



SCHEDULE A: AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF THE HARRY GWALA DISTRICT MUNICIPALITY

BUDGET & TREASURY

2016/17 MTREF

FINAL DRAFT

BUDGET

ANNUAL BUDGET OF
HARRY GWALA
DISTRICT
MUNICIPALITY

2016/17 TO 2018/19
MEDIUM TERM REVENUE AND EXPENDITURE
FRAMEWORK BUDGET

Copies of this document can be viewed:

In the foyers of all municipal buildings

All public libraries within the municipality

At www.harrygwaladm.gov.za

Table of Contents

| | | |
|----------|---|-----------|
| 1 | PART 1 – ANNUAL BUDGET | 8 |
| 1.1 | MAYOR’S REPORT..... | 8 |
| 1.2 | COUNCIL RESOLUTIONS | 34 |
| 1.3 | EXECUTIVE SUMMARY | 35 |
| 1.4 | OPERATING REVENUE FRAMEWORK..... | 38 |
| 1.5 | OPERATING EXPENDITURE FRAMEWORK | 48 |
| 1.6 | CAPITAL EXPENDITURE | 53 |
| 1.7 | ANNUAL BUDGET TABLES - PARENT MUNICIPALITY | 56 |
| 1.8 | CONSOLIDATED SCHEDULES..... | 72 |
| 2 | PART 2 – SUPPORTING DOCUMENTATION | 82 |
| 2.1 | OVERVIEW OF THE ANNUAL BUDGET PROCESS | 82 |
| 2.2 | OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP | 86 |
| 2.3 | MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS | 93 |
| 2.4 | OVERVIEW OF BUDGET RELATED-POLICIES..... | 102 |
| 2.5 | OVERVIEW OF BUDGET ASSUMPTIONS..... | 105 |
| 2.6 | OVERVIEW OF BUDGET FUNDING | 107 |
| 2.7 | EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS..... | 119 |
| 2.8 | MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW | 125 |
| 2.9 | ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS..... | 132 |
| 2.10 | CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS..... | 134 |
| 2.11 | CAPITAL EXPENDITURE DETAILS | 135 |
| 2.12 | LEGISLATION COMPLIANCE STATUS..... | 141 |
| 2.13 | OTHER SUPPORTING DOCUMENTS | 142 |
| 2.14 | MUNICIPAL MANAGER’S QUALITY CERTIFICATE | 149 |

List of Tables

| | |
|---|-----|
| Table 1 Overview of the 2016/17 MTREF | 36 |
| Table 2 Consolidated Overview of the 2016/17 MTREF | 37 |
| Table 3 Summary of revenue classified by main revenue source | 38 |
| Table 4 Percentage growth in revenue by main revenue source | 39 |
| Table 5 Operating Transfers and Grant Receipts | 40 |
| Table 6 Proposed Water Tariffs | 42 |
| Table 7 Comparison between current water charges and increases (Domestic) | 45 |
| Table 8 Comparison between current sanitation charges and increases | 46 |
| Table 9 Comparison between current sanitation charges and increases, single dwelling- houses..... | 47 |
| Table 10 MBRR Table SA14 – Household bills..... | 48 |
| Table 11 Summary of operating expenditure by standard classification item | 49 |
| Table 12 Operational repairs and maintenance..... | 52 |
| Table 13 Repairs and maintenance per asset class..... | 52 |
| Table 14 2014/15 Medium-term capital budget per vote..... | 53 |
| Table 15 MBRR Table A1 - Budget Summary..... | 56 |
| Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)..... | 58 |
| Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)..... | 59 |
| Table 18 Surplus/ (Deficit) calculations for the trading services..... | 60 |
| Table 19 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) | 61 |
| Table 20 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source | 63 |
| Table 21 MBRR Table A6 - Budgeted Financial Position | 65 |
| Table 22 MBRR Table A7 - Budgeted Cash Flow Statement | 67 |
| Table 23 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation..... | 68 |
| Table 24 MBRR Table A9 - Asset Management | 69 |
| Table 25 MBRR Table A10 - Basic Service Delivery Measurement | 71 |
| Table 26 IDP Strategic Objectives..... | 88 |
| Table 27 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue | 91 |
| Table 28 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure..... | 91 |
| Table 29 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure..... | 92 |
| Table 30 MBRR Table SA7 - Measurable performance objectives..... | 95 |
| Table 31 MBRR Table SA8 - Performance indicators and benchmarks | 98 |
| Table 32 Breakdown of the operating revenue over the medium-term..... | 107 |
| Table 32 Proposed tariff increases over the medium-term | 109 |
| Table 34 MBRR SA15 – Detail Investment Information | 109 |
| Table 35 MBRR SA16 – Investment particulars by maturity..... | 110 |

