

HARRY GWALA DISTRICT MUNICIPALITY



40 Main Street, Private Bag x501 IXOPO, 3276

TEL: 039-834 8700 FAX: 039-834 1700

2017/2018 SERVICE DELIVERY AND IMPLEMENTATION PLAN

2017/2018 Draft Service Delivery Budget and Implementation Plan

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Hon. District Mayor: Cllr M.E. Ndobe

MAYOR'S FOREWORD

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Official Sign- Off

It is hereby certified that this Service Delivery Budget and Implementation Plan: Was developed by the management of the Harry Gwala District Municipality under the guidance of Honourable Mayor: Cllr. ME Ndobe. Accurately reflects the strategic outcome oriented goals and objectives which the Harry Gwala District Municipality will endeavour to achieve over the period of 1 year.

Mr M.M. Mkatu: Chief Financial Officer

Signature _____

Ms NC James

Head of Social Services and Development

Planning :

Signature _____

Mrs A.N. Dlamini: Accounting Officer

Signature _____

Hon. Mayor: Cllr M.E. Ndobe

Signature _____

Introduction

Performance management is a requirement for local government in South Africa. It is primarily a mechanism to monitor, review and improve implementation of its IDP. The performance management system monitors actual performance against set targets and contractual obligations. The most valuable reason for measuring performance is that what gets measured gets done.

The performance of a municipality is integrally linked to that of staff. If the employees do not perform the municipality will fail. The relationship between the municipal performance and employees starts from the planning stage which is the first phase of the municipal performance management system (PMS). The key output is development of the IDP which is utilized to plan future developments in the municipal area.

The IDP has a lifespan of 5 years which is directly linked to the term of office for councillors. The IDP is broken down into short term goal achievable in one year. The implementation of the IDP is given effect through the Service Delivery Budget and Implementation Plan (SDBIP).

SDBIP is the implementation tool used to align the budget and the IDP. It is the second phase of municipal performance system. The SDBIP is the management and implementation tool which sets in-year targets and link each service delivery output to the budget of the municipality to ensure that key objectives and priorities are budgeted for and achieved. Working towards achieving the long term goal, Harry Gwala district municipality as a water service authority focuses on provision of clean drinkable water and dignified sanitation in the form of VIP toilets and water borne sewer system which is output oriented. The needs identified during the IDP roadshows form base of the SDBIP. Figure 1 illustrates the results chain framework.

2. Legislative Framework

2.1. The White Paper on Local Government (1998)

The white paper of the Local Government (1998) acknowledges that involving the communities in developing some municipal Key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or the provision of water to a certain number of households, whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased and public trust in the local government system is enhanced.

2.2. The Municipal Systems (Act 32, 2000)

The Municipal Systems Act (2000) enforces the idea of local government PMS and requires all municipalities to:

- Develop a performance management system
- Set targets, monitor and review performance based on indicators linked to their IDP

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- Publish an annual report on performance for the councillors, staff, public and others spheres of government.
- Incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government.
- Conduct an internal audit on performance before tabling the report
- Involve the community when setting indicators and targets and reviewing municipal performance.

2.3. Municipal Performance Management Regulations (2006)

The Municipal Performance Management Regulations set out how performance of managers directly accountable to the municipal manager will be uniformly monitored and improved. The regulations address both the employee contract and the performance agreements of the municipal manager and managers directly accountable to the municipal manager. The regulations provide a guideline on how the employee contract and the performance agreement should contain. It outlines the purpose of the agreement as to:

- Specify objectives and targets defined and agreed with the employee and to communicate with the employee the expectations of the employer and accountability in aligning the Integrated Development Plan (IDP), Service Delivery budget and Implementation Plan (SDBIP) and the Budget of the municipality.
- Specify accountability as set out in a performance plan, which forms an annexure to the performance agreement.
- Monitor and measure performance against set targets

2.4. Municipal Finance Management Act (2003)

The Municipal Finance Management Act states requirements for a municipality to include its municipal performance report with its financial statements and other requirements in constituting its annual report. This must be dealt with by the municipal council within 9 months of the end of the municipal financial year.

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Long Term Objective

KEY PERFORMANCE AREA	LONG TERM OBJECTIVE
Basic Services	To ensure the provision of infrastructure, water and sanitation services in a sustainable manner
Social and Local Economic Development	To promote local economic development To promote agricultural and tourism activities To create a conducive environment for business opportunities for both local and foreign investors To uplift the economic well -being of Harry Gwala residence access to the environment that is not harmful to their health being. To have a disaster management that prevents, mitigate and respond effectively immediately after a disaster has been declared
Municipal Institutional Transformation	To transform our institution to cater for the previously marginalized.
Good Governance and Public Participation	To promote and enhance community participation in the affairs of the municipality
Municipal Financial Viability	To provide reasonable assurance that is sound and sustainable management of the fiscal and financial affairs of the district is accomplished.

SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ol style="list-style-type: none"> 1. Young and dynamic staff compliments that is willing to learn and grow 2. A conducive working environment where potential can be untapped 3. Accessibility of senior management 4. Strong administrative leadership 	<ol style="list-style-type: none"> 1. Lack of rare skills i.e engineers 2. Inexperienced staff compliment 3. limited funding to effectively deal with backlog 4. Rural based municipality
OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> 1. Easy access to major cities 2. large pool of labour 3. World class tourism destination 4. stable political environment 	<ol style="list-style-type: none"> 1. Disasters 2. Unskilled labour 3. poor infrastructure 4. Brain drain to major cities 5. Theft(stock theft) 6. Crime

3. Vision

By 2015 Harry Gwala will be a leading water services provider in the KZN province with its communities benefitting from a vibrant agriculture and tourism sector.

4. Mission Statement

Working together with its communities and stakeholders Harry Gwala District Municipality will ensure the provision of clean, drinkable uninterrupted water services and proper sanitation facilities and strive to improve its agriculture and tourism sector to enhance human dignity.

5. Core Values

1. Transparency
2. Accountability
3. Consultation
4. Commitment
5. Honesty

8. Principles Governing PMS

8.1. Simplicity

The system must be a simple user- friendly system that enables the municipality to operate it within its existing capacity of its financial, human resources and information management system.

8.2. Political driven

Legislation clearly tasks the municipal council and the mayor as the owners of the performance management system. The Executive **MUST** drive both the implementation and improvement of the system. Legislation allows for the delegation of responsibility or aspects of it to the municipal manager or other appropriate structure as the executive may deem fit.

8.3. Incremental implementation

It is important that while a holistic performance management system is being developed, the municipality should adopt a phased approach to implementation, dependent on the existing capacity and resources within the municipality.

It is also important to note that municipal performance management is a new approach to local government functioning and therefore requires adequate time to be given to the organisation`s process to change. The performance management system will not be perfect from the start it should be constantly improved based on its workability.

8.4. Transparency and accountability

Members of the organisation whose performance will be monitored and measured must ensure that the process of managing performance is inclusive open and transparent. This can only be achieved by taking effective participation in the design and implementation of the system within the municipality.

Again, the process must involve and empower communities so that they are able to understand how the municipality and its departments are run, how resources are spent, and who is in charge of particular services. Similarly, all information on the performance of the departments should be available for other managers, employees, public and specific interest group.

8.5. Integration

The performance management system should be integrated into other management processes in the municipality, such that it becomes a tool for more efficient and effective management rather than an additional reporting burden. It should be seen as a central tool to the ongoing management functions.

8.6. Objectivity

Performance management must be founded on objectivity and credibility. Both the processes of managing performance and the information on which it relies need to be objective and credible. Sources of data for measuring indicators should be scrutinized to enhance credibility of information and therefore objective decisions-making.

9. Why do we need Service Delivery Budget and Implementation Plan (SDBIP)

The IDP which is the planning tool for the municipality have a lifespan of 5 years which is then broken down into short term goals that can be achieved in 1 year. The SDBIP which is the implementation tool is developed to implement the IDP. It is used to align the budget to the IDP. The focus of the SDBIP is on both financial and no-financial measurable performance objectives. It links each service delivery outputs to the budget of the municipality. The SDBIP provides a comprehensive picture of the performance of each department within the municipality. It consists of objectives, strategies, indicators and targets.

9.1. Identifying the Indicators

In identifying indicators, it is important that a municipality:

- Looks at the priorities and objectives set in the IDPs
- Clusters the development objectives into key performance areas including service delivery, development, institutional transformation, governance and financial issues

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- Looks at the activities and processes identified in the IDP to achieve the objectives
- Looks at the resources earmarked to achieve the objectives
- Identifies the indicators for inputs, outputs and outcomes, Input indicators are used to measure resources, output indicators are used to measure the activities or processes while the outcome indicators are used to measure impact.

A municipality must identify indicators for each of the areas outlined above, brainstorm them and rigorously check whether they are: The process of setting indicators may be a sensitive one. It is therefore important that the political leadership and communities be involved centrally. Communities can be involved through various means including participation in structures established by Council, consultations and public hearings. It is however important to note that there will never be a stage where there is complete consensus on indicators among everybody and therefore Council will have to take decisions at some point.

9.2. Setting Key Performance Indicators (KPIs)

Indicators may be used at any point along the result chain of activities, outputs, outcomes and impact, but must always directly relate to the result being measured. Indicators should be **SMART**:

Specific : the indicator must be specific enough to measure progress towards achieving the target

Measurable : the indicator must be reliable and clearly measure the results

Attainable : the results in which the indicator seeks to chart progress must be realistic

