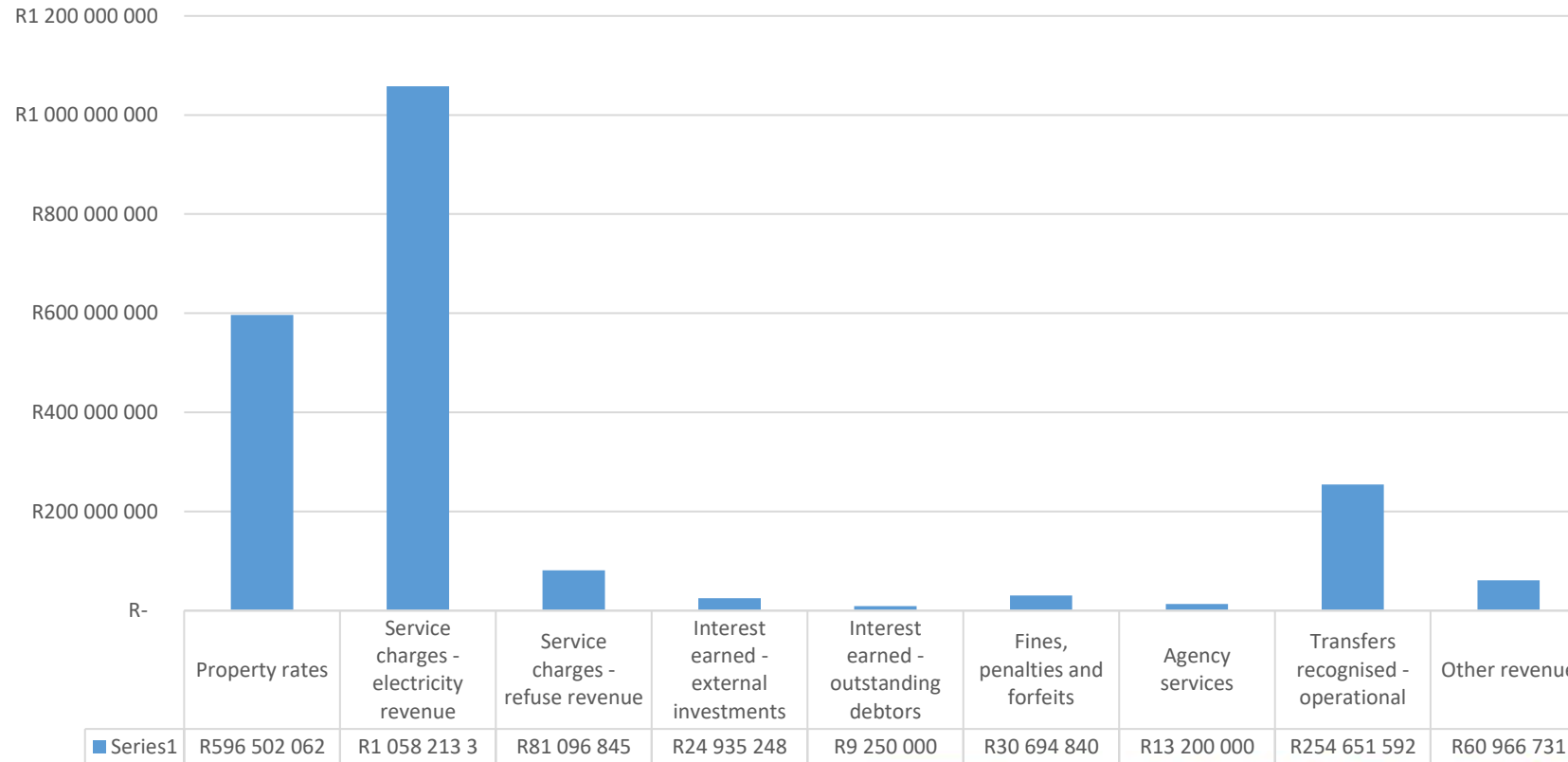
BUDGET SUMMARY - REVENUE

REVENUE BY SOURCE

Property rates	R	596,502,062
Service charges - electricity revenue	R	1,058,213,304
Service charges - refuse revenue	R	81,096,845
Interest earned - external investments	R	24,935,248
Interest earned - outstanding debtors	R	9,250,000
Fines, penalties and forfeits	R	30,694,840
Agency services	R	13,200,000
Transfers recognised – operational grants	R	254,651,592
Other revenue	R	60,966,731
TOTAL REVENUE	R	2,129,510,623



