It gives me great pleasure to present our draft multi-year budget for the King Cetshwayo District Municipality for the years 2020/2021 to 2022/2023.

We have prioritised service delivery of water, sanitation and other core functions over other programmes which our communities have come to expect from us, and may be disappointed not to receive.

Furthermore, the balancing of the budget also took into consideration any budget movements during the year as well as allowances for annual increases on expenditure items that are contractual in nature or that are necessary in the continued operations of the municipality.

To augment the budget funding, an amount of R10.6m was utilised from the accumulated depreciation reserves to fund some capital expenditure and ensure the proper maintenance of the water schemes to ensure uninterrupted supply of potable water to our communities. It also became necessary for the municipality to apply the cash backed reserves relating to the rehabilitation of the Regional Landfill site. The site requires rehabilitation, as well as the construction of cell 3, as the current airspace in the landfill site is only left with twelve months’ capacity.

THE GRANT ALLOCATIONS FROM NATIONAL TREASURY, PER THE DIVISION OF REVENUE BILL, 2020 IN COMPARISON TO THE PROJECTIONS OF THE 2019 DIVISION OF REVENUE ACT GRANT ALLOCATION, ARE AS FOLLOWS

- Equitable share & Levy Replacement Grant: R557 703 million
- Local Finance Management Grant: R1,2 million
- Municipal Infrastructure Grant: R169,623 million
- Water Services Infrastructure Grant: R75 million
- Rural Roads Assets Management Systems Grant (RRAAMS): R 2,550 million
- EPWP Incentive Grant: R5 276 million
- Regional Bulk Infrastructure Grant: R27,409 million

It is also important to note that it appears that no grants have been proposed for the District for the 2020/21 MTREF from any of the Provincial departments.

The proposed increases on Trading Services revenue were revised by the Revenue Section and were considered by the Budget Steering Committee in February 2020. The total expected revenue on Service charges is expected to be above the MTREF projected amount by R5.2m.

The revenue expected from the landfill site has been revised downwards from the 2019/20 projections as a result of some of the waste types that are no longer permitted to be disposed of in a landfill site in terms of the conditions of licence, while the Water revenue is expected to exceed the 19/20 MTREF projections by R13.3m, due to the changes in the pricing structure.

Below is the summary of the draft budget including the projected grants as well as the consolidated Operational and Capital expenditure as submitted by departments, after adjustments to balance the budget had been made.

A summary of the draft budget is the following:

Revenue Budget:

- Grants and subsidies: R281 million
- Equitable Shares & Levy Replacement Grant: R558 million
- Trading Services: R103 million
- Interest on Investments: R 34 million
- Cash Backed Reserves: R29.8 million

Expenditure:

- Non-trading services: R256 million
- Trading services: R500 million
- Operational IDP: R 55 million
- Capital IDP: R296 million

After the reprioritisation process, the expenditure has been aligned to the expected revenue, amounting to a total budget of R3.291 billion for the MTREF.

As required by Section 23 of the MFMA with regards to public participation, we are embarking on a process of communicating the draft budget to our communities and stakeholders, however it must be noted that due to the Presidential proclamation on public events as a response to the corona virus pandemic, we will not be able to conduct roadshows.

We will therefore be utilising other channels of communication to ensure maximum community participation, including, but not confined to:

- The municipal website
- Radio interviews
- Publication of the draft budget supplement in the local newspapers
- Social media
- Pamphlets to be distributed to Traditional Councils

We will provide suggestion boxes and email addresses for the community to give input into the draft budget.
A total budget of R19.2m for these two projects has been set aside for the 2020/21 financial year, while in 2021/22 an amount of R39.7m has been set aside. It is anticipated that the construction of cell 3 will take 18 months.

**TARIFTS**

We are aiming to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. We have taken this into consideration when applying our minds to the tariffs for the 2020/21 year and therefore have to ensure that our tariffs are cost-reective.