Relevant : the indicator must be relevant to the intended output and outcome

Time-bound : the data should be available at a reasonable cost

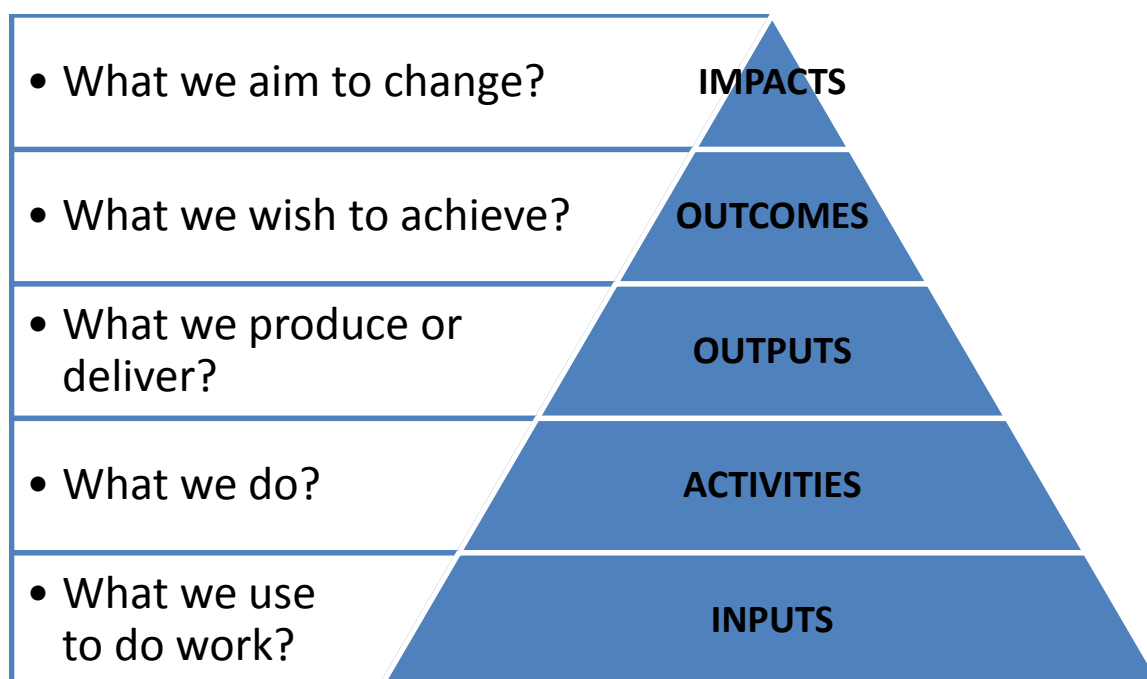
9.3. Indicators

These are measurements that tell us whether progress is being made in achieving our goals. They essentially describe the performance dimension that is considered key in measuring performance. The ethos of performance management as implemented in local governments internationally and as captured in the White Paper on Local Government and the Municipal Systems Act, rely centrally on the use of KPIs.

Indicators are important as they:

- Provide a common framework for gathering data for measurements and reporting.
- Translate complex concepts into simple operational measurable variables
- Enable the review of goals and objectives
- Assist in policy review processes
- Help the organisation to focus on strategic areas
- Help provide feedback to the organisation and staff

Figure 1: The pyramid below explains the useful types of key performance indicators:



9.4. Types of Key performance Indicators

These are the types of key performance indicators:

- **Impacts** – What the institution aims to achieve. These are the indicators measures the improvement of quality of lives of the beneficiaries. It can be measured in a period 3-5 years and even more thorough the evaluation process. It can be measured in terms of job created during the implementation of the project or the quality and sustainability of the service delivered.

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- **Outcomes** – what the municipality wish to achieve. These are the indicators that measure the quality as well as the impact of the products in terms of the achievement of the overall objectives. In terms of quality, they measure whether the products meet the set standards in terms of the perceptions of the beneficiaries of the service rendered. They help to verify that intended positive change in the development situation has actually taken place. They assess progress against specific outputs. The table below illustrates the outcome indicators:
- **Outputs** – What the municipality produce or deliver. These are the indicators that measure whether a set of activities or processes yields the desired products. They are essentially effectiveness indicators. They are usually expressed in quantitative terms (i.e. number of or percentage of). An example would be the number of households with access to clean drinkable water. The output indicators relate to programme activities or processes. They are tangible and deliverable.
- **Activities** – The process or action that uses a variety of resources to produce the desired outputs and eventually outcomes. These are indicators that measure economy and efficiency, they measure what it cost the municipality to purchase the essentials for producing desired outputs (economy), and whether the organisation achieves more with less, in resource terms (efficiency) without compromising quality. The economy indicators are usually expressed in unit cost terms. For example, the unit cost for delivering water to a single household. On the other hand, efficiency indicators may be the amount of time, money or number of people it took the municipality to deliver water to a single household.
- **Inputs** – What the municipality use to do work. These are the resources that contribute to production and delivery of outputs. These indicators includes budget required to implement a project, human capital to perform the duties, equipment etc.
- **Baseline Indicators**

Performance baseline is qualitative and quantitative information that provides data at the beginning or prior the monitoring period. It is used as a starting point by which to

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monitor future performance. Baseline data establishes a foundation from which to measure change. Without baseline it is difficult to measure change over time or monitor and evaluate. Baseline information measures progress against the situation that prevails before the intervention. These are indicators that show the status quo or the current situation. They may indicate the level of poverty, service, infrastructure and so forth. They are usually utilised in the planning phase to indicate the challenges the organisation is faced with. They are important, since organisations use them to assess whether programmes are indeed changing the situation.

10. 2017/2018 OBJECTIVES

Objectives state clearly the intention of the municipality, what it intends to produce in order to achieve its strategic output. The organisational objectives are SMART (specific, measurable, attainable, relevant and time-bound) and performance targets set are achievable. The table below illustrate the 2015/2016 objectives.

