

MAY 29, 2020



# 2020/21 ANNUAL BUDGET AND THE MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK

2020/21

YOUR AFFORDABLE INVESTMENT DESTINATION

UGU SOUTH COAST DEVELOPMENT AGENCY  
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## 1. Executive Summary

The Municipal Finance Management Act No 56 of 2003, section 87(7)(b) provides that the board of directors of a municipal entity must approve the budget of the municipal entity not later than 30 days before the start of the financial year, taking into account any hearings and recommendations of the council of the parent municipality. The budget as compiled and approved must ensure that it supports the strategic objectives of the entity, that are derived from the mandate indicated in the Integrated Development Plan of the parent municipality, in this case, Ugu District Municipality.

### 1.1 Legislative Requirements

The 2020/21 Budget preparation comes at the backdrop of the general economic difficulties in the country, and specific financial position challenges that are currently being experienced by the parent. The entity's budget must therefore be reflective of these challenges, and how it raises beyond them to be able to achieve the strategic objectives as set out in the strategic plan as well as the annual performance plan. In achieving a realistic budget, the following were the guiding legislations and circulars: -

- Municipal Finance Management Act No. 56 of 2003, section 87
- MFMA Treasury Budget Circular No 99 of March 09, 2020
- Annexure to MFMA Treasury Budget Circular No 99 of April 08, 2020
- SALGBC Circular No 6 of 2018: Salary and Wage Collective Agreement

### 1.2 Past Audit Outcomes

USCDA has managed to receive unqualified, with matters of emphasis audit outcomes for the 2017/18 and the 2018/19 financial years. This indicates that the entity is in the correct trajectory in terms of financial controls and management and reporting thereof, whilst acknowledging challenges faced in implementation of projects due to insufficient funding.

### 1.3 The Financial Position of the Entity

As already indicated, the budget is compiled on the backdrop of difficult economic conditions throughout the country, and specific financial difficulties to Ugu District Municipality and local municipalities within the district. These difficulties have been brought into sharp focus by the world wide pandemic of COVID-19.

The entity is therefore no different, with a rather weak financial position that is impacted upon by the following factors:

- The amount of funds committed for the operations of the entity i.e. grant funding from the parent which may not be enough for the continuous operations till year end;
- The delayed or inconsistent transfer of allocations from all funders, including the parent municipality;
- Considerations of the affordability of the entity, in its current form, specifically by the parent municipality, with discussions alluding to possible discontinuation or merge with the sister entity, Ugu South Coast Tourism. At a higher level the Chairperson is engaging with the Mayor of Ugu for certainty on the existence of the entity over a longer term. The debate on the possible closure or merger of the entities needs to be concluded as it has a material effect on the current operations. That notwithstanding, the Board has adopted a pro-active approach aimed at fund-raising targeting both the private sector and government.

- Heavy reliance of the entity on grant funding, with fundraising initiatives not yielding any results thus far.

#### 1.4 Process Followed for Budget Compilation

The following is the process that was followed in preparation of the 2020/21 Annual Budget.

- ✓ **January 15, 2020:** 2020/21 Draft Budget tabled to the USFDA Board and approved for submission to Ugu District Municipality (In terms of the MFMA No. 56 of 2003 section 87(1), the board must initially, 150 days before the start of a financial year, submit to the parent municipality a proposed budget.)
- ✓ **March 26, 2020:** Consideration of the budget by Ugu District Municipality Council, noted for further engagement and public consultation;
- ✓ **May 13, 2020:** Management Committee Meeting of Ugu DM to consider comments and further engage on the budget;
- ✓ **May 18, 2020:** Corporate and Finance Sub-Committee of USFDA considers the budget after management committee engagement, resolves on a final submission to Ugu DM;
- ✓ **May 28, 2020:** Ugu DM Council considers the budget and approves;
- ✓ **May 29, 2020:** USFDA Board resolves to approve the budget after all considerations.