Water tariffs will increase on average by 6% and the monthly service fees charged to domestic consumers will be abolished. Consumers will however pay for all water consumed and only registered indigent consumers will receive free water amounting to 6kl per month.

A new fee for developers shall be implemented where all new developments will be levied a fee which will be used to supplement the costs incurred to develop reticulation networks and metering systems.

Council is also aiming at intensifying cost recovery on the backdrop of our dwindling revenue sources. In this regard rural communities who are receiving water will be requested to contribute a flat rate of R 40.00 per month.

Sanitation tariffs will increase by 6% and all registered indigent consumers will receive free sewer services for water borne sewerage systems.

Cemetery fees will increase by 6%.

Waste site tariffs will increase by 10%, however charges for waste mud and reclassified sand will increase by 20% and 30% respectively.

Thank you!
1. Incentive Policy

The key elements of Council’s Incentive policy are summarised as follows:

**PURPOSE**
The policy has been formulated to write off old outstanding debt deemed as irrecoverable and at the same time rehabilitate defaulting consumers so as to ensure that the cost of bad debt in the future years would decrease considerably.

**APPROACH**
Council in identifying individual consumers with long outstanding debts shall enter into a binding agreement with such consumers whereby the following obligations and benefits shall emanate:

a) Council shall “park” a determined amount of outstanding debt and such debts shall incur no interest charges nor shall it be subject to any credit control actions.

b) The consumer shall commit to making all future payments in full on or before due date.

c) On receipt of 3 consecutive month’s payments, Council shall write off 1/9 of the outstanding debts.

**AIM**
In adopting this policy it is Councils intention that a debtor will after 36 months have his outstanding debts written off in full and furthermore the said debtor would have become accustomed to making regular payment for municipal services which furthermore secures long term sustainable revenue flows.

The incentive scheme further extends to consumers who have had their water meter changed to a prepaid system. The incentive will be in the form of a partial write off of debts, for each payment received with regards to arrears, debts equivalent to the payment value will be written off. e.g. payment received for R 180.00 shall entitle the consumer for a write off of R 180.00 effectively reducing the account by R 360.00 after his/her payment of R 180.00.

2. Indigent Policy

The key elements of Councils policy are summarised as follows:

**PURPOSE**
Council has identified that there is a vast number of older, will be registered as indigent consumers subject to application each year. Such consumers will be subject to assessment by an internal task team comprising senior management officials from the finance unit.

**TARGETED APPROACH**
Consumers who are identified as indigent shall receive the following benefits:
- 6kl of free water per month
- Exempt from the payment of water service charges
- Exempt from the payment of refundable deposits
- Exempt from payment of sewer charges
- May receive a prepaid water meter

**3. CREDIT CONTROL AND DEBT COLLECTION POLICY**

**AIM**
An approved Credit Control policy is in operation within the District of King Cetshwayo. The policy stipulates the processes to be followed in the recovery of debt. The application of the policy has produced positive results, even with due consideration to the worldwide economic crisis and the high unemployment rates within the district.

**4. TARIFF POLICY**

One of the primary functions of a Council is to provide services to the people resident within its municipal area. The funding of these services is made possible by charging for municipal services rendered. Tariffs represent the charges levied by Council on consumers for the utilisation of services provided by the Municipality. These are calculated dependent on the nature of service being provided. They may be set in a manner so as to recover the full cost of the service being provided or recover part of the costs or bring about a surplus that can be utilised to subsidise other non-economic services.

**OBJECTIVE**
The objective of the tariff policy is to ensure that:
- The tariffs of the Municipality comply with the legislation prevailing at the time of implementation.
- The Municipal services are financially sustainable, affordable and equitable.
- The needs of the indigent and aged are taken into consideration.
- There is consistency in how the tariffs are applied throughout the municipality and
- The policy is drawn in line with the principles as outlined in the MSA

**TARIFF OF CHARGES 2020/2021**

**WATER**

<table>
<thead>
<tr>
<th>Tier</th>
<th>Rate per KL</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>50kl – 149kl</td>
<td>27.31</td>
</tr>
<tr>
<td></td>
<td>150kl to 499kl</td>
<td>25.12</td>
</tr>
<tr>
<td></td>
<td>≥ 500kl</td>
<td>22.92</td>
</tr>
</tbody>
</table>

**SANITATION**

All Areas in District – Properties that can be are physically connected to the water borne sewer systems, whether connected or not.

