

**KING SABATA DALINDYEBO MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2022/23**



MUNICIPAL MANAGER  
KING SABATA DALINDYEBO  
MUNICIPALITY

MUNICIPAL MANAGER  
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*W. Magali*  
KING SABATA DALINDYEBO MUNICIPALITY

**SPECIAL ADJUSTMENT BUDGET 2022/23 MTREF DECEMBER 2022**

KING SABATA DALINDYEBO  
**Received**  
2022 -11- 08  
*[Signature]*  
Office of Hon. Speaker  
MUNICIPALITY

## 1. PURPOSE OF THIS REPORT

The purpose of this report is to request the Council to consider the approval of 2022/23 special adjustment budget and the related changes in the Integrated Development Plan in line with section 28 (1) and (2)( c) of the MFMA.

## 2. INTRODUCTION AND LEGAL REQUIREMENTS

### Section 28. Municipal adjustments budgets:-

(1) A municipality may revise an approved annual budget through an adjustments budget. (2) An adjustment budget: (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality.

### NT MFMA CIRCULAR 116 REPRIORITIZATIONS WITHIN THE EXISTING MUNICIPAL BUDGET

Section 56(2)(a) of the DMA provides that when a disaster occurs, the national, provincial and local organs of state may contribute financially to the response efforts, post-disaster recovery and rehabilitation.

Municipalities are therefore expected to also contribute from their own resources and budgets. The affected municipalities have probably already begun to reprioritize resources in response to the disaster. Such measures are consistent with the requirements of the DMA. In doing so, municipalities are advised to adhere to the requirements outlined in section 29 of the MFMA. These requirements provide that municipalities may in emergency or other exceptional circumstances authorize unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.

Municipalities are advised to consider the option to use section 29 of the MFMA to fund the response to the disaster in both the 2021/22 and 2022/23 financial years, noting that assessments on the damage and resources required to address them, may take time to be confirmed.

## 3. BACKGROUND AND DISCUSSION OF THE SECOND ADJUSTMENT BUDGET

### 3.1. REPRIORITIZATIONS WITHIN THE EXISTING MUNICIPAL BUDGET

Some parts of the municipality were recently hit hard by floods and roads were damaged, upon inspection, an estimated budget amount of R310 is required for the rehabilitation of the damaged roads. The municipality requested permission to reprioritize some of the MIG projects, from COGTA.

The following reprioritized projects were approved:-

- Re-gravelling/Rehabilitation of Luviweni Access Road R4 million
- Re-gravelling/Rehabilitation of Mdeni to Tabase Access Road R2.5 million
- Re-gravelling/Rehabilitation of Bilitane to Nqencu Access road R4 million

**Table 1 Proposed Reprioritized MIG Projects**

ORIGINAL PROJECTS	WARD	AMOUNT	REPRIORITISED PROJECTS	WARD	DISTANCE	AMOUNT
Zanci Community Hall	26	3 500 000,00	Regravelling/Rehabilitation of Luvweni Access Road	31	10 km	4 000 000,00
Purchase of Plant for Solid Waste Management		7 000 014,88	Regravelling/Rehabilitation of Mdeni to Tabase Mission Access Road	34	8 km	2 500 014,57
			Regravelling/Rehabilitation of Bilitane to Ngencu Access Road	18	8 km	4 000 000,31
<b>TOTAL</b>		<b>10 500 014,88</b>				<b>10 500 014,88</b>

**3.2. ADDITIONAL FUNDING**

**3.2.1. REFURBISHMENT OF NTOZONKE MARKET**

An additional funding of R11.7 million was received from the Department of Small Business Development. This is for the refurbishment of the Ntozonke Market. Procurement needs to start and the procurement plan, IDP and SDBIP should be amended.

**3.2.2. MAYDENE FARM ADDITIONAL FUNDING**

The original allocation for Maydene Farm housing project, was R36 million and has been increased to R97.1 million.

**4. PROPOSED REVENUE AND EXPENDITURE ADJUSTMENT**

As discussed above, the capital revenue and expenditure increased from **R240,875,070** (Two Hundred and Forty Million Eight Hundred and Seventy-Five Thousand and Seventy Rands) to **R313,746,840** (Three Hundred and Thirteen Million Seven Hundred and Forty-Six Thousand Eight Hundred and Forty Rands). This represents an increase of **R 72,871,770** (Seventy-Two Million Eight Hundred and Seventy-One Thousand Seven Hundred and Seventy Rands)

**5. ADJUSTMENT BUDGET SUMMARY/SNAPSHOT**

**Table 2: Adjustment Budget Summary**

EC 157 KING SABATA DALINDYEBO MUNICIPALITY SNAPSHOT OF THE SPECIAL ADJUSTMENT BUDGET

Description	Ref	Budget Year 2022/23									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	+1 2023/24	+2 2024/25
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>												
<b>Total Revenue (excluding capital transfers and contributions)</b>		1 424 641	-	-	-	-	-	-	-	1 424 641	1 506 408	1 583 632
<b>Total Expenditure</b>		1 413 667	-	-	-	-	-	-	-	1 413 667	1 462 775	1 530 187
<b>Surplus/(Deficit)</b>		11 074	-	-	-	-	-	-	-	11 074	43 633	53 444
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		229 801	-	-	-	-	-	61 172	61 172	290 973	146 118	138 466
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	11 700	11 700	11 700	-	-
<b>Surplus/(Deficit) before taxation</b>		240 875	-	-	-	-	-	72 872	72 872	313 747	189 751	191 910

The above table reflects a summary of the tables below.

KING SABATA DALINDYEBO MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2022/23

**5.1. PROPOSED REVENUE ADJUSTMENTS**  
**Table3: Proposed Revenue adjustments**

EC 157 KING SABATA DALINDYEBO MUNICIPALITY B4 REVENUE BY SOURCE AND OPERAING EXPENDITURE BYTYPE SPECIAL ADJUSTMENT

Description	Ref	Budget Year 2022/23									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
		3	4	5	6	7	8	9	10			
<b>R thousands</b>	1	A	A1	B	C	D	E	F	G	H		
<b>Revenue By Source</b>												
Property rates	2	298 662	-	-	-	-	-	-	-	298 662	312 111	325 835
Service charges - electricity revenue	2	554 536	-	-	-	-	-	-	-	554 536	587 288	613 716
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	50 824	-	-	-	-	-	-	-	50 824	62 460	65 267
Rental of facilities and equipment		18 575	-	-	-	-	-	-	-	18 575	19 393	20 265
Interest earned - external investments		1 302	-	-	-	-	-	-	-	1 302	1 359	1 420
Interest earned - outstanding debtors		20 662	-	-	-	-	-	-	-	20 662	21 571	22 542
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		7 778	-	-	-	-	-	-	-	7 778	8 120	8 485
Licences and permits		1 272	-	-	-	-	-	-	-	1 272	1 333	1 397
Agency services		12 116	-	-	-	-	-	-	-	12 116	10 996	11 491
Transfers and subsidies		425 596	-	-	-	-	-	-	-	425 596	447 019	476 916
Other revenue	2	32 754	-	-	-	-	-	-	-	32 754	34 195	35 734
Gains		564	-	-	-	-	-	-	-	564	564	564
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 424 641</b>	-	-	-	-	-	-	-	<b>1 424 641</b>	<b>1 506 408</b>	<b>1 583 632</b>
<b>Expenditure By Type</b>												
Employee related costs		556 029	-	-	-	-	-	-	-	556 029	576 801	602 755
Remuneration of councillors		34 079	-	-	-	-	-	-	-	34 079	35 579	37 180
Debt impairment		15 000	-	-	-	-	-	-	-	15 000	10 440	10 910
Depreciation & asset impairment		158 272	-	-	-	-	-	-	-	158 272	165 236	172 672
Finance charges		6 553	-	-	-	-	-	-	-	6 553	6 841	7 149
Bulk purchases - electricity		452 820	-	-	-	-	-	-	-	452 820	472 744	494 018
Inventory consumed		20 509	-	-	-	-	-	-	-	20 509	21 411	22 374
Contracted services		44 801	-	-	-	-	-	-	-	44 801	44 932	46 283
Transfers and subsidies		500	-	-	-	-	-	-	-	500	522	545
Other expenditure		125 003	-	-	-	-	-	-	-	125 003	128 268	134 300
Losses		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>1 413 567</b>	-	-	-	-	-	-	-	<b>1 413 567</b>	<b>1 462 775</b>	<b>1 530 187</b>
<b>Surplus/(Deficit)</b>		<b>11 074</b>	-	-	-	-	-	-	-	<b>11 074</b>	<b>43 633</b>	<b>53 444</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		229 801	-	-	-	-	-	61 172	61 172	290 973	146 118	138 466
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	11 700	11 700	11 700	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) before taxation</b>		<b>240 875</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>313 747</b>	<b>189 751</b>	<b>191 910</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>240 875</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>313 747</b>	<b>189 751</b>	<b>191 910</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>240 875</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>313 747</b>	<b>189 751</b>	<b>191 910</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>240 875</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>313 747</b>	<b>189 751</b>	<b>191 910</b>

5.2. PROPOSED CAPITAL EXPENDITURE ADJUSTMENTS

Table 4: Proposed Capital Expenditure Adjustments

EC 157 KING SABATA DALINDYEBO MUNICIPALITY B5 CAPITAL EXPENDITURE SPECIAL ADJUSTMENT

Description	Ref	Budget Year 2022/23									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	+1 2023/24
R thousands		A	A1	B	C	D	E	F	G	H		
<b>Single-year expenditure to be adjusted</b>	2											
Vote 9 - (31: CS)		1 630	-	-	-	-	-	-	-	1 630	-	-
Vote 10 - Executive AND Council (32: CS)		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Fin AND Asset Management (33: CS)		787	-	-	-	-	-	-	-	787	-	-
Vote 12 - Planning, Social AND Development (34: CS)		19 000	-	-	-	-	-	-	-	19 000	30 000	17 000
Vote 13 - Human Settlement (35: CS)		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Community Services (36: CS)		2 000	-	-	-	-	-	-	-	2 000	-	-
Vote 15 - Public Safety (37: CS)		4 700	-	-	-	-	-	-	-	4 700	-	-
Vote 16 - Infrastructure (38: CS)		210 801	-	-	-	-	-	72 872	72 872	283 673	116 118	121 466
<b>Capital single-year expenditure sub-total</b>		<b>238 918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72 872</b>	<b>72 872</b>	<b>311 790</b>	<b>146 118</b>	<b>138 466</b>
<b>Total Capital Expenditure - Vote</b>		<b>238 918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72 872</b>	<b>72 872</b>	<b>311 790</b>	<b>146 118</b>	<b>138 466</b>
<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>		<b>2 597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 597</b>	<b>-</b>	<b>-</b>
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		2 597	-	-	-	-	-	-	-	2 597	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>116 904</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61 172</b>	<b>61 172</b>	<b>178 076</b>	<b>-</b>	<b>-</b>
Community and social services		150	-	-	-	-	-	-	-	150	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		3 000	-	-	-	-	-	-	-	3 000	-	-
Housing		113 754	-	-	-	-	-	61 172	61 172	174 926	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>114 471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 700</b>	<b>11 700</b>	<b>126 171</b>	<b>128 118</b>	<b>119 658</b>
Planning and development		45 826	-	-	-	-	-	11 700	11 700	57 526	-	-
Road transport		68 645	-	-	-	-	-	-	-	68 645	128 118	119 658
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>4 945</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 945</b>	<b>18 000</b>	<b>18 808</b>
Energy sources		3 195	-	-	-	-	-	-	-	3 195	18 000	18 808
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1 750	-	-	-	-	-	-	-	1 750	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	3	<b>238 918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72 872</b>	<b>72 872</b>	<b>311 790</b>	<b>146 118</b>	<b>138 466</b>
<b>Funded by:</b>												
National Government		97 046	-	-	-	-	-	-	-	97 046	116 118	121 466
Provincial Government		132 754	-	-	-	-	-	61 172	61 172	193 926	30 000	17 000
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	11 700	11 700	11 700	-	-
<b>Transfers recognised - capital</b>	4	<b>229 801</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72 872</b>	<b>72 872</b>	<b>302 673</b>	<b>146 118</b>	<b>138 466</b>
<b>Borrowing</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>9 117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 117</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>		<b>238 918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72 872</b>	<b>72 872</b>	<b>311 790</b>	<b>146 118</b>	<b>138 466</b>

5.3. GRANT FUNDING  
 Table 5 Grant Expenditure

EC157 KING SABATA DALINDYEBO MUNICIPALITY SB8 EXPENDITURE ON TRANSFERS AND GRANTS PROGRAMME

Description	Ref	Budget Year 2022/23							Budget Year	Budget Year
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		2	3	4	5	6	7	+1 2023/24	+2 2024/25	
R thousands	A	A1	B	C	D	E	F			
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		423 164	-	-	-	-	-	423 164	434 071	455 191
Local Government Equitable Share		401 683	-	-	-	-	-	401 683	419 414	438 288
Finance Management		2 850	-	-	-	-	-	2 850	-	-
Energy Efficiency and Demand Management		4 000	-	-	-	-	-	4 000	4 000	5 515
EPWP Incentive		4 191	-	-	-	-	-	4 191	-	-
Infrastructure Skills Development Grant		5 500	-	-	-	-	-	5 500	5 500	6 000
Municipal Infrastructure Grant		4 940	-	-	-	-	-	4 940	5 157	5 389
<b>Total operating expenditure of Transfers and Grants:</b>		423 164	-	-	-	-	-	423 164	434 071	455 191
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		97 046	-	-	-	11 700	11 700	108 746	116 118	121 466
Municipal Infrastructure Grant (MIG)		93 851	-	-	-	-	-	93 851	98 118	102 658
Integrated National Electrification Programme Grant		3 195	-	-	-	-	-	3 195	18 000	18 808
Small Business Development		-	-	-	-	11 700	11 700	11 700	-	-
<b>Provincial Government:</b>		113 754	-	-	-	61 172	61 172	174 926	-	-
Housing		113 754	-	-	-	61 172	61 172	174 926	-	-
0		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		210 801	-	-	-	72 872	72 872	283 673	116 118	121 466
<b>Total capital expenditure of Transfers and Grants</b>		633 965	-	-	-	72 872	72 872	706 837	550 189	576 657

The above table reflects grants budget.