NATIONAL/ PROVINCIAL PERSPECTIVE	ISSUE RAISED	NATIONAL KEY PERFORMANCE AREA	HGDM KEY OBJECTIVE	KEY PERFORMAN CE INDICATORS
National Development Plan	<ul style="list-style-type: none"> • Infrastructure Development <i>Ensure that all people have access to clean, potable water and that there is enough water for</i>	Infrastructure and Basic Service Delivery	To improve the coverage, quality, efficiency and sustainability of water and sanitation services in all urban and rural	

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Development Goals				
National Development Plan	<ul style="list-style-type: none"> • Staff at all levels has the authority, experience, competence and support they need to do their jobs. • Human Resource Development • Governance Policy 	Municipal Transformation and Organizational Development	<p>To provide administrative support to Council and its structures and</p> <p>To develop and improve human capital in order to deliver basic services to our communities.</p>	
KZN GDS Goals	<ul style="list-style-type: none"> • Achieve gender equality and empower all women and girls • A skilled and capable workforce 		REF. NO. 02 TRANS 2022	

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<p>National Development Plan</p>	<ul style="list-style-type: none"> • Rural economies will be activated through improved infrastructure and service delivery, a review of land tenure, service to small and micro farmers, a review of mining industry commitments to social investment, and tourism investments • Vibrant, equitable and sustainable rural communities with food security for 	<p>LED and Social Development</p>	<p>To increase the Gross Domestic Product of the HGDM by 3% by 2030 so as to improve the socio-economic wellbeing of our citizens and foster social cohesion.</p> <p style="text-align: center;">REF. NO. 04 LEDSOC 2014</p>	
<p>Outcome 7</p>	<ul style="list-style-type: none"> • No poverty • Zero hunger • Good health 	<p>1</p>		

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		Municipal Financial Viability and Management	To improve the Financial Affairs and Viability of the Municipality in order to have a self- sustainable municipality	
			REF. NO. 04 FIN 2022	
National Development Plan	<ul style="list-style-type: none"> • Strong and efficient spatial planning system, well integrated across the spheres of government. • Spatial Equity 	Cross Cutting Issues	To create functional urban, regional and human settlements whilst protecting the environment	
KZN GDS Goals	<ul style="list-style-type: none"> • Sustainable cities and communities 		REF. NO. 06 SE 2022	

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Sustainable Development Goals	• Climate Action			
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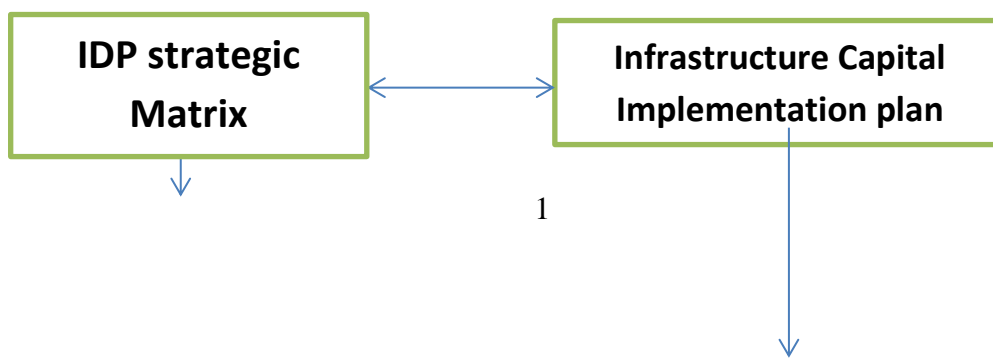
11. Risk Management