#### 1.5 Budget Assumptions

The 2020/21 Annual Budget was prepared on the basis of a couple of budget assumptions, this coupled with the balancing exercise that must be carried out, considering realistically anticipated revenues: -

Annual budget is prepared mainly looking at the provision of the MFMA Treasury Circular No. 98 and 99 in terms of the projected inflation rate. In terms of this circular, the CPI rates are as follows:

Macroeconomic performance and projections, 2018 - 2022					
Fiscal year	2018/19 Actual	2019/20 Estimate	2020/21	2021/22 Forecast	2022/23
CPI Inflation	4.70%	4.30%	4.90%	4.80%	4.80%

We also take into consideration the service level agreements that are currently in place in relation to the Parent Municipality and other local municipalities within the district. It is important to note that the SLA's have not been finalised with all the municipalities, and as such we have utilised a 5% increment on them, considering the trend over the past three to four years.

The Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 is still in operation, and as such we have used the increments as provided for in the agreement to forecast employee related costs for the periods. For the two outer years, we have used the forecast CPI Inflation rates as these are not covered by the agreement. This means for 2020/21 we have utilised a  $4.90\% + 1.25\% = 6.15\%$ .

#### 1.6 Budget Related Policies

The management and board reviewed the budget related policies with no adjustments proposed, whilst encouraging on-going assessments of their effectiveness and identification of barriers that may be imposed by some. The reviewed policies are:

- The Budget Policy;
- The Supply Chain Management Policy;

- The Virement Policy

## 2. Budget Resolutions

The Board resolves to approve:

- The 2020/21 USFDA Annual Budget and the Medium-Term Revenue and Expenditure Framework;
- The Budget Related Policies as reviewed and listed
  - The Budget Policy;
  - The Supply Chain Management Policy;
  - The Virement Policy

## 3. Budget Summary

Ugu South Coast Development Agency					
DRAFT BUDGET FOR 2020/21 AND THE MTREF					
	13 195 498.28	9 085 909.90	13 325 040.33	8 998 033.57	9 429 939.19
	13 195 498.28	10 304 980.098	13 325 040.331	8 998 033.576	9 429 939.188
	<b>0.00</b>	<b>-1 219 070.20</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
DRAFT BUDGET					
Description	Adjusted Budget	2020/21		2021/22	2022/23
		1st Draft	2nd Draft	2nd Draft	2nd Draft
<b>Transfers and Subsidies [Revenue - Non-exch</b>					
Parent Allocation - Ugu District Municipality	6 838 495.52	5 481 408.00	5 481 408.00	5 755 478.40	6 043 252.32
Municipal Allocations - Umdoni Local Municipality	578 812.50	607 753.13	607 753.13	638 140.78	670 047.82
Grant Received - Umzumbe Local Municipality	578 812.50	607 753.13	607 753.13	638 140.78	670 047.82
Grant Received - Ray Nkonyeni Municipality	869 565.22	913 043.48	913 043.48	958 695.66	1 006 630.44
Grant Received - Umuziwabantu Local Municipality	578 812.50	607 753.13	607 753.13	638 140.78	670 047.82
Grant Received - National School Nutrition Programme	2 500 000.00	0.00	2 500 000.00	0.00	0.00
Grant Received - KZNDETEA Ifafa Farm	900 000.00	500 000.00	500 000.00	0.00	0.00
Grant Received - KZNDETEA Umzumbe River Trails	0.00	0.00	1 739 130.43	0.00	0.00
	<b>12 844 498.24</b>	<b>8 717 710.86</b>	<b>12 956 841.29</b>	<b>8 628 596.40</b>	<b>9 060 026.22</b>
<b>Other Revenue</b>					
Interest Received - Bank Accounts	130 000.00	136 370.00	136 370.00	142 915.76	149 775.72
Sale of Tender Documents	3 000.04	3 147.04	3 147.04	3 298.10	3 456.41
Management Fees - Ifafa Farm Elysium	218 000.00	228 682.00	228 682.00	223 223.32	216 680.85
	<b>351 000.04</b>	<b>368 199.04</b>	<b>368 199.04</b>	<b>369 437.18</b>	<b>369 912.97</b>
<b>Total Revenue</b>	<b>13 195 498.28</b>	<b>9 085 909.90</b>	<b>13 325 040.33</b>	<b>8 998 033.57</b>	<b>9 429 939.19</b>
<b>Expenditure</b>					
Interest, Dividends and Rent on Land [Expen	90 000.00	153 320.61	153 320.61	160 680.00	168 392.64
Contracted Services [Expenditure]	1 949 997.60	1 021 516.66	2 501 184.57	274 632.73	287 815.11
Depreciation and Amortisation [Expenditure]	68 640.00	72 003.36	72 003.36	75 459.52	79 081.58
Inventory Consumed [Expenditure]	2 515 717.50	0.00	2 500 000.00	0.00	0.00
Operating Leases [Expenditure]	725 000.00	760 525.00	500 000.00	524 000.00	549 152.00
Operational Cost [Expenditure]	1 613 229.11	1 692 277.34	1 365 617.73	1 431 167.38	1 499 863.41
Employee Related Cost [Expenditure]	5 360 821.34	5 690 511.85	5 360 821.34	5 618 140.76	5 887 811.52
Board Fees	872 092.73	914 825.27	872 092.73	913 953.18	957 822.93
	<b>13 195 498.28</b>	<b>10 304 980.10</b>	<b>13 325 040.33</b>	<b>8 998 033.58</b>	<b>9 429 939.19</b>