KING SABATA DALINDYEBO MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2022/23

5.4. MAIN BUDGET TABLES  
5.4.1. B1 Budget Summary

EC157 KING SABATA DALINDYEBO MUNICIPALITY B1 SUMMARY SPECIAL ADJUSTMENT BUDGET

Description	Budget Year 2022/23									Budget Year	Budget Year
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Net. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1	2	3	4	5	6	7	8	#1 2023/24	#2 2024/25
<b>Financial Performance</b>											
Property rates	298 662	-	-	-	-	-	-	-	298 662	312 111	325 835
Service charges	605 361	-	-	-	-	-	-	-	605 361	649 748	678 983
Investment revenue	1 302	-	-	-	-	-	-	-	1 302	1 359	1 420
Transfers recognised - operational	425 596	-	-	-	-	-	-	-	425 596	447 019	476 916
Other own revenue	93 721	-	-	-	-	-	-	-	93 721	96 172	100 478
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 424 641</b>								<b>1 424 641</b>	<b>1 506 408</b>	<b>1 583 632</b>
Employee costs	555 029	-	-	-	-	-	-	-	555 029	576 801	602 755
Remuneration of councillors	34 079	-	-	-	-	-	-	-	34 079	35 579	37 180
Depreciation & asset impairment	158 272	-	-	-	-	-	-	-	158 272	165 236	172 672
Finance charges	6 553	-	-	-	-	-	-	-	6 553	6 841	7 149
Inventory consumed and bulk purchases	473 329	-	-	-	-	-	-	-	473 329	494 155	516 392
Transfers and grants	500	-	-	-	-	-	-	-	500	522	545
Other expenditure	184 804	-	-	-	-	-	-	-	184 804	183 840	193 493
<b>Total Expenditure</b>	<b>1 413 567</b>								<b>1 413 567</b>	<b>1 462 775</b>	<b>1 530 167</b>
<b>Surplus/(Deficit)</b>	<b>11 074</b>								<b>11 074</b>	<b>43 633</b>	<b>53 464</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	229 801	-	-	-	-	-	61 172	61 172	290 973	146 118	138 466
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)	-	-	-	-	-	-	11 700	11 700	11 700	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>240 875</b>						<b>72 872</b>	<b>72 872</b>	<b>313 747</b>	<b>189 751</b>	<b>191 910</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>240 875</b>						<b>72 872</b>	<b>72 872</b>	<b>313 747</b>	<b>189 751</b>	<b>191 910</b>
<b>Capital expenditure &amp; funds sources</b>											
Capital expenditure	238 918	-	-	-	-	-	72 872	72 872	311 790	146 118	138 466
Transfers recognised - capital	229 801	-	-	-	-	-	72 872	72 872	302 673	146 118	138 466
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	9 117	-	-	-	-	-	-	-	9 117	-	-
<b>Total sources of capital funds</b>	<b>238 918</b>						<b>72 872</b>	<b>72 872</b>	<b>311 790</b>	<b>146 118</b>	<b>138 466</b>
<b>Financial position</b>											
Total current assets	870 157	-	-	-	-	-	(463 675)	(463 675)	406 482	1 067 932	1 276 043
Total non current assets	2 463 792	-	-	-	-	-	69 209	69 209	2 533 001	7 970 208	8 281 367
Total current liabilities	855 884	-	-	-	-	-	(433 691)	(433 691)	422 193	862 726	863 034
Total non current liabilities	92 704	-	-	-	-	-	-	-	92 704	92 704	92 704
Community wealth/Equity	2 385 360	-	-	-	-	-	39 225	39 225	2 424 585	2 692 714	2 866 709
<b>Cash flows</b>											
Net cash from (used) operating	377 585	-	-	-	-	-	60 292	60 292	437 877	316 754	325 074
Net cash from (used) investing	(239 038)	-	-	-	-	-	(299 646)	(299 646)	(538 684)	(146 139)	(138 488)
Net cash from (used) financing	(2 983)	-	-	-	-	-	2 983	2 983	-	(2 983)	(2 983)
<b>Cash/cash equivalents at the year end</b>	<b>19 886</b>						<b>(1 478 935)</b>	<b>(1 478 935)</b>	<b>(1 457 050)</b>	<b>190 482</b>	<b>370 207</b>
<b>Cash back in surplus reconciliation</b>											
Cash and investments available	188 071	-	-	-	-	-	(16 705)	(16 705)	171 366	358 667	538 392
Application of cash and investments	(119 207)	-	-	-	-	-	484 492	484 492	365 285	(129 082)	(155 262)
<b>Balance - surplus (shortfall)</b>	<b>307 278</b>						<b>(501 197)</b>	<b>(501 197)</b>	<b>(183 919)</b>	<b>487 748</b>	<b>693 654</b>
<b>Asset Management</b>											
Asset register summary (NDV)	2 146 164	-	-	-	-	-	231 917	231 917	2 378 081	2 099 115	1 926 465
Depreciation	158 272	-	-	-	-	-	-	-	158 272	165 236	172 672
Renewal and Upgrading of Existing Assets	56 052	-	-	-	-	-	42 534	42 534	100 616	98 118	102 658
Repairs and Maintenance	53 370	-	-	-	-	-	-	-	53 370	55 719	58 226
<b>Free services</b>											
Cost of Free Basic Services provided	17 000	-	-	-	-	-	-	-	17 000	-	-
Revenue cost of free services provided	9 000	-	-	-	-	-	-	-	9 000	9 396	9 619
<b>Households below minimum service level</b>											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

KING SABATA DALINDYEBO MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2022/23

5.4.2. B2 BUDGET BY FUNCTION

EC157 KING SABATA DALINDYEBO MUNICIPALITY B2 REVENUE(BY SOURCE) AND EXPENDITURE(BY TYPE) SPECIAL ADJUSTMENT BUDGET

Standard Description	Ref	Budget Year 2022/23									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	
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2023/24	+2 2024/25	
R thousands	1, 4												
<b>Revenue - Functional</b>													
<i>Governance and administration</i>		757 921	-	-	-	-	-	-	-	757 921	794 494	839 421	
Executive and council		-	-	-	-	-	-	-	-	-	-	-	
Finance and administration		757 921	-	-	-	-	-	-	-	757 921	794 494	839 421	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>		133 360	-	-	-	-	-	61 172	61 172	194 532	20 469	21 390	
Community and social services		772	-	-	-	-	-	-	-	772	806	843	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	
Public safety		18 834	-	-	-	-	-	-	-	18 834	19 682	20 547	
Housing		113 754	-	-	-	-	-	61 172	61 172	174 926	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		152 111	-	-	-	-	-	11 700	11 700	163 811	167 207	160 765	
Planning and development		104 671	-	-	-	-	-	11 700	11 700	116 371	109 179	114 476	
Road transport		47 439	-	-	-	-	-	-	-	47 439	58 028	46 289	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		609 731	-	-	-	-	-	-	-	609 731	651 623	661 345	
Energy sources		557 725	-	-	-	-	-	-	-	557 725	596 930	623 790	
Water management		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	
Waste management		52 006	-	-	-	-	-	-	-	52 006	54 693	57 556	
Other		1 319	-	-	-	-	-	-	-	1 319	1 382	1 448	
<b>Total Revenue - Functional</b>	2	1 654 442	-	-	-	-	-	72 872	72 872	1 727 314	1 635 174	1 704 370	
<b>Expenditure - Functional</b>													
<i>Governance and administration</i>		449 911	-	-	-	-	-	-	-	449 911	458 392	480 607	
Executive and council		88 450	-	-	-	-	-	-	-	88 450	92 342	96 497	
Finance and administration		353 433	-	-	-	-	-	-	-	353 433	357 669	375 351	
Internal audit		8 028	-	-	-	-	-	-	-	8 028	8 381	8 759	
<i>Community and public safety</i>		151 438	-	-	-	-	-	-	-	151 438	158 102	165 216	
Community and social services		13 211	-	-	-	-	-	-	-	13 211	13 793	14 413	
Sport and recreation		19 803	-	-	-	-	-	-	-	19 803	20 675	21 605	
Public safety		112 505	-	-	-	-	-	-	-	112 505	117 455	122 740	
Housing		5 919	-	-	-	-	-	-	-	5 919	6 180	6 458	
Health		-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		207 462	-	-	-	-	-	-	-	207 462	214 917	224 589	
Planning and development		43 513	-	-	-	-	-	-	-	43 513	45 417	47 460	
Road transport		160 375	-	-	-	-	-	-	-	160 375	165 769	173 228	
Environmental protection		3 575	-	-	-	-	-	-	-	3 575	3 732	3 900	
<i>Trading services</i>		604 755	-	-	-	-	-	-	-	604 755	631 364	659 776	
Energy sources		506 923	-	-	-	-	-	-	-	506 923	529 227	553 042	
Water management		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		12 852	-	-	-	-	-	-	-	12 852	13 418	14 021	
Waste management		84 981	-	-	-	-	-	-	-	84 981	88 720	92 712	
Other		-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure - Functional</b>	3	1 413 567	-	-	-	-	-	-	-	1 413 567	1 462 775	1 530 187	
<b>Surplus/ (Deficit) for the year</b>		240 875	-	-	-	-	-	72 872	72 872	313 747	172 399	174 182	



**KING SABATA DALINDYEBO MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2022/23**

**5.4.3. B3 BUDGET BY VOTE**

**EC157 KING SABATA DALINDYEBO MUNICIPALITY B3 REVENUE AND EXPENDITURE BY VOTE**

Vote Description <i>[insert departmental structure etc]</i>	Ref	Budget Year 2022/23									Budget Year	Budget Year	
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Net. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	+1 2023/24	+2 2024/25
		A	A1	B	C	D	E	F	G	H			
<b>R thousands</b>													
<b>Revenue by Vote</b>	1												
Vote 1 - Executive AND Council (11: IE)		1 911	-	-	-	-	-	-	-	1 911	342	357	
Vote 2 - Corporate Services (12: IE)		691	-	-	-	-	-	-	-	691	722	754	
Vote 3 - Finance AND Asset Management (13: IE)		747 825	-	-	-	-	564	564	748 389	788 521	831 670		
Vote 4 - Planning, Social AND Ec Dev (14: IE)		1 466	-	-	-	-	11 700	11 700	13 166	1 536	1 609		
Vote 5 - Human Settlement (15: IE)		113 956	-	-	-	-	61 172	61 172	175 128	211	220		
Vote 6 - Community Services (16: IE)		57 909	-	-	-	-	-	-	57 909	58 755	63 136		
Vote 7 - Public Safety (17: IE)		30 120	-	-	-	-	-	-	30 120	30 658	32 038		
Vote 8 - Infrastructure (18: IE)		699 999	-	-	-	-	-	-	699 999	753 667	773 823		
<b>Total Revenue by Vote</b>	2	<b>1 653 878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73 435</b>	<b>73 435</b>	<b>1 727 314</b>	<b>1 634 611</b>	<b>1 703 806</b>		
<b>Expenditure by Vote</b>	1												
Vote 1 - Executive AND Council (11: IE)		109 933	-	-	-	-	-	-	109 933	114 816	119 982		
Vote 2 - Corporate Services (12: IE)		56 334	-	-	-	-	-	-	56 334	58 777	61 422		
Vote 3 - Finance AND Asset Management (13: IE)		193 655	-	-	-	-	-	-	193 655	193 980	202 709		
Vote 4 - Planning, Social AND Ec Dev (14: IE)		53 369	-	-	-	-	-	-	53 369	55 717	58 224		
Vote 5 - Human Settlement (15: IE)		47 023	-	-	-	-	-	-	47 023	49 082	51 291		
Vote 6 - Community Services (16: IE)		111 644	-	-	-	-	-	-	111 644	114 455	120 941		
Vote 7 - Public Safety (17: IE)		147 424	-	-	-	-	-	-	147 424	153 123	160 013		
Vote 8 - Infrastructure (18: IE)		694 185	-	-	-	-	-	-	694 185	722 825	755 604		
<b>Total Expenditure by Vote</b>	2	<b>1 413 567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 413 567</b>	<b>1 462 775</b>	<b>1 530 187</b>		
<b>Surplus/ (Deficit) for the year</b>	2	<b>240 312</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73 435</b>	<b>73 435</b>	<b>313 747</b>	<b>171 836</b>	<b>173 619</b>		