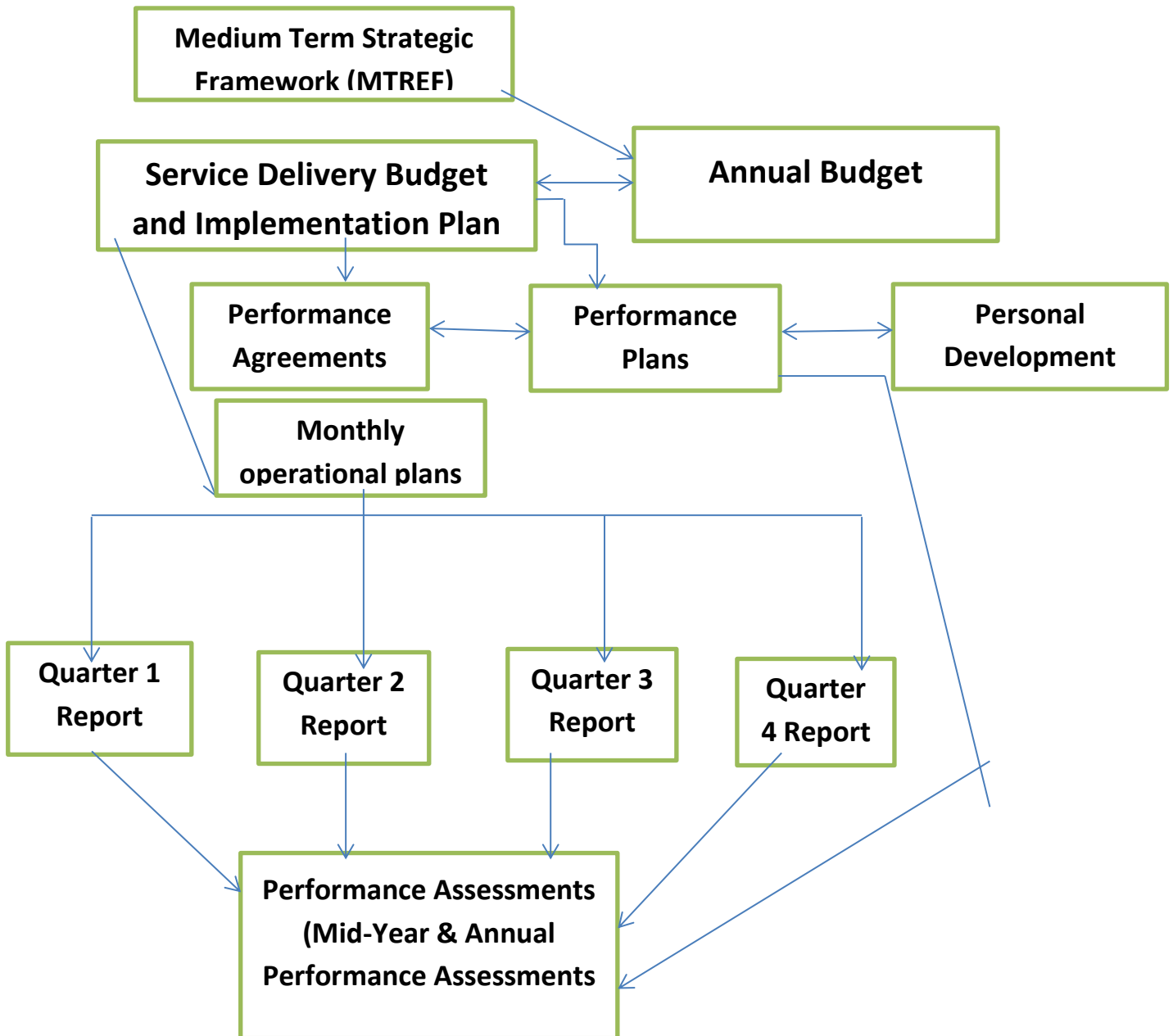
12. Process of the Service Delivery Budget and Implementation Plan (SDBIP)

The SDBIP process plan is developed with the IDP process plan and is tabled to council for adoption. The draft SDBIP and the final SDBIP is submitted to the mayor not later than 28 days after the adoption of the budget and to the Provincial and National Treasury not later than 10 days after the adoption of the budget. The SDBIP is publicised through the local newspapers and the website of the municipality.

12.1. Planning, budgeting and reporting

This section will give a brief overview of the documents that the municipality is mandated to produce in relation to planning, budgeting, implementation, reporting, and monitoring. All these documents are tabled in relevant committees. Above all, published on the municipal website for public consumption. For the planning purpose the IDP is developed which is a five year plan. IDP process plan is tabled by the mayor as well as the budget timetable to Council by 31 August for approval (10 months before the beginning of the next budget year). The schedule of key deadlines indicates the processes relative to the review of the IDP as well as the preparation of the medium term revenue and expenditure framework (MTREF) budget and the revision of the annual budget. These target dates follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury. Strategic planning session is convened in September/October with senior managers to determine the IDP priorities which will form the basis for the preparation of the MTREF budget. By the 31st March, the Mayor tables the draft IDP and MTREF budget to council (90 days before the beginning of the new budget year) together with the draft resolutions and budget related policies. The Mayor approves the Service Delivery and Budget Implementation Plan (SDBIP) not later than 28 days after the approval of the Budget by Council. The SDBIP is submitted to Provincial and National Treasury not later 10 days after it has been approved by council.





12.2. Public Consultation

The public is consulted through IDP and Budget road shows. An extensive consultation is held with the ward committee members and the ward councillors to deliberate on the Key performance indicators.

13.1. Implementation

SDBIP is the actual implementation of the Integrated Development plan (IDP) which is done over a single year cycle. It is known as a management tool used to monitor performance. It focuses on both financial and non-financial measurable performance objectives. SDBIP is essentially an implementation tool to ensure alignment of budget to the IDP. To measure performance, targets are set for each indicator. To achieve better service delivery the municipality has the responsibility to ensure responsible spending, given the nature of public funds. The results must be linked to budget

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expenditure to ensure value for money. Monthly performance and budget reports are prepared as per Section 71 of the MFMA and Section 41 (1) (e) of the Systems Act, Section 166 (2) (a) (v) and (vii) of the Municipal Management Finance Act (MFMA) and Regulation 7 of Municipal Planning and Performance Management Regulations. The SDBIP is revised once during the budget adjustment and amendments are done where necessary and then tabled to council.