BUDGET SUMMARY - REVENUE



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BUDGET SUMMARY – EXPENDITURE

EXPENDITURE BY SOURCE

Employee related costs	R	544,984,095
Remuneration of councillors	R	27,116,200
Debt impairment	R	23,200,000
Depreciation & asset impairment	R	100,621,596
Finance charges	R	25,100,764
Bulk purchases	R	937,966,374
Other materials	R	30,437,530
Contracted services	R	286,841,371
Transfers and grants	R	13,811,544
Other expenditure	R	138,705,108

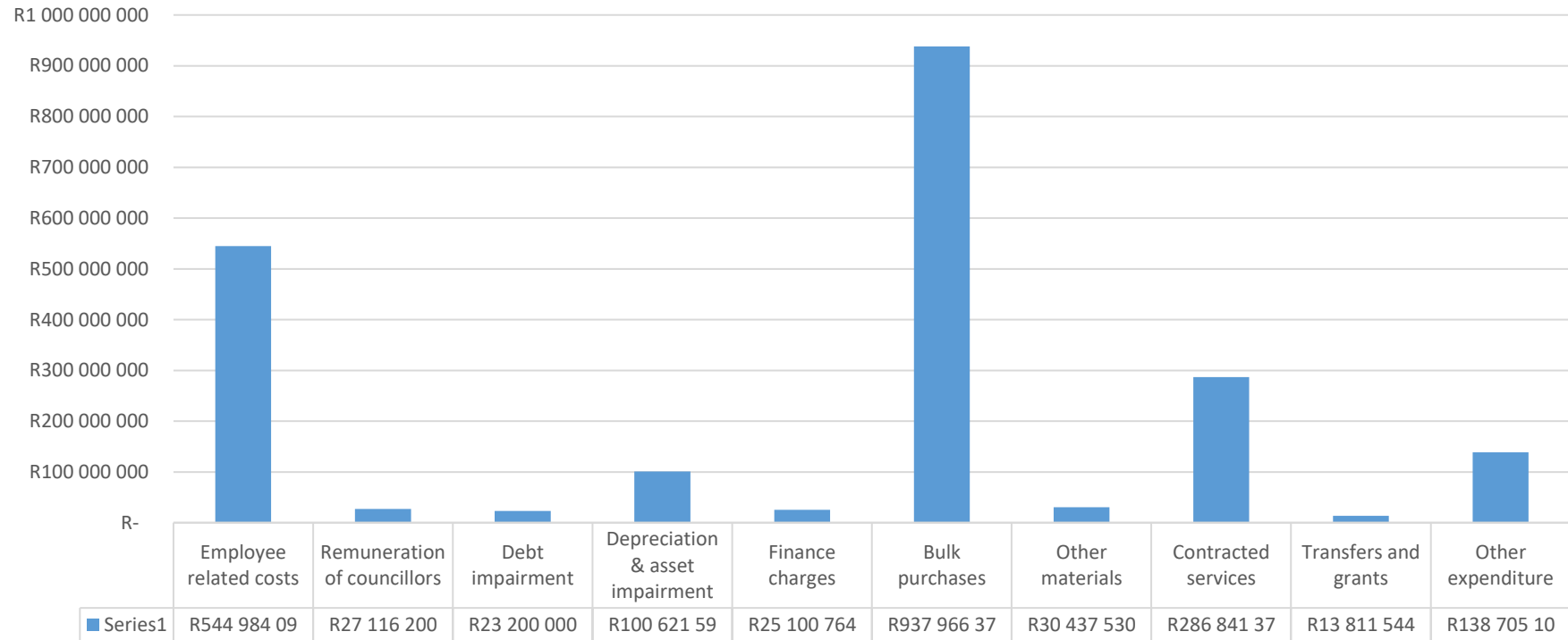
TOTAL EXPENDITURE

R 2,128,784,581



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BUDGET SUMMARY - EXPENDITURE