Charges calculated per annum and apportioned monthly

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate per Ton</th>
<th>Cost or %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Waste</td>
<td>283.99</td>
<td>Cost + 2%</td>
</tr>
<tr>
<td>Animal carcass</td>
<td>283.99</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous - per Ton</td>
<td>No Longer Accepted</td>
<td></td>
</tr>
<tr>
<td>Waste mud with max moisture content of 60%</td>
<td>1,200.00</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous - per Ton</td>
<td>439.41</td>
<td></td>
</tr>
</tbody>
</table>
King Cetshwayo District Mayor Cllr Nonhle Mkhulisi urges all our citizens to take care of themselves to avoid becoming infected. Stay at home!

Wash your hands with soap thoroughly. Wash the backs of your hands, between the fingers and under the nails. Always wash your hands with soap before you eat and after being out in public.

Cover your mouth with a tissue paper when coughing or sneezing. Avoid touching your face with dirty hands at all times. If you have to, be sure to wash your hands with soap thoroughly first.

Bacteria can be transmitted onto knives, forks, spoons and straws. Only use clean utensils and do not share drinks. Always wash your hands before eating.

Typical symptoms include cough, runny nose, fever and shortness of breath. If you are experiencing any of these symptoms, seek medical attention promptly. Call the clinic or doctor ahead of your visit and inform them of your symptoms and travel history.

Let's work together to keep our district safe

I wish to thank our citizens for your contribution to ensuring a safe and peaceful environment in the past week, since the declaration of a national disaster over the spread of the COVID-19 virus.

Our essential services staff in the following sectors will be on duty to provide services to the community:

- Water Provision
- Wastewater Management
- Solid Waste Management
- Cemetery Services
- Disaster Management
- Environmental Health Services
- Emergency Financial Queries
- Emergency Procurement

Please check our social media pages for updates:
- Facebook: KingCetshwayo District Municipality
- Twitter: @Cetshwayo_dm

Building sustainable communities through excellent service delivery!

King Cetshwayo District Mayor Cllr Nonhle Mkhulisi urges all our citizens to take care of themselves to avoid becoming infected. Stay at home!

NOTE THE PRECAUTIONS BELOW:

1. WASH YOUR HANDS
   Wash your hands with soap thoroughly. Wash the backs of your hands, between the fingers and under the nails. Always wash your hands with soap before you eat and after being out in public.

2. GOOD PERSONAL HYGIENE
   Cover your mouth with a tissue paper when coughing or sneezing. Avoid touching your face with dirty hands at all times. If you have to, be sure to wash your hands with soap thoroughly first.

3. DO NOT SHARE FOOD AND UTENSILS
   Bacteria can be transmitted onto knives, forks, spoons and straws. Only use clean utensils and do not share drinks. Always wash your hands before eating.

4. SEE A DOCTOR IF YOU ARE UNWELL
   Typical symptoms include cough, runny nose, fever and shortness of breath. If you are experiencing any of these symptoms, seek medical attention promptly. Call the clinic or doctor ahead of your visit and inform them of your symptoms and travel history.

CONTACT US:
- Toll free Hotline - Water and other Services: 0800 203 602
- Toll free Disaster Hotline: 0800 111 258
- EMAIL: info@kingcetshwayo.gov.za

Please check our social media pages for updates:
- Facebook: KingCetshwayo District Municipality
- Twitter: @Cetshwayo_dm

Building sustainable communities through excellent service delivery!

Let us beat this pandemic together.