The above table shows the summary of the budget in terms of the composition of its revenue sources and expenditure items. The revenue and expenditure as indicated in the table above shows a heavy reliance on grant funding of the entity, and the fact that to a large extent, the entity plays a facilitation role with very limited funds for implementation of projects by the entity. The following movements and brief explanations can be given in terms of budgeted summary:

- **KZN EDTEA Grant Umzumbe River Trails:** We have accounted for an amount of R1.7million to be received from KZN EDTEA for Umzumbe River Trails already disbursed to Ugu DM. The same amount is allocated on the expenditure for the implementation of Umzumbe River Trails.
- **Employee Related Costs and Board Fees:** These costs have been reduced with anticipation of the reduced travelling costs that will be realised with the convening of virtual meetings.
- **Rental of Offices:** The amount for rental of offices has been reduced to R500 000 with the anticipation that the sourcing of alternative office space for offices will be successful.
- **External Audit Fees:** These have been reduced to R350 000 with the assumption that there will not be any major prior-year adjustments to the annual financial statements that will require further auditing.
- **Printing and Publications:** The budgeted amount for this item has been reduced to R100 000, taking into account that mainly printing is in relation to the printing of meeting packs, and this printing can be significantly reduced by circulation of electronic copies to attendees.
- **Telephone:** The budget on telephones has been reduced to R100 000.
- **Audit Committee Fees:** With the introduction of virtual meetings, there is an anticipated reduction on the cost of these fees because of the related reduction in travelling claims for these meetings.
- **Legal Fees- Hibberdene Mixed Use:** The budget of R125 000 for these legal fees has been cut as there is no forecast movement on the project that would require such fees.
- **Client and Information services:** This has been reduced by R70 000 to R83 000.