KING SABATA DALINDYEBO MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2022/23

5.4.4. B4 REVENUE BUDGET BY SOURCE AND EXPENDITURE BY TYPE

EC 157 KING SABATA DALINDYEBO MUNICIPALITY B4 IREVENUE BY SOURCE AND OPERAING EXPENDITURE BY TYPE SPECIAL ADJUSTMENT

Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>												
Property rates	2	298 662	-	-	-	-	-	-	-	298 662	312 111	325 835
Service charges - electricity revenue	2	554 536	-	-	-	-	-	-	-	554 536	587 288	613 716
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	50 824	-	-	-	-	-	-	-	50 824	62 460	65 267
Rental of facilities and equipment		18 575	-	-	-	-	-	-	-	18 575	19 393	20 265
Interest earned - external investments		1 302	-	-	-	-	-	-	-	1 302	1 359	1 420
Interest earned - outstanding debtors		20 662	-	-	-	-	-	-	-	20 662	21 571	22 542
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		7 778	-	-	-	-	-	-	-	7 778	8 120	8 485
Licences and permits		1 272	-	-	-	-	-	-	-	1 272	1 333	1 397
Agency services		12 116	-	-	-	-	-	-	-	12 116	10 996	11 491
Transfers and subsidies		425 596	-	-	-	-	-	-	-	425 596	447 019	476 916
Other revenue	2	32 754	-	-	-	-	-	-	-	32 754	34 195	35 734
Gains		564	-	-	-	-	-	-	-	564	564	564
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 424 641</b>	-	-	-	-	-	-	-	<b>1 424 641</b>	<b>1 506 408</b>	<b>1 583 632</b>
<b>Expenditure By Type</b>												
Employee related costs		556 029	-	-	-	-	-	-	-	556 029	576 801	602 755
Remuneration of councillors		34 079	-	-	-	-	-	-	-	34 079	35 579	37 180
Debt impairment		15 000	-	-	-	-	-	-	-	15 000	10 440	10 910
Depreciation & asset impairment		158 272	-	-	-	-	-	-	-	158 272	165 236	172 672
Finance charges		6 553	-	-	-	-	-	-	-	6 553	6 841	7 149
Bulk purchases - electricity		452 820	-	-	-	-	-	-	-	452 820	472 744	494 018
Inventory consumed		20 509	-	-	-	-	-	-	-	20 509	21 411	22 374
Contracted services		44 801	-	-	-	-	-	-	-	44 801	44 932	48 283
Transfers and subsidies		500	-	-	-	-	-	-	-	500	522	545
Other expenditure		125 003	-	-	-	-	-	-	-	125 003	128 268	134 300
Losses		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>1 413 367</b>	-	-	-	-	-	-	-	<b>1 413 367</b>	<b>1 462 775</b>	<b>1 530 187</b>
<b>Surplus/(Deficit)</b>												
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		11 074	-	-	-	-	-	-	-	11 074	43 633	53 444
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		229 801	-	-	-	-	-	61 172	61 172	290 973	146 118	138 466
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	11 700	11 700	11 700	-	-
<b>Surplus/(Deficit) before taxation</b>		<b>240 875</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>313 747</b>	<b>189 751</b>	<b>191 910</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>240 875</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>313 747</b>	<b>189 751</b>	<b>191 910</b>
Atributable to minorities		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>240 875</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>313 747</b>	<b>189 751</b>	<b>191 910</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>240 875</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>313 747</b>	<b>189 751</b>	<b>191 910</b>

KING SABATA DALINDYEBO MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2022/23

5.4.5. B5 CAPITAL EXPENDITURE BUDGET

EC 157 KING SABATA DALINDYEBO MUNICIPALITY B5 CAPITAL EXPENDITURE SPECIAL ADJUSTMENT

Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	5	6	7	8	9	10	11	12			
		A1	B	C	D	E	F	G	H			
<b>Single-year expenditure to be adjusted</b>	2											
Vote 9 - (31: CS)		1 630	-	-	-	-	-	-	-	1 630	-	-
Vote 10 - Executive AND Council (32: CS)		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Fin AND Asset Management (33: CS)		787	-	-	-	-	-	-	-	787	-	-
Vote 12 - Planning, Social AND Development (34: CS)		19 000	-	-	-	-	-	-	-	19 000	30 000	17 000
Vote 13 - Human Settlement (35: CS)		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Community Services (36: CS)		2 000	-	-	-	-	-	-	-	2 000	-	-
Vote 15 - Public Safety (37: CS)		4 700	-	-	-	-	-	-	-	4 700	-	-
Vote 16 - Infrastructure (38: CS)		210 801	-	-	-	-	-	72 872	72 872	283 673	116 118	121 466
<b>Capital single-year expenditure sub-total</b>		<b>238 918</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>311 790</b>	<b>146 118</b>	<b>138 466</b>
<b>Total Capital Expenditure - Vote</b>		<b>238 918</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>311 790</b>	<b>146 118</b>	<b>138 466</b>
<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>		<b>2 597</b>	-	-	-	-	-	-	-	<b>2 597</b>	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		2 597	-	-	-	-	-	-	-	2 597	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>116 904</b>	-	-	-	-	-	61 172	61 172	<b>178 076</b>	-	-
Community and social services		150	-	-	-	-	-	-	-	150	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		3 000	-	-	-	-	-	-	-	3 000	-	-
Housing		113 754	-	-	-	-	-	61 172	61 172	174 926	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>114 471</b>	-	-	-	-	-	11 700	11 700	<b>126 171</b>	<b>128 118</b>	<b>119 658</b>
Planning and development		45 826	-	-	-	-	-	11 700	11 700	57 526	-	-
Road transport		68 645	-	-	-	-	-	-	-	68 645	128 118	119 658
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>4 945</b>	-	-	-	-	-	-	-	<b>4 945</b>	<b>18 000</b>	<b>18 808</b>
Energy sources		3 195	-	-	-	-	-	-	-	3 195	18 000	18 808
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1 750	-	-	-	-	-	-	-	1 750	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	<b>238 918</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>311 790</b>	<b>146 118</b>	<b>138 466</b>
<b>Funded by:</b>												
National Government		97 046	-	-	-	-	-	-	-	97 046	116 118	121 466
Provincial Government		132 754	-	-	-	-	-	61 172	61 172	193 926	30 000	17 000
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	11 700	11 700	11 700	-	-
<b>Transfers recognised - capital</b>	4	<b>229 801</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>302 673</b>	<b>146 118</b>	<b>138 466</b>
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		<b>9 117</b>	-	-	-	-	-	-	-	<b>9 117</b>	-	-
<b>Total Capital Funding</b>		<b>238 918</b>	-	-	-	-	-	<b>72 872</b>	<b>72 872</b>	<b>311 790</b>	<b>146 118</b>	<b>138 466</b>

KING SABATA DALINDYEBO MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2022/23

5.4.6. B6 BUDGETED BALANCE SHEET

KING SABATA DALINDYEBO B6 FINANCIAL POSITION SPECIAL ADJUSTMENT BUDGET

Description	Ref	Budget Year 2022/23					Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	E	F	G	H		
<b>ASSETS</b>								
<b>Current assets</b>								
Cash		163 325	-	-	-	163 325	333 921	513 647
Call investment deposits	1	24 745	-	-	-	24 745	24 745	24 745
Consumer debtors	1	131 157	-	-	-	131 157	158 335	186 721
Other debtors		412 995	-	-	-	412 995	412 995	412 995
Inventory		137 935	-	-	-	137 935	137 935	137 935
<b>Total current assets</b>		<b>870 157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>870 157</b>	<b>1 067 932</b>	<b>1 276 043</b>
<b>Non current assets</b>								
Investment property		215 163	-	-	-	215 163	333 329	333 329
Property, plant and equipment	1	2 243 662	72 872	-	72 872	2 316 534	2 241 916	2 208 108
Intangible		1 766	-	-	-	1 766	1 766	1 766
Other non-current assets		3 201	-	-	-	3 201	3 201	3 201
<b>Total non current assets</b>		<b>2 463 792</b>	<b>72 872</b>	<b>-</b>	<b>72 872</b>	<b>2 536 663</b>	<b>2 580 212</b>	<b>2 546 404</b>
<b>TOTAL ASSETS</b>		<b>3 333 949</b>	<b>72 872</b>	<b>-</b>	<b>72 872</b>	<b>3 406 820</b>	<b>3 648 144</b>	<b>3 822 446</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Bank overdraft		-	-	-	-	-	-	-
Borrowing		26 419	-	-	-	26 419	26 419	26 419
Consumer deposits		24 324	-	-	-	24 324	24 324	24 324
Trade and other payables		805 139	-	-	-	805 139	811 981	812 288
Provisions		3	-	-	-	3	3	3
<b>Total current liabilities</b>		<b>855 884</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>855 884</b>	<b>862 726</b>	<b>863 034</b>
<b>Non current liabilities</b>								
Borrowing	1	41 004	-	-	-	41 004	41 004	41 004
Provisions	1	51 700	-	-	-	51 700	51 700	51 700
<b>Total non current liabilities</b>		<b>92 704</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92 704</b>	<b>92 704</b>	<b>92 704</b>
<b>TOTAL LIABILITIES</b>		<b>948 588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>948 588</b>	<b>955 430</b>	<b>955 738</b>
<b>NET ASSETS</b>	2	<b>2 385 360</b>	<b>72 872</b>	<b>-</b>	<b>72 872</b>	<b>2 458 232</b>	<b>2 692 714</b>	<b>2 866 709</b>
<b>COMMUNITY WEALTH/EQUITY</b>								
Accumulated Surplus/(Deficit)		2 115 704	72 872	-	72 872	2 188 576	2 304 892	2 478 886
Reserves		269 656	-	-	-	269 656	387 822	387 822
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>2 385 360</b>	<b>72 872</b>	<b>-</b>	<b>72 872</b>	<b>2 458 232</b>	<b>2 692 714</b>	<b>2 866 709</b>

**5.4.7. B7 CASH FLOW BUDGET**

**KING SABATA DALINDYEBO MUNICIPALITY B7 CASH FLOW SPECIAL ADJUSTMENT BUDGET**

Description	Ref	Budget Year 2022/23					Budget Year	Budget Year
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2023/24	+2 2024/25
		A	7	8	9	10		
R thousands		E	F	G	H			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates		283 783	-	-	-	283 783	296 562	309 602
Service charges		583 543	-	-	-	583 543	609 618	637 453
Other revenue		71 094	-	-	-	71 094	72 573	75 842
Transfers and Subsidies - Operational	1	428 969	-	-	-	428 969	465 206	495 919
Transfers and Subsidies - Capital	1	226 606	72 872	-	72 872	299 478	128 118	119 658
Interest		20 930	-	-	-	20 930	21 851	22 835
Dividends		-	-	-	-	-	-	-
<b>Payments</b>								
Suppliers and employees		(1 230 788)	-	-	-	(1 230 788)	(1 277 174)	(1 336 234)
Finance charges		(6 553)	-	-	-	(6 553)	-	-
Transfers and Grants	1	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>377 585</b>	<b>72 872</b>	<b>-</b>	<b>72 872</b>	<b>450 457</b>	<b>316 754</b>	<b>325 074</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE		-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-
<b>Payments</b>								
Capital assets		(239 038)	(72 872)	-	(72 872)	(311 910)	(146 139)	(138 488)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(239 038)</b>	<b>(72 872)</b>	<b>-</b>	<b>(72 872)</b>	<b>(311 910)</b>	<b>(146 139)</b>	<b>(138 488)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans		-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(2 983)	-	-	-	(2 983)	(2 983)	(2 983)
<b>Payments</b>								
Repayment of borrowing		-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(2 983)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2 983)</b>	<b>(2 983)</b>	<b>(2 983)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>								
		<b>135 565</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135 565</b>	<b>167 633</b>	<b>183 604</b>
Cash/cash equivalents at the year begin:	2	(115 679)	-	-	-	(115 679)	22 849	186 604
Cash/cash equivalents at the year end:	2	19 886	-	-	-	19 886	190 482	370 207