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BUDGET SUMMARY - CAPITAL

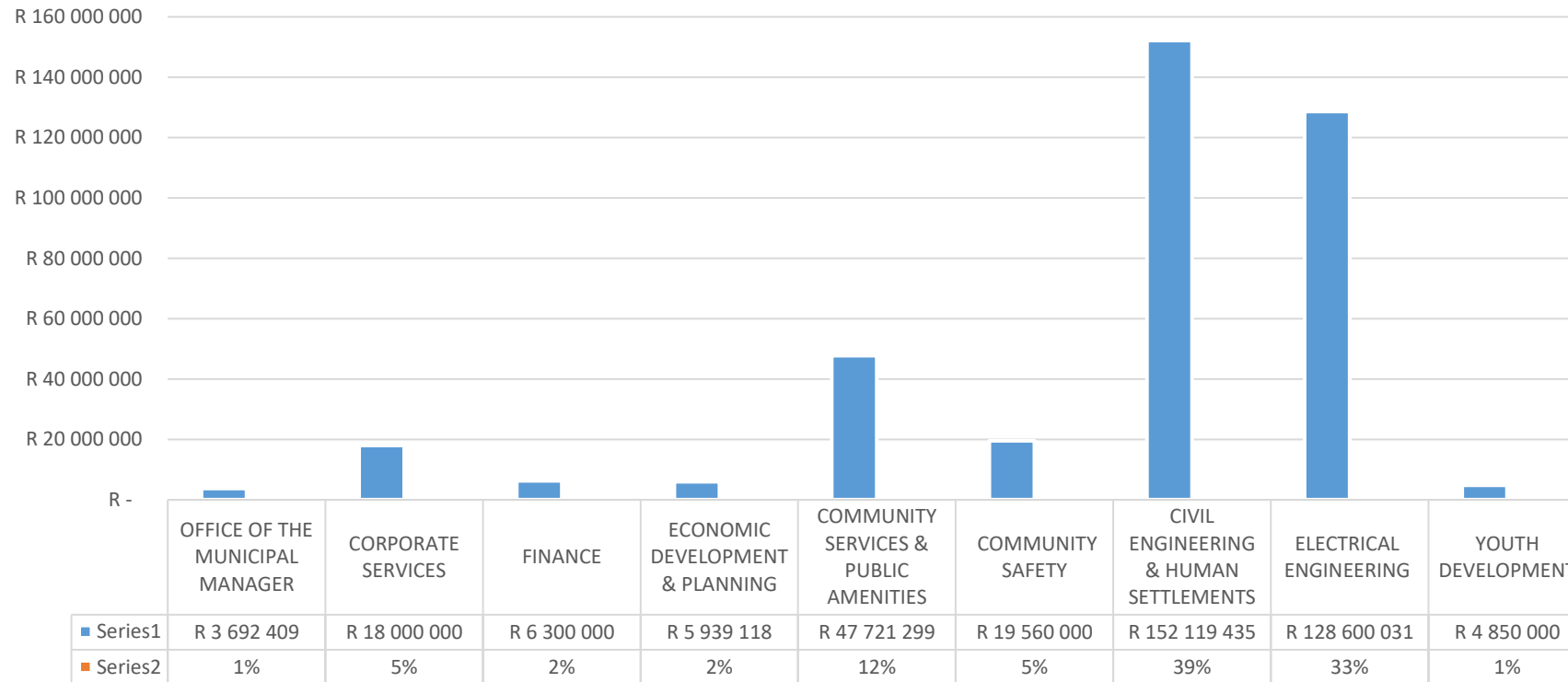
BUSINESS UNIT	DRAFT BUDGET
OFFICE OF THE MUNICIPAL MANAGER	R 3,692,409
CORPORATE SERVICES	R 18,000,000
FINANCE	R 6,300,000
ECONOMIC DEVELOPMENT PLANNING	R 5,939,118
COMMUNITY SERVICES & PUBLIC AMENITIES	R 47,721,299
COMMUNITY SAFETY	R 19,560,000
CIVIL ENGINEERING & HUMAN SETTLEMENTS	R 152,119,435
ELECTRICAL ENGINEERING	R 128,600,031
YOUTH DEVELOPMENT	R 4,850,000
TOTAL	R 386,782,292



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BUDGET SUMMARY - CAPITAL

DRAFT BUDGET PER BUSINESS UNIT



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BUDGET SUMMARY - CAPITAL

FUNDING SOURCES	2022/2023	2023/2024	2024/2025	TOTAL
Internal Reserves	239,105,900	232,037,529	139,453,982	610,597,411
Grants	137,676,392	121,840,819	102,792,310	362,309,521
External Loans	10,000,000	30,000,000	72,000,000	112,000,000
	386,782,292	383,878,348	314,246,292	1,084,906,932