| | |
|--|-----|
| Table 36 Sources of capital revenue over the MTREF | 110 |
| Table 37 MBRR Table SA 17 - Detail of borrowings | 111 |
| Table 38 MBRR Table SA 18 - Capital transfers and grant receipts | 112 |
| Table 39 MBRR Table A7 - Budget cash flow statement | 113 |
| Table 40 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation..... | 114 |
| Table 41 MBRR SA10 – Funding compliance measurement..... | 116 |
| Table 42 MBRR SA19 - Expenditure on transfers and grant programmes | 119 |
| Table 43 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds | 121 |
| Table 44 MBRR SA22 - Summary of councilor and staff benefits | 122 |
| Table 45 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior managers)..... | 123 |
| Table 46 MBRR SA24 – Summary of personnel numbers..... | 124 |
| Table 47 MBRR SA25 - Budgeted monthly revenue and expenditure..... | 125 |
| Table 48 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote) | 126 |
| Table 49 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)..... | 128 |
| Table 50 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote) | 129 |
| Table 51 MBRR SA29 - Budgeted monthly capital expenditure (standard classification) | 129 |
| Table 52 MBRR SA30 - Budgeted monthly cash flow..... | 131 |
| Table 53 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure..... | 132 |
| Table 54 Water Services Department – Performance objectives and indicators | 133 |
| Table 55 MBRR SA 34a - Capital expenditure on new assets by asset class | 135 |
| Table 56 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class | 136 |
| Table 57 MBRR SA34c - Repairs and maintenance expenditure by asset class | 136 |
| Table 58 MBRR SA35 - Future financial implications of the capital budget..... | 137 |
| Table 59 MBRR SA36 - Detailed capital budget per municipal vote..... Error! Bookmark not defined. | 138 |
| Table 60 MBRR 36: Detailed capital budget per municipal vote (continued)..... | 140 |
| Table 61 MBRR SA37 - Projects delayed from previous financial year | 141 |
| Table 62 MBRR Table SA1 - Supporting detail to budgeted financial performance | 142 |
| Table 63 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)..... | 142 |
| Table 64 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department) | 145 |
| Table 65 MBRR Table SA3 – Supporting detail to Statement of Financial Position | 146 |
| Table 66 MBRR Table SA9 – Social, economic and demographic statistics and assumptions..... | 147 |
| Table 67 MBRR SA32 – List of external mechanisms..... | 148 |

List of Figures

| | |
|---|-----|
| Figure 1 Main operational expenditure categories for the 2016/17 financial year | 51 |
| Figure 2 Expenditure by major type | 62 |
| Figure 3 Depreciation in relation to repairs and maintenance over the MTREF | 70 |
| Figure 4 Planning, budgeting and reporting cycle | 93 |
| Figure 5 Definition of performance information concepts | 95 |
| Figure 6 Breakdown of operating revenue over the 2016/17 MTREF | 108 |
| Figure 7 Sources of capital revenue for the 2016/17 financial year..... | 110 |
| Figure 8 Growth in outstanding borrowing (long-term liabilities) | 111 |
| Figure 9 Cash and cash equivalents / Cash backed reserves and accumulated funds | 115 |

ANNEXURES:

Annexure A: 2016/17 MTREF Budget Schedules

Annexure B: Budget Related Resolutions

Annexure C: Amendments to Budget Related Policies

Annexure B: SDBIP Summary

Abbreviations and Acronyms

| | | | |
|---------------|--|--------------|---|
| AMR | Automated Meter Reading | kWh | kilowatt |
| ASGISA | Accelerated and Shared Growth Initiative | ℓ | litre |
| BPC | Budget Planning Committee | LED | Local Economic Development |
| CBD | Central Business District | MEC | Member of the Executive Committee |
| CFO | Chief Financial Officer | MFMA | Municipal Financial Management Act Programme |
| CM | District Manager | MIG | Municipal Infrastructure Grant |
| CPI | Consumer Price Index | MMC | Member of Mayoral Committee |
| CRRF | Capital Replacement Reserve Fund | MPRA | Municipal Properties Rates Act |
| DBSA | Development Bank of South Africa | MSA | Municipal Systems Act |
| DoRA | Division of Revenue Act | MTEF | Medium-term Expenditure Framework |
| DWA | Department of Water Affairs | MTREF | Medium-term Revenue and Expenditure Framework |
| EE | Employment Equity | NERSA | National District Regulator South Africa |
| EEDSM | Energy Efficiency Demand Side Management | NGO | Non-Governmental organisations |
| EM | Executive Mayor | NKPIs | National Key Performance Indicators |
| FBS | Free basic services | OHS | Occupational Health and Safety |
| GAMAP | Generally Accepted Municipal Accounting Practice | OP | Operational Plan |
| GDP | Gross domestic product | PBO | Public Benefit Organisations |
| GDS | Gauteng Growth and Development Strategy | PHC | Provincial Health Care |
| GFS | Government Financial Statistics | PMS | Performance Management System |
| GRAP | General Recognised Accounting Practice | PPE | Property Plant and Equipment |
| HR | Human Resources | PPP | Public Private Partnership |
| HGDM | Harry Gwala District Municipality | PTIS | Public Transport Infrastructure System |
| IDP | Integrated Development Strategy | RG | Restructuring Grant |
| IT | Information Technology | RSC | Regional Services Council |
| kℓ | kilolitre | SALGA | South African Local Government Association |
| km | kilometre | SAPS | South African Police Service |
| KPA | Key Performance Area | SDBIP | Service Delivery Budget Implementation Plan |
| KPI | Key Performance Indicator | SMME | Small Micro and Medium Enterprises |