**5.4.8. B8 Cash Backed Reserves Accumulated Surplus Reconciliation**  
**KING SABATA DALINDYEBO MUNICIPALITY B8 CASH BACKED RESERVES ACCUMULATED SURPLUS RECONCILIATION**

Description	Ref	Budget Year 2022/23										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	+1 2023/24	+2 2024/25
R thousands		3	4	5	6	7	8	9	10				
<b>Cash and investments available</b>													
Cash/cash equivalents at the year end	1	19 886	-	-	-	-	-	-	19 886	-	-	190 482	370 207
Other current investments > 90 days		168 185	-	-	-	-	-	-	168 185	-	-	168 185	168 185
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>188 071</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>188 071</b>	<b>-</b>	<b>-</b>	<b>358 667</b>	<b>538 392</b>
<b>Applications of cash and investments</b>													
Unspent conditional transfers		17 686	-	-	-	-	-	-	17 686	-	-	17 686	17 686
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	(140 728)	-	-	-	-	-	-	(146 168)	-	-	(150 602)	(176 782)
Other provisions		-	-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		3 834	-	-	-	-	-	-	3 834	-	-	3 834	3 834
<b>Total Application of cash and investments:</b>		<b>(119 207)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(124 647)</b>	<b>-</b>	<b>-</b>	<b>(129 082)</b>	<b>(155 262)</b>
<b>Surplus(shortfall)</b>		<b>68 863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63 423</b>	<b>-</b>	<b>-</b>	<b>229 585</b>	<b>383 131</b>



KING SABATA DALINDYEBO MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2022/23

5.4.9. B9 Asset Management

KING SABATA DALINDYEBO MUNICIPALITY B9 ASSET MANAGEMENT

Description	Ref	Budget Year 2022/23					Budget Year	Budget Year
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2023/24	+2 2024/25
		A	7	12	13	14		
R thousands		A1	F	G	H			
<b>CAPITAL EXPENDITURE</b>								
<b>Total New Assets to be adjusted</b>	1	180 836	-	61 172	30 338	211 173	48 000	35 808
<i>Roads Infrastructure</i>		39 420	-	-	(17 476)	21 944	30 000	17 000
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		5 878	-	-	(2 683)	3 195	18 000	18 808
<i>Information and Communication Infrastructure</i>		1 000	-	-	-	1 000	-	-
<i>Infrastructure</i>		46 298	-	-	(20 159)	26 139	48 000	35 808
<i>Community Facilities</i>		3 750	-	-	211	3 961	-	-
<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-
<i>Community Assets</i>		3 750	-	-	211	3 961	-	-
Housing		113 754	-	-	61 172	174 926	-	-
<i>Other Assets</i>	6	113 754	-	61 172	61 172	174 926	-	-
Computer Equipment		580	-	-	-	580	-	-
Furniture and Office Equipment		4 280	-	-	(3 500)	780	-	-
Machinery and Equipment		9 173	-	-	(7 386)	1 787	-	-
Transport Assets		3 000	-	-	-	3 000	-	-
<b>Total Renewal of Existing Assets to be adjusted</b>	2	56 362	-	11 700	42 534	98 896	98 118	102 658
<i>Roads Infrastructure</i>		56 362	-	-	30 834	87 196	98 118	102 658
<i>Infrastructure</i>		56 362	-	-	30 834	87 196	98 118	102 658
<i>Community Facilities</i>		-	-	11 700	11 700	11 700	-	-
<i>Community Assets</i>		-	-	11 700	11 700	11 700	-	-
<b>Total Upgrading of Existing Assets to be adjusted</b>	2e	1 720	-	-	-	1 720	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-
<i>Community Facilities</i>		1 720	-	-	-	1 720	-	-
<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-
<i>Community Assets</i>		1 720	-	-	-	1 720	-	-
<b>Total Capital Expenditure to be adjusted</b>	4	238 918	-	72 872	72 872	311 790	146 118	138 466
<i>Roads Infrastructure</i>		95 782	-	-	13 358	109 140	128 118	119 658
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		5 878	-	-	(2 683)	3 195	18 000	18 808
<i>Information and Communication Infrastructure</i>		1 000	-	-	-	1 000	-	-
<i>Infrastructure</i>		102 660	-	-	10 675	113 335	146 118	138 466
<i>Community Facilities</i>		5 470	-	11 700	11 911	17 381	-	-
<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-
<i>Community Assets</i>		5 470	-	11 700	11 911	17 381	-	-
Housing		113 754	-	-	61 172	174 926	-	-
<i>Other Assets</i>		113 754	-	61 172	61 172	174 926	-	-
Computer Equipment		580	-	-	-	580	-	-
Furniture and Office Equipment		4 280	-	-	(3 500)	780	-	-
Machinery and Equipment		9 173	-	-	(7 386)	1 787	-	-
Transport Assets		3 000	-	-	-	3 000	-	-
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	4	238 918	-	72 872	72 872	311 790	146 118	138 466
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	2 146 164	-	72 872	72 872	2 219 036	2 099 115	1 926 465
<i>Roads Infrastructure</i>		2 592 531	-	-	-	2 592 531	2 526 502	2 457 501
<i>Storm water Infrastructure</i>		(6 843)	-	-	-	(6 843)	(13 988)	(21 454)
<i>Electrical Infrastructure</i>		528 592	-	-	-	528 592	504 069	478 442
<i>Information and Communication Infrastructure</i>		13 319	-	-	-	13 319	25 387	20 425
<i>Infrastructure</i>		3 127 598	-	-	-	3 127 598	3 041 970	2 934 914
<i>Community Assets</i>		389 073	-	11 700	11 700	400 773	389 073	389 073
Heritage Assets		3 201	-	-	-	3 201	3 201	3 201
Investment properties		215 163	-	-	-	215 163	333 329	333 329
<i>Other Assets</i>		(2 031 568)	-	61 172	61 172	(1 970 396)	(2 111 176)	(2 176 793)
Intangible Assets		1 766	-	-	-	1 766	1 766	1 766
Computer Equipment		7 810	-	-	-	7 810	7 810	7 810
Furniture and Office Equipment		155 679	-	-	-	155 679	155 699	155 721
Machinery and Equipment		40 722	-	-	-	40 722	40 722	40 722
Transport Assets		(97 764)	-	-	-	(97 764)	(97 764)	(97 764)
Land		334 485	-	-	-	334 485	334 485	334 485
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	2 146 164	-	72 872	72 872	2 219 036	2 099 115	1 926 465



KING SABATA DALINDYEBO MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2022/23

5.4.10. B10 Basic Service Delivery Measurement

EC157 KING SABATA DALINDYEBO B10 BASIC SERVICE DELIVERY MEASUREMENT

Description	Ref	Budget Year 2022/23						Budget Year	Budget Year
		Original	Unfore.	Nat. or Prov.	Other Adjus.	Total Adjus.	Adjusted	Adjusted	Adjusted
		Budget	Unavoid.	Govt			Budget	Budget	Budget
		10	11	12	13	14			
		A	D	E	F	G	H		
<b>Household service targets</b>	1								
<b>Water:</b>									
Piped water inside dwelling		42626				-	42626	42626	42626
Piped water inside yard (but not in dwelling)		24405				-	24405	24405	24405
Minimum Service Level and Above sub-total		67031	-	-	-	-	67031	67031	67031
Total number of households	5	67031	-	-	-	-	67031	67031	67031
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)		37356				-	37 356	37356	37356
Pit toilet (ventilated)		53138				-	53 138	53138	53138
Minimum Service Level and Above sub-total		90 494	-	-	-	-	90 494	90 494	90 494
Bucket toilet		496				-	496	496	496
No toilet provisions		14416				-	14 416	14416	14416
Below Minimum Service Level sub-total		14 912	-	-	-	-	14 912	14 912	14 912
Total number of households	5	105 406	-	-	-	-	105 406	105 406	105 406
<b>Energy:</b>									
Electricity (at least min. service level)		77 182				-	77 182	450	450
Electricity - prepaid (> min.service level)		60 464				-	60 464	76 732	76 732
Minimum Service Level and Above sub-total		137 646	-	-	-	-	137 646	77 182	77 182
Electricity (< min.service level)		-				-	-	60 464	60 464
Electricity - prepaid (< min. service level)		81 352				-	81 352	20 888	20 888
Other energy sources		158 534				-	158 534	-	-
Below Minimum Service Level sub-total		239 886	-	-	-	-	239 886	81 352	81 352
Total number of households	5	377 532	-	-	-	-	377 532	158 534	158 534
<b>Refuse:</b>									
Removed at least once a week (min.service)		64 603				-	64 603	27 562	27 562
Minimum Service Level and Above sub-total		64 603	-	-	-	-	64 603	27 562	27 562
Removed less frequently than once a week		-				-	-	64 603	64 603
Using communal refuse dump		11 494				-	11 494	-	-
Using own refuse dump		-				-	-	-	-
Other rubbish disposal		76 097				-	76 097	11 494	11 494
No rubbish disposal		103 659				-	103 659	-	-
Below Minimum Service Level sub-total		191 250	-	-	-	-	191 250	76 097	76 097
Total number of households	5	255 853	-	-	-	-	255 853	103 659	103 659
<b>Cost of Free Basic Services provided (R'000)</b>	16								
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	7 890	7 890
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	8 000	8 000
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		8 000	-	-	-	-	8 000	-	-
Total cost of FBS provided		8 000	-	-	-	-	8 000	15 890	15 890
<b>Highest level of free service provided</b>									
<b>Revenue cost of free services provided (R'000)</b>	17								
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		9 000	-	-	-	-	9 000	9 396	9 819
Total revenue cost of subsidised services provided		9 000	-	-	-	-	9 000	9 396	9 819

## 6. STAFF IMPLICATIONS

*Own*

## 7. FINANCIAL IMPLICATIONS

Increase in capital revenue and expenditure by R72,871,770 (seventy-two million eight hundred and seventy one thousand seven hundred and seventy rands)

## 8. RECOMMENDATIONS

It is recommended that the Council considers the report and approve :

- The Increase in capital revenue and expenditure by **R72,871,770** (seventy-two million eight hundred and seventy-one thousand seven hundred and seventy rands) from **R240,875,070** (Two Hundred and Forty million Eight Hundred and Seventy Five Thousand and Seventy Rand) to **R313,746,840** (Three Hundred and Thirteen million Seven Hundred and Forty Six Thousand Eight Hundred and Forty Rands)
- The adjustment of the IDP, SDBIP and procurement plan in line with the changes in the capital budget due to disaster that affected access roads, and additional funding from Small Business Development and Human Settlement.



**Cllr GN Nelani**  
**Executive Mayor**

# ANNEXURE - A



**Luvuvweni**  
Write a description for your map.



# ANNEXURE - B



## MEMORANDUM

**TO :** THE MUNICIPAL MANAGER  
**FROM :** ACT DIRECTOR : RURAL & ECONOMIC DEV  
**DATE :** 07 SEPTEMBER 2022 (FILE REF : 6/1/R)  
**SUBJECT:** APPROVED FUNDING FOR REFURBISHMENT OF THE NTOZONKE MARKET

### 1. Purpose

The purpose of the memorandum is to advise the Municipal Manager and the Chief Financial Officer of the grant funding approved by the Department of Small Business Development.

### 2. Background

Small businesses remain the pillar of the economy and job creation in South Africa, particularly in previously disadvantaged communities (rural areas and townships). However, these enterprises continue to face a plethora of challenges which inhibit their growth and sustainability. One of the prominent challenges that face small businesses are difficulties in accessing markets, particularly with regards to failure to understand markets and their customers.