13.2. Monitoring and Reporting

Monitoring is conducted to collect, analyse and report performance data. It provides continuous information on whether progress has been made towards achieving the results (inputs, activities and outputs). It assists to identify the strengths and weaknesses in each project. The information collected during reporting enhance learning and improves decision –making. Monthly operational reports are prepared and discussed in a MANCO and in the Portfolio committees to continuously track performance against what was planned. In order to comply with regulation 28 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to the Municipal manager, the quarterly reports are prepared and tabled to the Executive committee, Performance Audit Committee and Council. Sections 121 and 127 of the MFMA, as read with Section 46 of the Systems Act and Section 6 of the Systems Amendment the municipality must prepare the Annual performance report (APR) and clearly state the IDP objectives, planned targets, reasons and corrective measures provided where targets were not met. The APR forms part of the annual report. The Annual report is tabled to Council by 31 January. The draft and approved document is published by 31 March each year. It is submitted to MPAC,

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Council, Audit Committee, Auditor-General, Auditor-General, National Treasury and Provincial Treasury. Figure 2, illustrates the schedule for performance review.

14. SCHEDULE FOR PERFORMANCE REVIEW

REPORT	PERIOD	DUE DATE	LEGISLATION	OVERSIGHT
First Quarter report	July – September	15 th of September	Regulation 28 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to Municipal Manager, 2006	<ul style="list-style-type: none"> • Internal Audit unit(IA) • Performance Audit committee (PAC) • Portfolio Committees • Executive committee(Exco) • Municipal Public Accounts Committee(MPAC) • Council
Second Quarter/ Mid-Year	October – December	15 th 25 th January – (Council, provincial and National Treasury)	<ul style="list-style-type: none"> • Regulation 28 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to Municipal Manager, 2006 • Regulation 13 of Local Government: Municipal Planning and Performance Management 	<ul style="list-style-type: none"> • Internal Audit unit • Audit committee • Portfolio Committees • Executive committee • Municipal Public Accounts Committee • Council • Provincial and National Treasury •

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			Regulations, 2001	
Third Quarter	January - March	15 th March	Regulation 28 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to Municipal Manager, 2006	<ul style="list-style-type: none"> • Internal Audit unit • Audit committee • Portfolio Committees • Executive committee • Municipal Public Accounts Committee • Council
Fourth quarter/ Annual Performance	April - June	15 th - 31 st January AG and Cogta	<ul style="list-style-type: none"> • Regulation 28 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to Municipal Manager, 2006 • Regulation 13 of Local Government: Municipal Planning and Performance Management Regulations, 2001 	<ul style="list-style-type: none"> • Internal Audit unit • Audit committee • Portfolio Committees • Executive committee • Municipal Public Accounts Committee • Council • Provincial and National Treasury • Department of Co-operative Governance and Traditional Affairs(Cogta) • SA Auditor General (AG)

15. Performance Evaluation Committee

Performance Evaluation committee was established as per the regulation 27 of Local Government: Municipal Performance Regulations for Municipal Manager and Managers directly accountable to Municipal Manager, 2006. The performance evaluation panel for the purpose of the assessing the Municipal manager constitutes the following persons:

- 1. The Mayor**
- 2. Chairperson of the Performance Audit committee (PAC) or Chairperson of the Audit Committee in the absence of the PAC.**
- 3. Member of the Executive committee**
- 4. Mayor from another municipality**
- 5. Member of the ward committee as nominated by the Mayor.**

For the purpose of evaluating performance of managers directly accountable to the municipal manager, the panel constitutes the following persons:

- 1. Municipal Manager**
- 2. Chairperson of the Performance Audit committee (PAC) or Chairperson of the Audit Committee in the absence of the PAC.**
- 3. Member of the Executive committee**
- 4. Municipal manager from another municipality**

As stipulated in Section 72 of the MFMA, the Mid-Year assessment report is prepared and submitted to the mayor, Provincial and National Treasury by the 25th of January of each financial year.

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OUTCOME:09	Households progressively receive access to sustainable and reliable basic (water, sanitation, electricity and refuse removal) services																			
NKPA	Basic Service Delivery																			
IDP OBJECTIVE REF. NO. 01 BSD 2015	To improve the coverage, quality, efficiency and susustainability of water and sanitation services in all urban and rural communities																			
B2B REF. NO.	Focus Area or Key Challenge	STRATEGIC OBJECTIVE	Strategy	PROJECTS	Locality / Regional indicator	Source of funding	BUDGET ESTIMATE	KPI	RESPONSIBLE DEPARTMENT	BASELINE	ORGANISATIONAL SCORE CARD 2017-2018 DRAFT SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN								2017-2018	
										2016-2017	Quarter 1 Planned Target	Quarter 1 Evidence	Quarter 2 Planned Target	Quarter 2 Evidence	Quarter 3 Planned Target	Quarter 3 Evidence	Quarter 4 Planned Target	Quarter 4 Evidence		
			To improve the image of the municipality and enhance social cohesion	Mayoral Slots	HGDM	Equitable share/ internal funding	R 1 500 000	Number of Mayoral slots in SABC Radio stations booked	Office of the Municipal Manager	12 mayoral slots booked at SABC radio station									12 mayoral slots booked at SABC radio station	
		To gazette municipal health by-laws	By engaging government printers for gazetting the Municipal Health By-laws	Municipal Health By-laws gazetted	HGDM Main Office	R 500 000	Internal funding	Completion of gazetting Municipal Health By-laws	Outcome	Social Services and Development Planning Services										
		To monitor compliance related risks and provide assurance over compliance		Develop a municipal statutory compliance framework				Approved municipal statutory compliance framework	Office of the Municipal Manager										1 Reviewed and approved municipal statutory compliance framework by 2018	
				Implementation of the risk-based internal audit plan 3) Report to the audit committee regularly				Number of quarterly internal Audit reports completed as per the approved audit plan submitted to Audit Committee	Office of the Municipal Manager	4 quarterly internal audit reports completed submitted to Audit committee as per approved internal audit plan									4 quarterly internal audit reports completed submitted to Audit committee as per approved internal audit plan	