## 4. Annual Budget Tables

### 4.1 Budget Summary

Ugu South Coast Development Agency - Table D1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	264	126	103	130	130	166	136	143	150
Transfers recognised - operational	11 846	7 412	8 875	11 387	12 844	11 636	12 957	8 629	9 060
Other own revenue	73	149	93	370	221	218	232	227	220
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>12 182</b>	<b>7 687</b>	<b>9 071</b>	<b>11 887</b>	<b>13 195</b>	<b>12 020</b>	<b>13 325</b>	<b>8 998</b>	<b>9 430</b>
Employee costs	4 441	5 047	5 853	3 985	5 361	5 192	5 361	5 618	5 888
Remuneration of councillors	909	847	782	822	872	873	872	914	958
Depreciation & asset impairment	54	55	57	69	69	58	72	75	79
Finance charges	141	296	298	-	90	205	153	161	168
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	3 698	3 309	3 583	7 471	6 804	3 101	6 867	2 230	2 337
<b>Total Expenditure</b>	<b>9 243</b>	<b>9 554</b>	<b>10 573</b>	<b>12 347</b>	<b>13 195</b>	<b>9 430</b>	<b>13 325</b>	<b>8 998</b>	<b>9 430</b>
<b>Surplus/(Deficit)</b>	<b>2 939</b>	<b>(1 867)</b>	<b>(1 502)</b>	<b>(460)</b>	<b>-</b>	<b>2 590</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
Transfers and subsidies - capital (monetary allocations) (Nafo)	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
	<b>2 939</b>	<b>(1 867)</b>	<b>(1 502)</b>	<b>(460)</b>	<b>-</b>	<b>2 590</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>									
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>2 939</b>	<b>(1 867)</b>	<b>(1 502)</b>	<b>(460)</b>	<b>-</b>	<b>2 590</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial position</b>									
Total current assets	2 437	4 793	4 126	7 994	7 994	15 640	6 745	7 068	7 415
Total non current assets	9 693	9 673	9 616	19 005	19 005	25 838	20 865	21 866	22 938
Total current liabilities	5 356	9 110	9 921	1 079	1 079	-	4 355	4 565	4 788
Total non current liabilities	599	33	-	59	59	-	62	65	68
Community wealth/Equity	6 176	5 323	3 821	25 860	25 860	41 477	23 192	24 305	25 496
<b>Cash flows</b>									
Net cash from (used) operating	2 610	(1 440)	623	(391)	69	69	(0)	(0)	(0)
Net cash from (used) investing	(9 432)	3 061	(343)	-	-	-	-	-	-
Net cash from (used) financing	4 000	(114)	198	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>1 239</b>	<b>2 746</b>	<b>3 224</b>	<b>2 109</b>	<b>3 292</b>	<b>3 292</b>	<b>3 292</b>	<b>3 292</b>	<b>3 292</b>

Table D1 gives an overview of the budget summary which gives a total of just above R13 million.

## 4.2 Budgeted Financial Performance

Ugu South Coast Development Agency - Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>										
<b>Revenue by Source</b>	1									
Property rates										
Service charges - electricity revenue										
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue										
Rental of facilities and equipment		–	147	91	317	218	217	229	223	217
Interest earned - external investments		264	126	103	130	130	166	136	143	150
Interest earned - outstanding debtors										
Dividends received										
Fines, penalties and forfeits										
Licences and permits										
Agency services										
Transfers and subsidies		11 846	7 412	8 875	11 387	12 844	11 636	12 957	8 629	9 060
Other revenue		73	3	2	53	3	1	3	3	3
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>12 182</b>	<b>7 687</b>	<b>9 071</b>	<b>11 887</b>	<b>13 195</b>	<b>12 020</b>	<b>13 325</b>	<b>8 998</b>	<b>9 430</b>
<b>Expenditure By Type</b>										
Employee related costs		4 441	5 047	5 853	3 985	5 361	5 192	5 361	5 618	5 888
Remuneration of councillors		909	847	782	822	872	873	872	914	958
Debt impairment	4	7	10	–	–					
Depreciation & asset impairment		54	55	57	69	69	58	72	75	79
Finance charges		141	296	298	–	90	205	153	161	168
Bulk purchases	2									
Other materials	5									
Contracted services					2 427	1 950	900	2 501	275	288
Transfers and subsidies										
Other expenditure	3	3 692	3 299	3 583	5 044	4 854	2 201	4 366	1 955	2 049
Loss on disposal of PPE										
<b>Total Expenditure</b>		<b>9 243</b>	<b>9 554</b>	<b>10 573</b>	<b>12 347</b>	<b>13 195</b>	<b>9 430</b>	<b>13 325</b>	<b>8 998</b>	<b>9 430</b>
<b>Surplus/(Deficit)</b>		<b>2 939</b>	<b>(1 867)</b>	<b>(1 502)</b>	<b>(460)</b>	<b>–</b>	<b>2 590</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)										
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)										
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>2 939</b>	<b>(1 867)</b>	<b>(1 502)</b>	<b>(460)</b>	<b>–</b>	<b>2 590</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
Taxation										
<b>Surplus/ (Deficit) for the year</b>		<b>2 939</b>	<b>(1 867)</b>	<b>(1 502)</b>	<b>(460)</b>	<b>–</b>	<b>2 590</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

Table D2 illustrates the forecast budget performance of the entity for the 2020/21 budget year the MTREF.