In most cases, small businesses have to compete in relation to price, quality, brand recognition, payment terms etc. with the monopoly sector (large businesses). According to the Global Entrepreneurship Monitor report (2016/2017), the Department of Small Business Development (DSBD) should assist small businesses to obtain information about market opportunities available particularly from government departments. It further suggests that local government officials need to be capacitated to stimulate entrepreneurship and small business development in local communities and need to understand how to link local businesses with the mainstream economy.

It is against this backdrop that the DSBD together with its implementing agencies, the Small Enterprise Development Agency (SEDA) and Small Enterprise Finance Agency (SEFA) and other stakeholders have started working on various initiatives across the ecosystem to facilitate access to markets for products and services offered by small businesses. The proposed trade markets are aimed at providing spaces where small enterprises can produce their products, meet and transact with buyers and sell their products.

Based on the feasibility study conducted, a revitalisation plan is proposed for the Ntozonke Trade Market located in the Mthatha CDB. The Ntozonke Market which is a trade market located in the CBD of Mthatha was established in the 1970s. The Market is a speciality market where cultural

and traditional textiles and products are manufactured and sold directly to the public. As many as 73 traders, manufacture and subsequent retail items such as Xhosa traditional wear, traditional medicine and accessories. Through the work of the traders, the Market has come to be regarded as a regional cultural hub which celebrates the Xhosa culture.

The Ntozonke Market was identified by DSBD as a potential clothing and textile trade market under the DSBD's Product Market Development Initiative.

A Memorandum of Agreement was entered into between KSDLM and the Department of Small Business Development through the office of Rural & Economic Development whereby a grant fund of R11 700 000.00 has been approved for the refurbishment of the Ntozonke Market project. The funds are available in the current financial year.

On the 06 September 2022, the RED office had a meeting with DSBD in order to further clarify issues in relation to procurement for the project. In the MOA attached hereto, DSBD enables KSDLM to procure in terms of the Funds section, under Clauses 6.1 to 6.9.

The funds for the project will remain with the Department of Small Business Development. The King Sabata Dalindyebo Municipality is authorised to procure service providers, then invoice Department of Small Business Development for the services.

### **3. Financial Implications**

The amount of R11 700 000.00 is approved and available for execution by King Sabata Dalindyebo Municipality

- 3.1. The project is not included in the approved budget
- 3.2. The project is not included in the approved SDBIP.

### **4. Risk Implications**

The risk that KSD faces is that the Ntozonke Market is old and dilapidated and needs re-furnishment. This is an old building with historical value and is a heritage asset.

The refurbishment serves to preserve this asset and further provider trading space for SMMEs.

### **5. Parties to be consulted**

The following parties were consulted and will be part of the PSC:

- PAN ASS
- African Hawkers Association
- Taxi Association

### **6. Service Delivery Implications**

- i. The 2022/23 SDBIP to be adjusted accordingly.


**7. Labour Implications**

None

**8. Recommendations**

- i. The report be noted by the Municipal Manager
- ii. The project be reported to Council
- iii. The project be adopted and included in the IDP (2022/23); SDBIP (2022/23); budget (2022.23) and Procurement Plan (2022/23) as adjusted.
- iv. The project be executed in the 2022/23 financial year in line with the Memorandum of Agreement.

Recommended by:



**GR. Tobia**

**ACRING DIRECTOR: RURAL & ECONOMIC DEVELOPMENT**

**Recommended / Not Recommended**

\_\_\_\_\_

**N. Zibi : GENERAL MANAGER: SUPPLY CHAIN MANAGEMENT**

\_\_\_\_\_  
\_\_\_\_\_

**Recommended / Not Recommended**

\_\_\_\_\_

**Dr V. Lethuka: GENERAL MANAGER: ORGANISATIONAL SUPPORT**

\_\_\_\_\_  
\_\_\_\_\_

**Recommended / Not Recommended**

\_\_\_\_\_

**E. JIHOLO : CHIEF FINANCIAL OFFICER**

\_\_\_\_\_  
\_\_\_\_\_

**Approved / Not Approved**

\_\_\_\_\_

**N. Pakade : MUNICIPAL MANAGER**

\_\_\_\_\_  
\_\_\_\_\_





**small business  
development**

Department:  
Small Business Development  
REPUBLIC OF SOUTH AFRICA



## **MEMORANDUM OF AGREEMENT**

Between

**DEPARTMENT OF SMALL BUSINESS DEVELOPMENT**

Hereafter referred to as DSBD

Represented by **Mr Lindokuhle Mkhumane**  
in his capacity as **Director - General of the Department of Small Business  
Development** and is being duly authorised thereto  
and

**KING SABATA DALINDYEBO MUNICIPALITY**

Hereafter referred to as KSD

Represented by **Mr Ngamela Pakade**  
in his capacity as **Municipal Manager of King Sabata Dalindyebo Municipality**  
and is being duly authorised thereto



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**1. PREAMBLE**

**WHEREAS** DSBD has initiated the Shared Economic Infrastructure Facility (SEIF), aimed at contributing to radical economic transformation through the provisioning of business infrastructure to rural township-based enterprises.

**WHEREAS** the Shared Economic Infrastructure is aimed at supporting enterprises by stimulating and encouraging public-private sector investment through efforts of lowering infrastructure costs.

**AND** the Shared Economic Infrastructure Facility (SEIF) is one of the support measures to encourage partnerships between national, provincial, and local government to accelerate public and private sector investment through a provision of necessary infrastructure for small, medium, and micro enterprises to unlock greater economic benefits.

**NOW THEREFORE THE PARTIES, THROUGH THE MEMORANDUM OF AGREEMENT HEREBY FORMALISE AND REGULATE THE RELATIONSHIP BETWEEN THEM AND AGREE AS FOLLOWS:**



## **2. DEFINITIONS**

### **2.1 In this MOA, unless the context indicates otherwise-**

<b>"AGREEMENT"</b>	means this Memorandum of Agreement as recorded herein and includes all schedules and annexures thereto "KSD" means King Sabata Dalindyebo.
<b>"DSBD"</b>	means the Department of Small Business Development.
<b>"EFFECTIVE DATE"</b>	means the date of last signature to the agreement, being that of the Director-General of DSBD.
<b>"FUNDS"</b>	means the amount allocated and approved by DSBD for the King Sabata Dalindyebo Local Municipality project is R11 700 000 over a period of two years.
<b>"MONTH"</b>	means a calendar month.
<b>"PARTIES"</b>	means collectively all parties to this Agreement; and "Party" refers to either one of them, as the context may require.
<b>"PROGRAMME MANAGER"</b>	means the representative of DSBD appointed to manage the partnership and agreement on behalf of DSBD.
<b>"SEIF"</b>	means Shared Economic Infrastructure Facility.
<b>"TECHNICAL COMMITTEE"</b>	means designated representatives of DSBD and King Sabata Dalindyebo Local Municipality as well as their selected agencies tasked to manage and implement the obligations of this Memorandum of Agreement, as contained in Annexure "A"; and
<b>"THE ACT"</b>	means the Public Finance Management Act, 1999 (Act 1 of 1999) as amended from time to time.



### **3. INTERPRETATION**

#### **3.1 In this Agreement:**

- 3.1.1** References to a statutory provision include any subordinate legislation made from time to time under that provision and include that provision as modified or re-enacted from time to time.
- 3.1.2** Words importing any particular gender include the other genders (i.e. the masculine, feminine and neuter genders, as the case may be); the singular includes the plural and vice versa; and natural persons include artificial persons and vice versa.
- 3.1.3** If a definition imposes substantive rights and obligations on a Party, such rights and obligations shall be given effect to and be enforceable, notwithstanding that they are contained in a definition.
- 3.1.4** Any definition, wherever it appears in this agreement, shall bear the same meaning, and apply throughout this agreement unless otherwise stated or inconsistent with the context in which it appears.
- 3.1.5** If there is any conflict between the definitions in this agreement then, for purposes of interpreting any clause of the agreement, the definition appearing in that clause or paragraph shall prevail over any other conflicting definition appearing elsewhere in the agreement.
- 3.1.6** Where any number of days is prescribed, those days shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a business day, in which event the last day shall be the next succeeding business day.
- 3.1.7** Where the day upon or by which any act is required to be performed is not a business day, the Parties shall be deemed to have intended such act to be performed upon or by the next succeeding business day.
- 3.1.8** References to any amount shall mean that the amount inclusive of VAT.



**4. DURATION OF THE AGREEMENT**

- 4.1 This Agreement shall be effective on the date of the last signature by the last Party signing the agreement, being the Director - General of DSBD.
- 4.2 This agreement shall commence upon the conclusion of the Project Implementation plan to be agreed upon by the Parties before the signature this Agreement.
- 4.3 This Agreement shall be valid for a period of two years during which DSBD through the SEIF will fund King Sabata Dalindyebo Local Municipality and subject to review from the date of signature hereof unless terminated earlier in terms of clause 12.

**5. NO EXPECTATION OF RENEWAL**

- 5.1 King Sabata Dalindyebo Local Municipality agrees that there shall be no expectation of future renewal of this agreement. Any decision to renew shall rest exclusively with DSBD.
- 5.2 Should DSBD decide to renew the agreement, it shall be done on such terms as the parties may agree to in writing. Such renewal shall not constitute a basis for King Sabata Dalindyebo Local Municipality to claim renewal in future.



6. FUNDS

- 6.1 DSBD will support King Sabata Dalindyebo Local Municipality by rendering financial assistance towards the renovation of Ntozonke market for the implementation of the Shared Economic Infrastructure Facility (SEIF) for an approved amount of R11 700 000 in line with the approved SEIF Guidelines over a two-year period.
- 6.2 The Product Market Unit of DSBD and King Sabata Dalindyebo Local Municipality will ensure and verify prior to any disbursements that the facility exists and that the relevant milestone in terms of the Implementation Plan has been achieved in accordance with the corresponding financial contribution.
- 6.3 KSD invoices of King Sabata Dalindyebo Local Municipality expenditure will be submitted to DSBD, Office of the Chief Financial Officer, supported by reports prepared by their own engineering company before disbursements are made.
- 6.4 The Office of the Deputy Director-General of DSBD will nominate officials to verify the infrastructure on site and Engineering Consultants already appointed to the National Treasury Central Supplier Database of Engineering experts for Government will verify all project claims for disbursement once submitted.
- 6.5 The disbursement of funds for the duration of this MOA shall be made in accordance with the milestones and the conditions outlined in the King Sabata Dalindyebo Local Municipality implementation plan as approved by DSBD attached hereto marked Annexure "A" and which shall be subject to review and approval by DSBD prior to any disbursements being processed.
- 6.6 All disbursements made to King Sabata Dalindyebo Local Municipality shall be made in accordance with and in full compliance of the prescripts of the PFMA, all Treasury regulations thereto and any other directives that may be issued from time to time by National Treasury. King Sabata Dalindyebo Local Municipality hold DSBD harmless for whatsoever reason that may require the payment provisions contained under clause 6 to be varied, altered, or modified



- 6.7 The invoices submitted must be accompanied by a report describing each milestones achieved, certified by DSBD, which shall be to the satisfaction of DSBD and whom shall be entitled to request modification to such report, before approval.
- 6.8 DSBD shall continue to monitor and evaluate the progress of the King Sabata Dalindyebo Local Municipality through assessment of each progress report submitted by King Sabata Dalindyebo Local Municipality and consultations with the minimum of two (2) participants in each programme
- 6.9 Should King Sabata Dalindyebo Local Municipality at any time pay the service provider more than what is agreed, such amount will not be claimed by the King Sabata Dalindyebo Local Municipality from the Department and shall be for the own account of King Sabata Dalindyebo Local Municipality.

## **7. OBLIGATIONS OF THE PARTIES**

### **7.1 Obligations of DSBD are:**

- 7.1.1 To provide King Sabata Dalindyebo Local Municipality with approved and allocated funds, which funds shall be disbursed to King Sabata Dalindyebo Local Municipality in accordance with the delivery of milestones aimed in Annexure "A",
- 7.1.2 To appoint a designated representative who will act as the correspondent between the Parties to this Agreement.
- 7.1.3 To continuously monitor King Sabata Dalindyebo Local Municipality and assess whether the implementation of the project is contributing towards the achievement of the strategic objectives and intended outcomes of the Shared Economic Infrastructure Facility (SEIF) incentive.
- 7.1.4 To provide King Sabata Dalindyebo Local Municipality with a reporting checklist to utilise.
- 7.1.5 To continuously monitor and evaluate through site visits in addition to clause 6.
- 7.1.7 Processing of reports timeously, by the 30<sup>th</sup> of the end of each quarter.