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BUDGET SUMMARY – CAPITAL

DRAFT CAPITAL BUDGET FUNDING



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INDIGENT SUPPORT

- Indigent customers qualify for **75kWh** of free basic electricity
- Child headed Households qualify for 250 kwh of free basic electricity (75kwh plus extra 175kwh)
- No. of households currently supported by KDM –
 - **9 426** for free basic electricity
 - **11 398** for free refuse removal



INDIGENT SUPPORT

- Current indigent beneficiaries do not need to re-apply for indigent support for the 2022/2023 year. These households indigent status shall be further verified during June 2022 and benefits will be automatically activated on 01 July 2022 should the household be verified as indigent.
- Ad hoc applications will be accepted from households that are not on the current indigent register. These households may formally apply for indigent support on the prescribed form provided that they satisfy the qualifying criteria/principles determined by the Council.



REBATE STRUCTURE

- A general rebate, applicable in the 2022/2023 financial year only, in respect of all categories of properties, excluding properties in receipt of developers' rebates: 25%
- The following shall apply after deduction of the general rebate:
 - Pensioners and Disability Grantees rebates:
 - Applicants under the age of 65 years - 25%
 - Applicants between 65 and 75 years - 30%
 - Applicants older than 75 years - 35%
 - Agricultural properties: 50%
 - Rebate: child headed households: 100%.



REBATE STRUCTURE

- Excluded Services Rebate: 15%
- Places of worship: 100%
- Public benefit organizations: 100%
- Land reform beneficiaries: 100%
- State land: 100%
- Commercial Developers incentives:
 - 100% rebate - Year 1
 - 90% rebate - Year 2
 - 80% rebate - Year 3
 - 70% rebate - Year 4
 - 60% rebate - Year 5
 - No Incentive - From year 6 onwards

Please note general rebate not applicable to commercial developers



REBATE STRUCTURE

- Residential Developers incentives, applicable only in respect of existing service level agreements:
 - 100% rebate - Year 1
 - 100% rebate - Year 2
 - 90% rebate - Year 3
 - 80% rebate - Year 4
 - 70% rebate - Year 5
 - 60% rebate - Year 6
 - 50% rebate - Year 7
 - No Incentive - From year 8 onwards

Please note general rebate not applicable.

- 100% rebate in respect of the following PSI properties (phasing out of rates):
National, provincial or other public roads on which goods, services or labour move across a municipal boundary; water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer; and railway lines forming part of a national railway system.



BILLING SCENARIO

<u>Residential Properties High</u>	<u>Rates</u>	<u>Electricity</u>	<u>Refuse</u>	<u>Total</u>	<u>Increase</u>
Valuation/Units:	4 000 000	2 500	2 x Weekly		
2022/23	2,300.11	5,683.03	219.00	8,202.14	3.6.%
2021/22	2,191.09	5,517.51	206.19	7,914.79	0.86%
2020/21	2,833.81	4,815.00	198.26	7,847.07	2.29%
<u>Residential Properties Medium</u>	<u>Rates</u>	<u>Electricity</u>	<u>Refuse</u>	<u>Total</u>	<u>Increase</u>
Valuation/Units:	1 250 000	1 200	2 x Weekly		
2022/23	678.24	2,727.85	219.00	3,625.09	3.50%
2021/22	646.09	2,648.40	206.19	3,500.69	4.65%
2020/21	835.61	2,311.20	198.26	3,345.07	1.74%



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BILLING SCENARIO

<u>Residential Properties Medium Low</u>	<u>Rates</u>	<u>Electricity</u>	<u>Refuse</u>	<u>Total</u>	<u>Increase</u>
Valuation/Units:	800 000	1,200	2 x Weekly		
2022/23	412.84	2,727.86	219.00	3,359.70	3.41%
2021/22	393.27	2,648.40	206.19	3,247.87	7.61%
2020/21	508.63	2,311.20	198.26	3,018.09	1.27%
<u>Residential Properties Low</u>	<u>Rates</u>	<u>Electricity</u>	<u>Refuse</u>	<u>Total</u>	<u>Increase</u>
Valuation/Units:	200 000	500	2 x Weekly		
2022/23	58.98	1,136.61	219.00	1,414.59	3.51%
2021/22	56.18	1,103.50	206.19	1,365.87	10.69%
2020/21	76.66	963.00	198.26	1,233.92	0.99%