### 4.3 Budgeted Financial Position

Ugu South Coast Development Agency - Table D4 Budgeted Financial Position

Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
R thousands			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Current assets											
Cash			1 247	2 754	3 232	2 500	2 500	2 065	1 835	1 923	2 017
Call investment deposits						2 500	2 500	2 065	2 410	2 526	2 650
Consumer debtors											
Other debtors			1 190	2 039	894	2 994	2 994	11 509	2 499	2 619	2 748
Current portion of long-term receivables											
Inventory											
Total current assets			2 437	4 793	4 126	7 994	7 994	15 640	6 745	7 068	7 415
Non current assets											
Long-term receivables		3									
Investments											
Investment property			9 349	9 349	9 349	18 699	18 699	22 438	19 596	20 537	21 543
Investment in Associate											
Property, plant and equipment		1	325	308	254	306	306	3 399	1 169	1 225	1 285
Biological											
Intangible			18	16	13	–	–	–	100	104	110
Other non-current assets											
Total non current assets			9 693	9 673	9 616	19 005	19 005	25 838	20 865	21 866	22 938
TOTAL ASSETS			12 130	14 466	13 742	26 998	26 998	41 477	27 609	28 935	30 352
LIABILITIES											
Current liabilities											
Bank overdraft											
Borrowing			4 139	4 195	4 392						
Consumer deposits											
Trade and other payables			1 215	4 915	5 529	1 079	1 079		4 321	4 528	4 750
Provisions		3	2						35	36	38
Total current liabilities			5 356	9 110	9 921	1 079	1 079	–	4 355	4 565	4 788
Non current liabilities											
Borrowing											
Provisions		3	599	33	–	59	59		62	65	68
Total non current liabilities			599	33	–	59	59	–	62	65	68
TOTAL LIABILITIES			5 954	9 143	9 921	1 138	1 138	–	4 418	4 630	4 857
NET ASSETS		2	6 176	5 323	3 821	25 860	25 860	41 477	23 192	24 305	25 496
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)			6 176	5 323	3 821	25 860	25 860	41 477	23 192	24 305	25 496
Reserves											
TOTAL COMMUNITY WEALTH/EQUITY		2	6 176	5 323	3 821	25 860	25 860	41 477	23 192	24 305	25 496

Table D4 gives an overview of the budgeted financial position of the entity.

#### 4.4 Budgeted Cash Flow

Ugu South Coast Development Agency - Table D5 Budgeted Cash Flow

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
Receipts										
Property rates										
Service charges										
Other revenue					370	221	221	232	227	220
Government - operating		10 890	7 412	9 146	11 387	12 844	12 844	12 957	8 629	9 060
Government - capital										
Interest		264	126	103	130	130	130	136	143	150
Dividends										
Payments	2									
Suppliers and employees		(8 403)	(8 682)	(8 328)	(12 278)	(13 037)	(13 037)	(13 172)	(8 837)	(9 262)
Finance charges		(141)	(296)	(298)	-	(90)	(90)	(153)	(161)	(168)
Dividends paid										
Transfers and Grants										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		2 610	(1 440)	623	(391)	69	69	(0)	(0)	(0)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Proceeds on disposal of PPE			107							
Decrease (increase) in non-current debtors			3 000	(343)	-	-	-	-	-	-
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments										
Payments										
Capital assets		(9 432)	(45)							
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		(9 432)	3 061	(343)	-	-	-	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Short term loans										
Borrowing long term/financing		4 000	(114)	198	-	-	-	-	-	-
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing										
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		4 000	(114)	198	-	-	-	-	-	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	1	(2 823)	1 507	478	(391)	69	69	(0)	(0)	(0)
Cash/cash equivalents at the year begin:	2	4 061	1 239	2 746	2 500	3 224	3 224	3 292	3 292	3 292
Cash/cash equivalents at the year end:	2	1 239	2 746	3 224	2 109	3 292	3 292	3 292	3 292	3 292

Table D5 shows the budgeted cashflow projections for the financial period. Considering the current liquidity of the entity, it will be difficult for the entity to operate throughout the financial year. For operations to not be stalled, and all obligations met as they fall due, there needs to be a commitment to transfer funds by the funders at regular intervals as set out in the SLA's, and settlement of prior period allocations not transferred.