7.1.8 DSBD to appoint engineers registered with the Engineering Council of South Africa, who meet the requirements, skills and experience as required by the Terms of Reference to monitor the project.

7.1.9 The assessment of the performance of King Sabata Dalindyebo Local Municipality will be based on the combination of qualitative and quantitative tools namely,

- Adherence to the Programme guidelines.
- Meetings with selected beneficiaries.
- Site visits conducted by DSBD, KSD and Engineers specified in Clause 7.1.8 above.
- Actual performance against projected targets.
- Actual expenditure versus projected expenditure
- Year to date actual performance versus Year-to-date projected performance.
- Actual annual performance versus predetermined Annual Business Plan targets.
- Actual annual spending versus the approved Annual budget.

**7.2 Obligations of King Sabata Dalindyebo Local Municipality are:**

7.2.1 To deliver its annual business plan to DSBD that will clearly outline the activities, and performance indicators that will be carried out in order to realise the objectives of this MOA, for DSBD to accept and approve disbursements of funds.

7.2.2 To provide DSBD with monthly progress reports and payment certificates as well as quarterly reports through Market access and Supplier Development Unit.

7.2.3 To appoint a designated representative who will act as the correspondent between the Parties in terms of this Agreement.

7.2.4 King Sabata Dalindyebo Local Municipality accepts responsibility for the monies under their control for disbursements of funds in accordance with the instructions from DSBD and financial projections as contained in the Business Plan.



- 7.2.5 King Sabata Dalindyebo Local Municipality accepts responsibility for the funds to be paid out in accordance with the provisions of this Agreement and undertakes to comply with the PFMA and its regulations.
- 7.2.6 King Sabata Dalindyebo Local Municipality shall pay their appointed construction companies, on invoice within 30 days from the date of receiving a valid invoice from engineers.
- 7.2.9 King Sabata Dalindyebo Local Municipality shall allow the DG of DSBD, or any person authorised by the DG in writing to have access at reasonable times for inspecting the Municipality premises for the purpose of inspecting books and records regarding the services that the parties agreed to.
- 7.2.10 King Sabata Dalindyebo Local Municipality shall keep full and proper books of account and records clearly showing all revenue, expenditure and transactions, such books, and records, which shall be kept separate from those relating to matters not connected to this Agreement.
- 7.2.11 King Sabata Dalindyebo Local Municipality must furnish DSBD with the Auditor General's report, specifically the methods that were used to disburse the funds.
- 7.2.12 King Sabata Dalindyebo Local Municipality must erect a sign board which clearly indicates that the project is funded by the DSBD and erect sign boards for the hub.
- 7.2.13 King Sabata Dalindyebo Local Municipality must create a vote for the SEIF funds to have a budget item line and used solely for the SEIF project.
- 7.2.14 King Sabata Dalindyebo Local Municipality will hand over the land approved for the Shared Infrastructure to the DSBD to utilise for whatever DSBD may deem fit in the case that King Sabata Dalindyebo Local Municipality is not able to complete the project within the set period as well as any unutilised funds not disbursed.

## **8. CONFIDENTIALITY OF INFORMATION**

- 8.1. The Parties acknowledge that, during the currency of this Agreement, it is imperative and necessary for effective and efficient discharging of the roles and



responsibilities that the Parties make available and disclose to each to each other information which is otherwise confidential and necessary to execute the Agreement.

- 8.2. Each Party (Receiving Party) therefore undertakes to keep all information obtained or received by it for purposes of this agreement and/ or information disclosed by the other (Disclosing) Party in confidence.
- 8.3. Information shall be revealed only such of the representatives, agents and employees of the Parties whose knowledge of the information is required for the purpose of this Agreement and who shall assume the same obligations as each of the Parties in terms of this clause. Each Party shall be responsible for any breach of this clause by its agents or employees;
- 8.4. In the event that either Party (the Receiving Party) is required by legal process to disclose any of the information, it shall provide the other with prompt notice of such requirement so that the other may seek a protective order or waive the provision of this clause. In the event that a protective order or other remedy is obtained, the Receiving Party shall use all reasonable efforts to ensure that only information covered by such order or other remedy is disclosed. Whether or not a protective order or other remedy is obtained, or the other Party waives compliance with the provision of this Agreement, the receiving Party shall take all reasonable steps to ensure that only the portion of the information, which is legally required to disclose, is disclosed.
- 8.5. The Parties undertake that the information disclosed by the one Party to the other shall not be used for any other purpose that that agreed to in writing or that stipulated by the Issuing Party.
- 8.6. On termination of this Agreement, or at any time agreed by Parties, the Parties will, as requested, deliver immediately to the other Party all property belonging to the other Party and all material containing or constituting Confidential information, including any copies in either Party's possession or control, whether prepared by that Party or others;



- 8.7. Each Party hereby undertakes not to make any public statement or issue any press release relating to or affecting the other Party to this Agreement without prior written consent of the other Party.

## 9. INTELLECTUAL PROPERTY

- 9.1. The ownership of any Intellectual Property owned by any Party prior the commencement of this Agreement shall remain vested with that Party, subject to the condition that the Parties grant each other the exclusive licence to make use of any such Intellectual Property owned by the other Party which is necessary for the execution of this Agreement.
- 9.2. Ownership of any intellectual property emanating from this partnership shall be regulated in terms of the Intellectual Property Rights from Publicly Financed Research and Development Act, 2008 (Act 51 of 2008.) the Parties shall be entitled to make use of any intellectual property emanating from this partnership with prior written consent from the other Party.
- 9.3. Parties shall, when called upon by the other party, provide all reasonable information, materials, co-operation and / or assistance to the requesting party to enable the requesting party to prove the substance of the intellectual property rights and the party's title to such rights before any courts or wherever such proof may be reasonably required, provided that such information is not classified confidential information.

## 10. INDEMNITY

- 10.1. Notwithstanding anything to the contrary set out in this Agreement, the Parties hereby undertake to place reliance on the common law of contract insofar as it relates to any claim that may arise as a result if the conduct of either party to this Agreement.
- 10.2. The Parties further agree that King Sabata Dalindyebo Local Municipality hereby:
- 10.2.1 Shall be liable to DSBD where King Sabata Dalindyebo Local Municipality has failed to exercise such due care and diligence.



- 10.2.2 Acts as an independent contractor and not as an agent or employee of DSBD and has no authority or right to bind DSBD, and King Sabata Dalindyebo Local Municipality, including any person acting for or on its behalf, shall be liable for any action where it seeks to bind DSBD.
- 10.2.3 Indemnifies and holds DSBD harmless against all losses or expenses incurred or claims made of whatever nature, criminal, civil, together with any legal fees and costs incurred by DSBD, arising out of the conduct of King Sabata Dalindyebo Local Municipality, its employees, agents, and or other natural or juridical persons connected with King Sabata Dalindyebo Local Municipality, in conjunction with the development and supply of services and products by King Sabata Dalindyebo Local Municipality pursuant to this Agreement.
- 10.2.4 Notwithstanding anything to the contrary set out in this Agreement, King Sabata Dalindyebo Local Municipality hereby indemnifies and holds harmless DSBD against any claims, damages, expenses and costs (including those asserted by third parties) directly or indirectly related to this Agreement, in delict, for breach of statutory King Sabata Dalindyebo Local Municipality or otherwise;
- 10.2.5 Indemnifies and shall hold harmless DSBD against any claims that the products or deliverables infringe upon ant patent, copyright, trade secret or other right of any third Party. In the event of such a claim the contractor shall furthermore at its own expense either:
- 10.2.5.1 Obtain for the DSBD the right to continue using the product; or
  - 10.2.5.2 Replace the products or deliverables or infringing parts thereof with an equivalent product or part thereof.

## **11. BREACH**

- 11.1. Without prejudice to any rights of either Party, this Agreement may be terminated:
- 11.1.1 In the event of either Party committing any breach in terms of this Agreement and not remedies within fourteen (14) days of written notice from the other Party requiring such remedy; and



- 11.1.2 Immediately on written notice being given by a Party if the other Party commits a breach of this Agreement or repeats any breach as has previously been the subject of a notice under clause 14 below.
- 11.1.3 If this Agreement is in force and King Sabata Dalindyebo Local Municipality:
- 11.2.3 Commits an act of insolvency; or
- 11.2.4 Allows a judgment by default to be granted against it and fails within seven (7) days of such notice coming to its notice to satisfy same or apply to have it set aside; or
- 11.2.5 Is sequestrated or placed under business rescue or be wound up whether provisionally or finally, then and upon the occurrence of any of these events, DSBD is entitled at its election and without prejudice of any other rights to cancel this Agreement immediately.

## **12. TERMINATION OF AGREEMENT**

Should any party to this agreement at any time during the currency of this agreement commit any other breach of the conditions of the agreement and fail to rectify the breach within 14 (fourteen) days of the receipt of written notice requiring the party in question to remedy the breach, then the other party shall be entitled, but not obliged, in addition to any other rights which it may have or remedies which may be available to it to:

- 12.1 Cancel this agreement, or
- 12.2 Claim specific performance of all the defaulting party's obligations, in either event without prejudice to the aggrieved party's right to claim damages.
- 12.3 The termination of this agreement may also occur: -
- 12.3.1 If the parties agree thereto in writing; or
- 12.3.2 By DSBD giving not less than 14 (fourteen) days written notice thereof to DSBD if DSBD, in its sole discretion, decides to terminate this agreement and vice versa.



### **13. DISPUTE RESOLUTION**

- 13.1. In the event of a dispute arising between the Parties in terms of this Agreement or with respect to the interpretation of this Agreement, the Parties shall try to resolve the dispute among themselves through their designated Programme managers.
- 13.2. If the Parties fail to resolve their dispute or difference within ten (10) days of such dispute arising by such mutual consultation, then either Party may give notice to the other Party of its intention to commence with mediation. The respective signatories to this Agreement shall jointly mediate the matter. No mediation in respect of this matter may be commenced unless such notice is given to the other Party.
- 13.3. In the event it is not possible to settle a dispute by means of mediation, the dispute shall be referred to the Minister of Small Business Development for final determination.
- 13.4. The provisions of this clause 13 shall not preclude any Party from access to an appropriate court of law for interim relief in the form of an interdict, mandamus or order for specific performance pending the outcome of the arbitration in terms of this clause or in respect of such arbitration, from which the Parties irrevocably consent to the jurisdiction of the North Gauteng Court of South Africa.

### **14. PROCESSES AND NOTICE**

- 14.1 Any notice or other formal communication to be given under this Agreement shall be in writing and signed by or on behalf of the Party giving it and may be served by sending it by fax, delivering it by hand or sending it by registered mail with acknowledgement of receipt to the address and for the attention of the relevant Party set out in clause 11.2 below (or as otherwise duly notified from time to time). Any notice so served by hand, fax, or post shall be deemed to have been received:



- 14.2 The Parties choose for the purpose of this Agreement the following addresses and fax numbers:

**The Department of Small Business Development:**

**Physical address:**

Department of Small Business Development

Private Bag X672

Pretoria

South Africa

**For attention: MS NOMA MKAZA (Deputy Director)**

Telephone: 012 394 5958

Facsimile: 012 394 6504

Email: NMkaza@dsbd.gov.za

**KING SABATA DALINDYEBO LOCAL MUNICIPALITY**

Munitata Building

Sutherland street

Mthatha

**For attention: MR OWETHU PANTSHWA (DIRECTOR)**

Telephone: 047501 4269

Mobile: 082 044 0900

Facsimile: none

Email: Opantshwa@ksd.gov.za

- 14.3 In providing such a service it shall be sufficient to prove that the envelope containing such notice was properly addressed and delivered to the address shown thereon or that the fax was sent after obtaining in person or by telephone appropriate evidence of the capacity of the addressee to receive the same, as the case may be;

- 14.4 All notices or formal communications under or in connection with this Agreement shall be in the English language or, if in any other language, accompanied by a



translation into English. In the event of any conflict between the English text and the text in any other language, the English text shall prevail.

## **15. FORCE MAJEURE**

- 15.1 Neither Party shall be liable in any way for failure to perform their respective obligations under this Agreement if the failure is due to causes outside its reasonable control.
- 15.2 If circumstances arise for which either Party is not responsible and which make impractical or impossible for that Party to perform the Services in the normal manner as contemplated by the Parties in accordance with this Agreement in whole or in part, then such Party shall promptly notify the other Party of the circumstances and their effect on the Agreement.
- 15.3 If in those circumstances certain Services have to be suspended, the time for their completion shall be extended by the extent of the delay plus a reasonable period for their resumption or, if the speed of performing certain Services has to be reduced, the time for their completion shall be extended as may be necessary due the circumstances.
- 15.4 Should a Party be prevented from fulfilling any of its obligations in terms of this Agreement as a result of an event of force majeure, then those obligations shall be deemed to have been suspended to the extent that and for so long as the Party is so prevented from fulfilling them and corresponding obligations of other Party shall be suspended to the corresponding extent and the duration of the Agreement shall be extended by the corresponding time.