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B2B REF NO.	Focus Area or Key Challenge	Strategic Objective	Strategy	PROJECTS	Locality / Regional indicator	Source of funding	BUDGET ESTIMATE	KPI	RESPONSIBLE DEPARTMENT	OUTCOME 2016-2017									2017-2018
		To strengthen the legal unit to ensure that it fulfils its mandate which is			Provision of legal services	HGDM	Equitable share/ Internal funding	Salaries	Completion of provisioning of human capital for legal services unit by March 2017	Office of the Municipal Manager	Establishment of legal services and labour relations unit completed by March 2017.								Provisioning of human capital for legal services is completed by 2017
		To formulate Service Level Agreements for contracted Service Providers to avoid unnecessary claims.	By ensuring that all Service Level agreements are being signed by both parties	Service level agreements	HGDM	Equitable share/ Internal funding	R 500 000	Percentage of binding service level agreements completed.	Office of the Municipal Manager	100% of Binding service level agreement completed by June 2016									5.20.5.100% of Binding service level agreement completed by June 2017
				Monitoring compliance to Blue drop and green drop	HGDM	Equitable share/ Internal funding	R4000000	Percentage improvement in the Blue drop and Green drop status		4.29.1 Percentage improvement in the Blue drop and Green drop status 4.29.2. Completion of analysis BDS, GDS and implementation of analysis BDS and GDS Action plan									
RESEARCH PLANNING AND DESIGN																			
		To have an updated water and sanitation strategic plan		Development of (WSDP, water and sanitation master plan	HGDM	Equitable share/Internal funding	R19 000 000	Completion of the Development of the WSDP by June 2017		2011 Water Services Development Plan (WSDP) and water and sanitation master plan									Water Services Development Plan (WSDP) developed by 2018

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OPERATIONS AND MAINTENANCE																			
B2B REF NO.	Focus Area or Key Challenge	Activity	Strategy	Projects	Locality / Regional indicator	Source of funding	BUDGET ESTIMATE	KPI	Responsible Department	2016-2017	Quarter 1 Planned Target	Quarter 1 Evidence	Quarter 2 Planned Target	Quarter 2 Evidence	Quarter 3 Planned Target	Quarter 3 Evidence	Quarter 4 Planned Target	Quarter 4 Evidence	2017-2018
INFRASTRUCTURE SERVICES																			
		To implement and upgrade water infrastructure projects		Water		MIG,WSIG	1 515 265 942	Number of households accessing potable clean drinkable water for the first time	Infrastructure Services	6377									9119
		To ensure that sanitation dignity is restored within rural communities and promoting health and hygiene		Sanitation		WSIG	380 000 000	Number of households with dry sanitation	Infrastructure Services	2358									3409
		To implement all the VIP sanitation project identified by the business plan by 2018		Sanitation				Number of VIP units completed	Infrastructure Services										
		To implement water borne sewer by 2016		water borne sanitation		MIG		Number of households with water borne sanitation	Infrastructure Services	600									400
		To improve water supply in Ingwe and uBuhlebezwe areas		Steven Dlamini Dam (Greater Bulwer Donnybrook Regional Bulk Water Supply Scheme)			1 400 000.00	Water Resource Infrastructure Development	Infrastructure Services	2%									15%
		To improve the socio-economic well being of our communities		EPWP		EPWP GRANT	18 000 000	Number of jobs created through initiatives including capital projects	Infrastructure Services	1900									1789
									Infrastructure Services	599									300
		To provide proper disposal of waste		Integrated Waste Management Plan	HGDM	Equitable share	R 400 000	Completion of Integated Waste Management Plan by 30 May 2018	Infrastructure Services	N/A									Developed Integated Waste Management Plan by 30 May 2018

16. Financial Management Perspective

16.1. BUDGETING PRINCIPLES

The municipality should not budget for a deficit and should ensure that revenue projections in the budget are realistic taking into account actual collection levels and equitable share. Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget. Harry Gwala district Municipality has prepared a three-year budget (medium term revenue and expenditure framework (MTREF)) and will be reviewed annually and approved by Council. The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan.

Table1: Revenue

Chart 2: 2015-16 MTREF Budget Summaries

16.2. Budget process

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of the new financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the mayor of the municipality must table the annual budget to council at least 90 days before the beginning of the financial year. The budget plays a critical role in an attempt to realise diverse community needs.

This is the process whereby funds clearly defines set of objectives based on the functions of the municipality.

Using the prescribed guidelines provided by National and Provincial Treasury the municipality developed a budget programme that is aligned to the main areas of the service delivery as per the municipality`s mandate taking into consideration the needs raised by the communities during the IDP budget road shows. It gives effect to the strategic priorities of the municipality IDP. The municipality has the capital and the operational budget.