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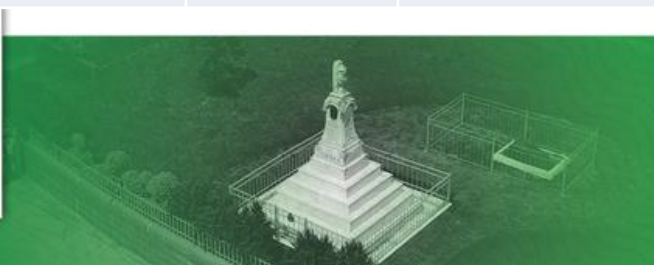
BILLING SCENARIO

<u>Residential Properties Indigent</u>	<u>Rates</u>	<u>Electricity</u>	<u>Refuse</u>	<u>Total</u>	<u>Increase</u>
Valuation/Units:	130 000	150	1 x Weekly		
2022/23	-	161.01	0.00	161.01	3.00%
2021/22	-	156.32	0	156.32	14.59%
2020/21	-	136.42	-	136.42	0.00%
<u>Commercial</u>	<u>Rates</u>	<u>Electricity</u>	<u>Refuse</u>	<u>Total</u>	<u>Increase</u>
Valuation/Units:	4 000 000	8 000	5 x Weekly		
2022/23	7,298.18	20,445.95	453.00	28,197.13	8.2%
2021/22	6,951.82	19,024.80	426.85	26,406.11	1.54%
2020/21	8,991.02	16,604.80	410.43	26,006.25	6.21%



BILLING SCENARIO

<u>Maximum Demand Medium</u>	<u>Rates</u>	<u>Electricity</u>	<u>Refuse</u>	<u>Total</u>	<u>Increase</u>
Valuation/Units:	16 000 000	420KVA;165 000KWH	12 x 5 x Wkly		
2022/23	29,192.73	371,185.80	5,436.00	405,814.53	8.90%
2021/22	27,807.27	345,840.30	5,122.17	372,339.11	8.65%
2020/21	35,964.07	301,818.90	4,925.16	342,708.13	1.75%
<u>Maximum Demand High</u>	<u>Rates</u>	<u>Electricity</u>	<u>Refuse</u>	<u>Total</u>	<u>Increase</u>
Valuation/Units:	45 000 000	420KVA;165 000KWH	24 x 5 x Wkly		
2022/23	82,104.55	407,219.50	10,872.00	500,196.05	6.90%
2021/22	78,207.95	379,397.00	10,244.33	467,849.29	5.82%
2020/21	101,148.95	331,106.00	9,850.32	442,105.27	2.50%



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BILLING SCENARIO

<u>Maximum Demand High</u>	<u>Rates</u>	<u>Electricity</u>	<u>Refuse</u>	<u>Total</u>	<u>Increase</u>
Valuation/Units:	300 000 000	2500KVA;960 000KWH	200 x 5 x Wkly		
2022/23	547,363.64	2,105,654.60	90,600.00	2,743,618.24	6.9%
2021/22	521,386.36	1,959,295.25	85,369.44	2,566,051.05	8.46%
2020/21	674,326.36	1,609,555.60	82,086.00	2,365,967.96	6.16%



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BUDGET POLICY REVIEW

BUDGET POLICIES ARE IN THE PROCESS OF THE ANNUAL REVIEW. THESE POLICIES ARE LISTED HEREUNDER :

- Rates Policy
- Credit Control & Debt Collection Policy
- Indigent Policy
- Tariff Policy
- Cash Management & Investment Policy
- Borrowing Policy
- Virement Policy
- Budget Policy
- Funding & Reserves Policy
- Asset Management Policy
- Long Term Financial Planning Policy
- Policy on Infrastructure, Investment & Capital Projects

ABOVE POLICIES (AFTER AMENDMENTS) WILL BE EFFECTIVE FROM 1ST JULY 2022.



WAY FORWARD

STEP ONE

March 2022

Authorisation/ Approval
of Budget For
Community
Participation

STEP TWO

April & May 2022

Community Meetings
and further Council
Engagements

STEP THREE

May 2022

Approval of Final Budget
and Policies for 2022/23
by Council.



THANK YOU



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