## **16. ENTIRE AGREEMENT**

- 16.1 This Agreement constitutes the whole Agreement between the Parties relating to the subject matter hereof.

This Agreement is executed in the English language, shall be the sole and controlling language used in interpreting or construing its meaning.



**17. VARIATIONS**

17.1 This document constitutes the entire agreement between the parties and no amended to this agreement shall be of any force and effect unless reduced to writing and signed by the duly authorised representatives of both Parties.

**18. ATTESTATION**

18.1 The Parties hereby acknowledge having read and signed this agreement, the contents of which are understood and accepted by both the undersigned parties.



**For the Department of Small Business Development**

THUS, DONE and SIGNED at 22 December 2021 on this the \_\_\_\_\_

day of \_\_\_\_\_ 2021, in the presence of the undersigned witnesses:



(Herein represented by **Mr Lindokuhle Mkhumane**, in his capacity as **Director General: DSBD**, And Duly authorized)



**FOR KING SABATHA DALINDYEBO MUNICIPALITY**

THUS, DONE and SIGNED at Mthatha on this the 07<sup>th</sup>  
day of March 2021, in the presence of the undersigned witnesses:

NP



(Herein represented by **Mr Ngamele Pakade**, in his capacity as a **Municipal Manager**, And Duly authorized)

**AS WITNESSES:**

1.  ZN

2. \_\_\_\_\_



# ANNEXURE - C



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## MEMORANDUM

**To :** CHIEF FINANCIAL OFFICER  
**From :** DIRECTOR HUMAN SETTLEMENTS  
**Date :** 05 OCTOBER 2022  
**Ref :** 8/2/1/6/1  
**SUBJECT :** NOTIFICATION OF TRANCHE PAYMENT IN RELATION OF MAYDENE FARM EXT. – PROJECT A 1317 HOUSING UNITS

---

This memo seeks to notify the office of the CFO about the tranche payment made by the Department of Human Settlements in relation to Maydene Farm ext.- Project A 1317 housing units for implementation of the balance of 514 houses from the 970 approved beneficiaries.

This is the first tranche payment of the five tranches approved as per the signed addendum between KSD Municipality and Department of Human Settlements. These tranche payments are made to do away with delays in payment of contractors when every milestone is achieved.

We attach herewith the proof of the first tranche payment for your information.

Yours in Developmental Local Government.

A handwritten signature in black ink, appearing to read "G.R. Tobia".

---

**G.R. TOBIA**  
**DIRECTOR HUMAN SETTLEMENTS**

INSTALLATION DISCUSSION, AS BEING ESTABLISHED  
DONATION DISCUSSION (IC) UNDER SUPERVISION

CONTACT TEL NO. 003 711 8847  
INSTRUMENT NO. 00114000  
ACTION DATE 30/09/2022

PAYER NAME SUNG BANGA MALAYSIA  
PAYMENT ADDRESS TO PAGE 44  
INSTRUMENT NO. 00114000

BANK NAME FIRST NATIONAL BANK  
BANK BRANCH / BRANCH  
ACCOUNT TYPE CURRENT  
ACCOUNT NO. \*\*\*\*\*6533

STRIKE TOC  
FINCHER  
FINCHER GROUP  
FINCHER  
NOT REPAID

PAYMENT NUMBER	FUNCTIONAL AREA	DEBIT	AMOUNT
002447521	AF	55435828	20,558,755.12
TOTAL			20,558,755.12

AMOUNT WAS DEBITED TO A CHECK NUMBER 30/09/2022 INSTRUMENT NUMBER 134809  
\*\*\* END OF REPORT \*\*\*

**ADDENDUM TO FUNDING AGREEMENT**

Entered into by and between

**EASTERN CAPE DEPARTMENT OF HUMAN SETTLEMENTS (ECDHS)**, a Provincial Department in the Government of the Republic of South Africa herein represented by **Ms. TABISA POSWA** in her duly authorized capacity as **HEAD OF DEPARTMENT (HOD)**.

And

**KING SABATA DALINDYEBO MUNICIPALITY (KSD)**, being a local sphere of government, herein represented by **Mr. N. PAKADE** in his duly authorized capacity as the **MUNICIPAL MANAGER**, herein after called the Developer.

In Re

**ADDENDUM TO AMEND PAYMENT TERMS FROM PROGRESS PAYMENT PER VALUE CREATED TO ADVANCE TRENCH PAYMENTS**

**ADD: ECDHS & KING SABATA DALINDYEBO MUNICIPALITY in Re TRENCH PAYMENTS TO KSD PROJECT A 1317 (97D) UNITS FOR KSD MUNICIPALITY**

16 NP 02

**1. DEFINITIONS:**

- Agreement** Means the Funding Agreement signed between the parties on **01 June 2015** and, herein after also called the original agreement.
- Department** means the Eastern Cape Department of Human Settlements (ECDOHS) or its predecessor in title the Department of Housing.
- Duration Period** Means an extension of duration of original agreement for a period of **24 months** from **30<sup>th</sup> September 2021** to **30<sup>th</sup> September 2023** when the contract will lapse.
- Effective Date** Means the effective date of this addendum namely **01 April 2022**
- Parties** means the Eastern Cape Department of Human Settlements (ECDOHS) and King Sabata Dalindyebo Municipality.

**THEREFORE**, the parties make the following additional concessions to Original Agreement.

- The Funding Agreement as defined in Section 1 above is by effect of this addendum amended at Clause 5.3 on Loosening of Claims to amend payment terms from Progress Payments to Advance Tranche Payments.
- Clause 5.3.1 of the original Funding Agreement is amended to read as follows.  
"The Developer will be entitled to institute claims and drawdowns from the approved Contract Price in advance tranche payments as more comprehensively reflected in Table 1 at Clause 5.3.2 below."

4. Clause 5.3.2: Schedule of Tranche Payments. Table 1

TRANCHES	VALUE	MILESTONES
1. Tranche 1	25 000 000.00	Conclusion of this Addendum
2. Tranche 2	20 000 000.00	Upon completion of 100 units
3. Tranche 3	20 000 000.00	Upon completion of 100 units
4. Tranche 4	20 000 000.00	Upon completion of 100 units
5. Tranche 5	12 171 770.00	Upon completion of 100 units
<b>TOTAL</b>	<b>97 171 770.00</b>	<b>518</b>

SOURCE: Approval Memo dated 16 September 2022 attached herein as Annexure A.

ADD: ECDOHS & KING SABATA DALINDYEBO MUNICIPALITY in Re TRENCHES PAYMENTS TO KSD PROJECT A (37 (970) UNITS FOR KSD MUNICIPALITY

NP G



5. All terms and conditions not amended by this addendum shall remain in force as originally intended in the Original Agreement.

SIGNED AT Mthatha ON THIS 23 DAY OF SEPTEMBER, 2022

AS WITNESSES:

1.

2.

  
MR. N. PAKADE  
MUNICIPAL MANAGER  
KSD MUNICIPALITY

SIGNED AT East London ON THIS 26<sup>th</sup> DAY OF September, 2022

AS WITNESSES:

1.

2.

  
MS. T. B. POSWA  
HEAD OF DEPARTMENT (HOD)  
ECDHS



Eastern Cape Department of Human Settlements: O. R. Tambo Region  
Steve Tshwete House • 31-33 Phillip Frame Road • Waverly Park • Chiselhurst • East London • Eastern Cape • RSA  
Office No: 047 531 0487 • Fax No: 047 531 0564 • Email: Sogwedla@ecdhhs.gov.za

Reference Number: TRANCHE PAYMENT TO KSD MUNICIPALITY

<b>TO:</b>	HEAD OF DEPARTMENT
<b>FROM:</b>	REGIONAL DIRECTOR: OR TAMBO
<b>BRANCH:</b>	OR TAMBO REGION
<b>DIRECTORATE:</b>	DISTRICT CO-ORDINATION AND PROJECT MANAGEMENT
<b>DATE:</b>	8 SEPTEMBER 2022
<b>SUBJECT:</b>	REQUEST FOR APPROVAL TO CONVERT THE METHOD OF PAYMENT FROM VALUE CREATED TO TRANCHE PAYMENT TO KING SABATHA DALINDYEBO MUNICIPALITY ON BEHALF OF: MTHATHA – KSD A 1317 PROJECT
<b>ENQUIRIES:</b>	L.SOGWEDLA - 082 329 5055

## 1. PURPOSE

To request the Head of Department to approve the change of payment method from Value Created to Tranche Payment to King Sabatha Dalindyebo Municipality (KSD) as an Implementing Agent on behalf of KSD 1317 (970) project that is within OR Tambo Region.

## 1. BACKGROUND

The Department appointed KSD Municipality as the Implementation Agent for the implementation of Mthatha - KSD A 1317 in March 2013. The Department entered into a Memorandum of Understanding in 2007 for the development of 17450 units in Mthatha. The 1<sup>st</sup> phase of the development was going to be 1500 units, of which 450 would be the relocation of the Tipini Community to the 50-ha identified by the Municipality for sustainable development. In January 2009 through a PSC Meeting, it was discovered that the entire Mthatha is under land claims including the 50 ha, resulting in non-progressing of the projects. Owing to this land challenge as well as matter related to bulk infrastructure, the Municipality could not implement other planned projects. In line with the approved Interim Business Plan of 2007, the Department appointed KSD to implement various projects as an Implementing Agent, included amongst is.

- KSD 1317-Project A (970) – Top Structures and Services

The Municipality was appointed to implement the project Mthatha – KSD A 1317 on Value Created whereby the Municipality gets paid on the value of work that has been done and certified by the Department for payment.



#### 4. MOTIVATION

The Municipality is implementing the project through its service providers, who after each milestone has been completed submits their invoice to the Municipality for payment. The Municipality as an organ of state has an obligation to pay the service providers on time within 30 days for work done, but due to the payment method of value created that is currently in place, the administration process becomes longer as the Municipality must submit the invoice claim to the Department who also must pay the Implementing Agent within 30 days. The process flow of the payments ends up exceeding the 30 - day payment turn - around time of the Municipality as the payment from the Department takes 7 days in the Municipality system to clear off before they can pay the service provider. The value created payment method has proven to be delaying the project and affects the progress on site as the service provider must wait for the payment to be processed in order for them to continue with the following milestones.

Therefore, to eliminate the seemingly longer period it takes for the service provider to be paid by the Municipality, it is requested that the payment method be converted from Value Created to Tranche Payment. Transferring funds in advance to the Developer will limit the administrative burden of doing individual claims; i.e. if the Department would be doing 30 individual claims, they would end up doing 6 claims if the tranche payment is approved.

#### 5. PROJECT PROGRESS

##### PROGRESS TO DATE: KSD 1317 (970 units) – PROJECT A

Milestone	Status	Balance Remaining
Not Started	518	518
Foundations	547	423
Wall Plates	510	460
Roofs	497	473
Completions	452	518
Transfers	374	596

#### 6. FINANCIAL IMPLICATIONS

PROJECT	Approved Budget	Expenditure to date	Balance on Budget
KSD 1317	R232 095 002	R134 923 232	R 97 171 770

The Department must allocate a budget of R 25 000 000.00 for implementation of 118 units during the 2022/23 Conditional Grant Business Plan. The remaining funds will be transferred to KSD Municipality in tranches as follows:

- Tranche 1: R 25 000 000.00 - Funds to be transferred immediately on conclusion of this addendum
- Tranche 2: R 20 000 000.00 – upon completion of 100 units
- Tranche 3: R 20 000 000.00 – upon completion of 100 units
- Tranche 4: R 20 000 000.00 – upon completion of 100 units
- Tranche 5: R 12 171 770.00 – upon completion of 100 units

REQUEST TO CONVERT FROM VALUE CREATED TO TRANCHE PAYMENT TO KSD LHM FOR MITHATHA – KSD A  
1317 PROJECT WITHIN OR TAMBO REGION

TRANCHE 1	VALUES OF TRANCHE	Milestone for release of Tranche funds
Tranche 1	R 25 000 000.00	Conclusion of Addendum of this Business Plan
Tranche 2	R 20 000 000.00	Upon completion of 100 units and transfers
Tranche 3	R 20 000 000.00	Upon completion of 100 units and transfers
Tranche 4	R 20 000 000.00	Upon completion of 100 units and transfers
Tranche 5	R 12 171 770.00	Upon completion of 100 units and transfers
Totals	R 97 171 770.00	518

**7. RECOMMENDATIONS**

It is recommended that

- a) The Head of Department approves the conversion of Value Created payment method to Tranche Payment method to King Sabatha Dalindyebo Municipality for the implementation of Mthatha – KSD A 1317 (970) project following projects for prioritization in the 2022/2023 financial year in line with the Business Plan for completion of top structures.
- b) That the Department reserves a budget of R 97 171 770.00 and it be disbursed in the tranches as indicated above, in line with the projected deliverables per tranche.
- c) All claims processed by the Municipality be approved and certified by the Departmental Inspectorate before payment is made to the service providers.
- d) KSD Municipality to provide progress reports and jobs created monthly to the Department.