Table 2: Detailed Revenue Sources

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The water & sanitation tariffs are proposed to increase by 6% considering economic viability of Harry Gwala District Municipality for the ensuing year. The proposed tariff increase is at 6% which is slightly above the inflation rate forecast of 4.8% as provided by the National Treasury.

16.3. 1.Capital budget

This is the process whereby the municipality evaluates potential expenditure that has a significant amount. The large expenditure includes purchasing new equipment and delivery trucks, construction etc. Taking into consideration the needs rose by the communities a detailed capital budget over three years is prepared detailing infrastructure projects. Budget is then allocated accordingly to the prioritised projects, the project description and anticipated capital costs over three years.

The total capital budget is R 278m. This is largely funded from MIG Municipal Water Infrastructure Grant and Rural Bulk Infrastructure Projects funding.

Capital Budget Funding Sources per department

Corporate Services	
Economic & Community Services	
Infrastructure Services (MIG, MWIG & RBIG)	
Water Services	
Total Capex Per Department	

The capital budget is largely attributable to addressing the water & sanitation backlogs in the Harry Gwala District Municipality.

Other internally funded capital projects include the Installation of water meters and other assets such as office equipment, Server upgrade, Computers etc.

16.3.2. CAPEX BUDGET DISTRIBUTION

16.3.3. CAPEX BUDGET BY TYPE

	BUDGET
Water	
Sanitation	
Office Equipment, Computers & Other	
Fencing of Water & Sanitation Infrastructure	
Total	

16.3.4. CAPITAL DISTRIBUTION PER LOCAL MUNICIPALITY

16.3.5. CAPEX BUDGET PER LOCAL MUNICIPALITY

PROJECTS	BUDGET		
Ingwe			
Kokstad			
Kwasani			
Ubuhlebezwe			
Umzimkhulu			

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HG District Wide			
TOTAL			

16.3.6. CAPITAL BUDGET PER LOCAL MUNICIPALITY

INGWE PROJECT LIST

PROJECTS	2016/17	2017/18	2018/19
Bulwer to Nkelabantwana and Nkumba Water			
Greater khilimoni			
Khukhulela water			
Kwanomandlovu water project			
Mbhulelweni water supply			
Ingwe household sanitation project			
Bulwer donnybrook water supply scheme project (MIG)			
Creighton Water Supply			
Donny Brook Bulk Sewer			
Bulwer Dam Intervention			
Tarrsvalley water project			
Stephen Dlamini Dam water supply scheme project (RBIG)			
TOTAL			

KOKSTAD PROJECT LIST

PROJECTS	2016/17	2017/18	2018/19
Greater Kokstad Emergency Sewer Intervention			
Horseshoe Sanitation Project-New			
Greater Paninkukhu Bulk Water			
Kokstad Water Conservation & Demand			

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Makhoba Water Project			
TOTAL			

KWASANI PROJECT LIST

PROJECTS	2016/17	2017/18	2018/19
Underberg Waste Water			
Underberg Bulk Water Supply Upgrade Phase 2			
Mqatsheni Stepmore Water Project			

UMZIMKHULU PROJECT LIST	2016/17	2017/18	2018/19
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TOTAL			
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UBUHLEBEZWE PROJECT LIST

PROJECTS	2016/17	2017/18	2018/19
Chibini Water Supply			
Ixopo Mariathal Water Supply			
Ixopo Hopewell Water Supply			
Ncakubana Water Project			
Thubalethu Water Supply			
Ufafa Water Supply			
Umkhunya Water Projects			
Eradication Of Sanitation Backlog In Ubuhlebezwe			
Ncwadi water supply			
Emazabekeni/Nokweja water supply			
Highflats Town Bulk Water Supply			
TOTAL			

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Umzimkhulu Sewer Emergency Intervention			
Mnqumeni / Santombe Water Supply			
Eradication Of Sanitation Backlog In Umzimkhulu			
Greater Summerfield			
Ndawana Water Supply			
Ibisi Housing Bulk Sewer Services			
Ibisi water project			
Kwameyi, Teerkloof			
Tonjeni water project			
Greater Paninkukhu Water Supply (Rudimentary, Reticulation of Sdadeni, Gunjini, Gujendlini, Kwasenti, Chancele, Pholanyoni, Thonjeni, Mncweba and Tsawule)			
Santombe Water Supply			
Clysdale Water Reticulation			
Paninkukhu Water Resource Development (Ibisi Dam)			
Umzimkhulu Sewer Upgrade Phase 2			
Total			

16.4. Operational Budget

Chart 3: 2014-15 MTREF Operational Budget per Vote

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The following are the highlights of the special programmes projects.

DESCRIPTION	2016/17	2018/19	2019/20
SPORT DEVELOPMENT			
ICT HUB			
RURAL HORSE RIDING - GAMES (SUMMER CUP)			
DISABLED PROGRAMMES			
YOUTH DEV EMPOWERMENT PLAN			
BURSARIES-COMMUNITY			
CUBA BURSARIES			
WOMENS DAY CELEBRATION			
MENS FORUM AND CAPACITY BUILDING			
GOLDEN GAMES			
BACK TO SCHOOL CAMPAIGN			
TO ATTEND UMKHOSI WOMHLANGA			
YOUTH COUNCIL			
HARRY GWALA DISTRICT MARATHON			
TOTAL			