## 4.5 Budgeted Personnel Expenditure

Ugu South Coast Development Agency - Supporting Table SD4 Board member allowances and staff benefits

Summary of Employee and Board Member remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		A	B	C	D	E	F	G	H	I
<b>R thousands</b>										
<b>Remuneration</b>										
<b>Board Members of Entities</b>										
Basic Salaries and Wages		909	847	782	822	872	872	872	914	958
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
<b>Sub Total - Board Members of Entities</b>		<b>909</b>	<b>847</b>	<b>782</b>	<b>822</b>	<b>872</b>	<b>872</b>	<b>872</b>	<b>914</b>	<b>958</b>
% Increase			(0)	(0)	0	0	0	(0)	0	4.8%
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages		3 086	4 057	4 394	2 391	3 216	3 216	3 216	3 371	3 533
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
<b>Sub Total - Senior Managers of Entities</b>		<b>3 086</b>	<b>4 057</b>	<b>4 394</b>	<b>2 391</b>	<b>3 216</b>	<b>3 216</b>	<b>3 216</b>	<b>3 371</b>	<b>3 533</b>
% Increase			0	0	(0)	(0)	(0)	(0)	0	4.8%
<b>Other Staff of Entities</b>										
Basic Salaries and Wages		1 354	990	1 459	1 594	2 144	2 144	2 144	2 247	2 355
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
<b>Sub Total - Other Staff of Entities</b>		<b>1 354</b>	<b>990</b>	<b>1 459</b>	<b>1 594</b>	<b>2 144</b>	<b>2 144</b>	<b>2 144</b>	<b>2 247</b>	<b>2 355</b>
% Increase			(0)	0	0	0	0	(0)	0	4.8%
<b>Total Municipal Entities remuneration</b>		<b>5 350</b>	<b>5 894</b>	<b>6 635</b>	<b>4 807</b>	<b>6 233</b>	<b>6 233</b>	<b>6 233</b>	<b>6 532</b>	<b>6 846</b>

Table SD4 deals with the board fees and the employee related costs. The budget has considered the guiding circulars and bargaining council agreements that are effective for the financial periods. These needed to be balanced with the revenues expected and other competing priorities of the entity. Careful consideration will have to be taken, including implementation of cost saving initiatives where possible.



## 4.6 Budgeted Personnel Numbers

Ugu South Coast Development Agency - Supporting Table SD5 Summary of personnel numbers

Summary of Personnel Numbers		2018/19			Current Year 2019/20			Budget Year 2020/21		
Number	Ref	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	3	8	7	–	8	7	–	8	7	–
<b>Municipal entity employees</b>	4									
CEO and Senior Managers	2	1	–	1	1	–	1	1	–	1
Other Managers	6	4	–	4	3	–	3	3	–	3
Professionals		2	2	–	2	2	–	2	2	–
Finance		2	2	–	2	2	–	2	2	–
Spatial/Urban planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		–	–	–	–	–	–	–	–	–
Finance										
Spatial/Urban planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		3	3	–	3	3	–	3	3	–
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
<b>Total Personnel Numbers</b>		<b>18</b>	<b>12</b>	<b>5</b>	<b>17</b>	<b>12</b>	<b>4</b>	<b>17</b>	<b>12</b>	<b>4</b>
<b>% Increase</b>			(33.3%)	(58.3%)	240.0%	140.0%	(20.0%)	325.0%	(29.4%)	(66.7%)
<b>Total entity employees headcount</b>	5									
Finance personnel headcount	7	3	1	2	3	1	2	3	1	2
Human Resources personnel headcount	7	2	1	1	2	1	1	2	1	1

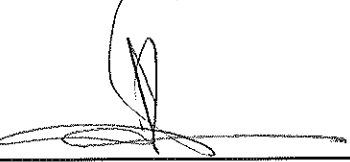
Table SD5 is the indication of the number of board members and employees for the budget periods considered.

5. Quality Certificate

I **Mandla Mabece, Chief Executive Officer of Ugu South Coast Development Agency**, hereby certify that the Annual Budget 2020/21 and all supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: M. M. MABECE

Chief Executive Officer

Signature: 

Date: MAY 29, 2020