**SIGNATURES**

L.SOGWEDLA  
REGIONAL DIRECTOR: OR TAMBO REGION

DATE: 10/09/2022

Supported / Not Supported

E.VENN  
CHIEF DIRECTOR: SPECIAL PROGRAMS  
DATE: 01/09/2022

REQUEST TO CONVERT FROM VALUE CREATED TO TRANCHE PAYMENT TO KSD LM FOR MTHATHA – KSD A 1317 PROJECT WITHIN OR TAMBO REGION





Recommended / Not Recommended

Request is to be on value created in the first  
Reserve has only been made to enable the municipality  
to kickstart the projects

N.DWEBA  
ACTING CHIEF FINANCIAL OFFICER  
DATE: 16/07/2022

Approved / Not Approved: Not Approved  
I am not approving this request as to be in  
advance + follow up's to be value  
Created

TABISA POSWA  
HEAD OF DEPARTMENT

DATE: 16/07/2022

REQUEST TO CONVERT FROM VALUE CREATED TO TRANCHE PAYMENT TO KSD LM FOR MTHATHA - KSD A  
1317 PROJECT WITHIN OR TAMBO REGION



DEPARTMENT OF ECONOMIC DEVELOPMENT,  
EMPLOYMENT AND INFRASTRUCTURE  
EASTERN CAPE



TELEPHONE: 047-501 4006

FAX: 086 609 1987  
E-MAIL: [zak@KSD.GOV.ZA](mailto:zak@KSD.GOV.ZA)  
4283

Human Settlements Directorate  
2<sup>nd</sup> Floor, Office 207  
Muntzida Building  
Mthatha  
5059

Enq. Miss L. Mkweli (047- 501

Ref: 8/2/16/1

07 SEPTEMBER 2022

The Head of Department  
Department of Human Settlements  
Steve Tshwete House  
31-33 Phillip Frame Road  
Waverly Park, Chiselhurst  
East London

Attention: Ms Tabisa Poswa

**REQUEST FOR APPROVAL TO CONVERT THE METHOD OF PAYMENT FROM VALUE  
CREATED TO TRANCHE PAYMENT TO KING SABATHA DALINDYEBO MUNICIPALITY  
ON BEHALF OF: MTHATHA – KSD PROJECT A 1317**

This letter serves as request to the Head of Department to approve the change of payment method from Value Created to Tranche Payment to King Sabatha Dalindyebo Municipality (KSD) as an Implementing Agent on behalf of KSD 1317 (970) project.

The Department of Human Settlements (DOHS) appointed KSD Municipality as the Implementation Agent for the implementation of Mthatha - KSD Project A 1317 in March 2013. The DOHS entered into a Memorandum of Understanding in 2007 for the development of 17450 units in Mthatha. The 1<sup>st</sup> phase of the development was going to be 1500 units, of which 450 would be the relocation of the Tipini Community to the 50-ha site identified by the Municipality for sustainable development. In January 2008 through a PSC Meeting, it was discovered that the entire Mthatha is under land claims including the 50 ha site, resulting in non-progressing of the projects. Owing to this land challenge as well as matter related to bulk infrastructure, the Municipality could not implement other planned projects. In line with the approved Interim Business Plan of 2007, the Department appointed KSD to implement various projects as an Implementing Agent, included among is the KSD Project A 1317.

The Municipality is implementing the project through its service providers, who after each milestone has been completed submits their invoice to the Municipality for payment. The Municipality as an organ of state has an obligation to pay the service providers on time within 30 days for work done. Due to the payment method of value created that is currently in place, the administration process becomes longer as the Municipality must submit the invoice claim to the Department who also must pay the Implementing Agent within 30 days. The process flow of the payments ends up exceeding the 30 - day payment turn - around time of the Municipality as the payment from the Department takes 7 days in the Municipality system to clear off before they can pay the service provider.



The value created payment method has proven to be delaying the project and affects the progress on site as the service provider must wait for the payment to be processed in order for them to continue with the following milestones.

Therefore, to eliminate the seemingly longer period it takes for the service provider to be paid by the Municipality, it is requested that the payment method be converted from **Value Created to Tranche Payment**. Transferring funds in advance to the Implementing Agent will limit the administrative burden of doing individual claims; i.e. if the DOHS would be doing 30 individual claims, they would end up doing 6 claims if the tranche payment is approved.

The progress to date at KSD Project A 1317 (970) units is as follows:-

Milestone	Status	Balance Remaining
Not Started	518	518
Foundations	547	423
Wall Plates	510	460
Roofs	497	473
Completions	456	514
Transfers	374	596

We request DOHS to allocate a budget of **R 25 000 000.00** (as Tranche 1) for implementation of **118 units during the 2022/23** Conditional Grant Business Plan immediately on conclusion of the addendum. The remaining funds to be transferred to KSD Municipality in tranches as follows:

- Tranche 2: R 20 000 000.00 – upon completion of 100 units
- Tranche 3: R 20 000 000.00 – upon completion of 100 units
- Tranche 4: R 20 000 000.00 – upon completion of 100 units
- Tranche 5: R 12 171 770.00 – upon completion of 100 units

Yours Developmental Local Government,



**R. TOBIA**  
**DIRECTOR HUMAN SETTLEMENTS**

***Annexure B***

**PROJECT IMPLEMENTATION PLAN**



REPUBLIC OF THE EASTERN CAPE  
DEPARTMENT OF TREASURY AND FINANCE  
CLAIM FOR FRENCH PAYMENT

PROJECT: ABIG PROJEKT A 131  
PROJ. NO.: 131-01  
DEVELOPER: KING BANATA DAHAYEBOLU  
RES. NO.: 131-01/01  
CLAIM AMT: 84 994 810,50  
CLAIM DATE: 22-06-2012

CLAIM SUBMITTED (Developer to company)

PAYMENT CATEGORY	NO OF LINES	NO OF LINES	NO OF LINES	NO OF LINES	NO OF LINES	NO OF LINES	NO OF LINES	NO OF LINES	NO OF LINES	NO OF LINES
1	2	3	4	5	6	7	8	9	10	11
...	...	...	...	...	...	...	...	...	...	...
SUB-TOTAL										
TOTAL										

Project Manager: [Signature] Date: \_\_\_\_\_  
Project Manager: [Signature] Date: \_\_\_\_\_

Project Description: [Text]

Project Location: [Text]

Project Status: [Text]

Project Budget: [Text]

Project Approval: [Text]

ESTABLISHMENT GRANT  
Establishment grant budget as approved by the MEC (Amount claimed) Amount approved

CLAIM SUBMITTED (Company to Developer)

CLAIM AMOUNT	CLAIM DATE	CLAIM NUMBER	CLAIM STATUS	CLAIM TYPE	CLAIM CATEGORY	CLAIM AMOUNT	CLAIM DATE	CLAIM NUMBER	CLAIM STATUS	CLAIM TYPE	CLAIM CATEGORY
1	2	3	4	5	6	7	8	9	10	11	12
...	...	...	...	...	...	...	...	...	...	...	...
TOTAL											

DECLARATION: I hereby declare that the information furnished above is true and correct to the best of my knowledge and belief.

SIGNED: \_\_\_\_\_  
Date: \_\_\_\_\_

**KSD BNG Project A**  
**-Project Implementation Plan-**  
**(Revised - June 2022)**

**NO OF APPROVED BIDDERS: 003**  
**MUNICIPALITY: DANIA BAKUR 1530 MUNICIPALITY**  
**MARKETING A/C NO: SAISON JAM MADRIDE**

**PROJECT PROGRAM FROM DATE OF ESCALATION TO COMPLETION OF 1003 HOUSES**

MONTH	DESCRIPTION OF STAGE	ACTION BY	Start	End	Duration	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	TOTAL					
CONSTRUCTION	TOP STRUCTURES-40M2 HOUSES	TR																																	
CONSTRUCTION	CASHFLOW	TR																																	
CONSTRUCTION	TOP STRUCTURES-40M2 AND 45M2 DISABLED HOUSES	TR																																	
CONSTRUCTION	CASHFLOW	TR																																	

**BID TOTAL MONTHLY EXPENDITURE**  
**CONSTRUCTION**  
**TOP STRUCTURES-40M2 AND 45M2 DISABLED HOUSES**  
**CONSTRUCTION**  
**CASHFLOW**  
**UB TOTAL MONTHLY EXPENDITURE**  
**\*UB MONTHLY AFFIDAVIT\***

THIS PROGRAM IS SUBJECT TO THE ESCALATION APPROVAL (APPROXIMATE 25% ESCALATION INCLUDED IN CASH-FLOW FIGURES)

\_\_\_\_\_



## **ADDENDUM TO FUNDING AGREEMENT**

Entered into by and between

**EASTERN CAPE DEPARTMENT OF HUMAN SETTLEMENTS (ECDHS)**, a Provincial Department in the Government of the Republic of South Africa herein represented by Ms. **TABISA POSWA** in her duly authorized capacity as **HEAD OF DEPARTMENT (HOD.)**

And

**KING SABATA DALINDYEBO MUNICIPALITY (KSD)**, being a local sphere of government, herein represented by **Mr. N. PAKADE** in his duly authorized capacity as the **MUNICIPAL MANAGER**, herein after called the Developer.

In Re

**ADDENDUM FOR REVISION OF THE SUBSIDY QUANTUM EFFECTIVE 1 APRIL 2022 IN RESPECT OF KSD 1 317 (970) AND CONSTRUCT RETAINING WALLS TO 57 SITES AT KSD PROJECT A 1 317 UNDER KSD LOCAL MUNICIPALITY.**

ADD: ECDHS & KING SABATA DALINDYEBO MUNICIPALITY In Re ADDITIONAL FUNDING TO KSD PROJECT A 1317 (970) UNITS FOR KSD MUNICIPALITY

(u) GR. NP  
1/1/20

## 1. DEFINITIONS:

- Agreement** Means the Funding Agreement signed between the parties on **01 June 2015** and, herein after also called the original agreement.
- Department** : means the Eastern Cape Department of Human Settlements (ECDOHS) or its predecessor in title the Department of Housing.
- Duration Period** Means an extension of duration of original agreement for a period of **24 months** from **30<sup>th</sup> September 2021** to **30<sup>th</sup> September 2023** when the contract will lapse.
- Effective Date** Means the effective date of this addendum namely **01 April 2022**
- Parties** : means the Eastern Cape Department of Human Settlements (ECDOHS) and King Sabata Dalindyebo Municipality.

**THEREFORE**, the parties make the following additional concessions to Original Agreement.

- The Funding Agreement as defined in Section 1 above is by effect of this addendum amended at **Clause 5.1** on **Contract Amount** to adjust the total project funds with Additional Funding total **R 12 402 035.70** (*Twelve million four hundred and two thousand and thirty-five rand and seventy cents*).
- The Additional Funding is necessitated by a need to adjust total project funds to the new Subsidy Quantum for **FY 2022/23** effective **01 April 2022**.

**Table 1:**

EXTENSION OF TIME		
OLD BUDGET	NEW BUDGET	TOTAL ADDITIONAL FUNDING
110 708 773.94	123 110 810.34	12 402 036.70

- SOURCE:**
- MEC Resolution ORTDWM202205 approved 04 August 2022
  - Project Implementation Plan (PIP)

GR NP  
BTRC



4. All terms and conditions not amended by this addendum shall remain in force as originally intended in the Original Agreement.

SIGNED AT Mthatha ON THIS 23 DAY OF SEPTEMBER 2022

AS WITNESSES:

1. 

2. 

  
MR. N. PAKADE  
MUNICIPAL MANAGER  
KSD MUNICIPALITY

SIGNED AT East London ON THIS 26<sup>th</sup> DAY OF September 2022

AS WITNESSES:

1. 

2. 

  
MS. TABISA POSWA  
HEAD OF DEPARTMENT (HOD)  
ECDHS