1 Part 1 – Annual Budget

1.1 MAYOR’S REPORT

Honourable Speaker, Cllr Ndzimande;

The Deputy Mayor, Hon Cllr Duma;

Honourable members of the executive committee;

The Chief Whip of council and Chair MPAC Hon Cllr Mavuma;

Honourable councillors;

AMakhosi AseNdlunkulu;

The MM and all senior managers;

Our distinguished invited guests

- Religious leaders
- Traditional leaders
- The leadership of HGDA
- Business sector
- All Government Departments
- Ward committees

Our employers and our principals the community members present here today.

Ladies and gentlemen;

Comrades and compatriots;

It affords me great delight and is a singular honour to once more stand in front of you to present our last Budget speech that seeks to take our District forward as we end the term.

The last few days have been very eventful in our province. We are meeting here today exactly 5 days after the resignation of the Premier of Kwazulu Natal Hon E.S Mchunu. This has reminded all of us about the centrality of our organisations across the political spectrum. We are all holding these positions and serving our people at the mercy of our respective organisations and the prerogative to deploy or redeploy cadres will always reside with our organisations.

I want to commence then by taking this opportunity and commend the outgoing Premier for the good work and good leadership that he has demonstrated in leading our province. He has made his mark and surely his successor is going to find a solid foundation to work on and continue with the transformation agenda of the African National Congress.

I must also in the same vein hasten to congratulate the new Premier Hon T.W Mchunu for his election and appointment by his party. There is no doubt in my mind that his rich experience of many years in the struggle and exposure in various portfolios in government will help him do well.

Wisdom comes with age.

We do need to stabilise and unite our province of Kwazulu Natal, expedite service delivery, boost economic development through continuing with our agenda to roll strategic infrastructure such as roads network, railway lines, harbours, dams, electricity, and telecommunication infra-structure and in the process create more job opportunities for our people in general in particular the youth etc.

That's what the people of this province and this district want, their life to be improved, to live in a secured environment and to be happy.

In the same week though we have seen a splinter grouping from the NFP announcing a breakaway party called Academic Congress Union. Surely these forthcoming local government elections are going to be very interesting. We may still see more new parties being announced as the deadline for the submission of candidates has been announced. Some are already predicting that these elections may be a demise of some political parties and growth of others but we will wait and see.

It is exactly 5 years and 9 days from the 18th of May 2011 where this council was voted into office.

The Constitution of the republic dictates that elections must be convened within 90 days from the last day of the expiry of the term of office.

As we all know, the 3rd of August has been announced as the next date for the local government elections and we are now only waiting for proclamation by the President or Minister.

We are left with exactly 67 days before the 3rd of August and we are looking forward to the local government elections. Our journey of the last 5 years has been a journey full of excitement, hope as well as challenges. As a son of a Preacher and a believer in God in my own right, sibonga ukuthi kuze kwala inkosi inathi.

2. 16 Years of local government

2016 marks the 16th year of local government in South Africa after the dawn of freedom and democracy.

In one of our MuniMec meetings sometime last year in 2015, as Mayors and local government practitioners from all municipalities in the province we made a suggestion to the MEC that it would be good that we celebrate the 16 years of local government in South Africa.

We made this suggestion influenced by a no of reasons including but not limited to the following:

- South Africa is from a very painful past of centuries of colonialism, apartheid, oppression, dispossession and deprivation;
- Many years of the liberation struggle that was characterised by huge sufferings, arrest, banning and even paying the ultimate price.
- The unbanning of the liberation movements that was followed by negotiations (Codesa);
- The 1994 democratic breakthrough hence this year our freedom and democracy is enjoying 22 years;
- The 1995/6 transitional local councils
- Then the establishment of wall to wall Municipalities in 2000

It is therefore in the above light that we thought it is important to celebrate the 16 years of local government.

The 16 years of local government celebrations was then launched in UGu District Municipality about 3 weeks ago and it was handed over to us.

This local government flame apart from bringing hope and light to the province and our municipalities but also afforded us an opportunity to reflect on road that we have traversed from 2000 up until now and take stock on the progress made ever since.

This flame has also helped us to create awareness about the upcoming elections as well as creating some excitement and enthusiasm particularly among the youth and the general electorate.

We have received the flame from UGu District Municipality on the 17th of May and received it in style as we started the programme with a motorcade from Jolivet to Ixopo town and a carnival walk from down town to the Peace initiative hall where we had a short program and entertainment.

The flame then criss-crossed the entire District, showcasing and highlighting the good work for the last 16 years in general and acknowledging our achievements in the last 5 years in particular.

Among some of the projects that were visited by our teams using local government flame range from:

- Housing projects;
- Water schemes;
- Sanitation projects;

- LED projects;
- Public facilities;
- Electricity projects etc

We must continue to highlight more new developments and achievements in the last 16 years including the establishment or face up-liftment of our towns and establishment of new townships that never existed before 1994 / 2000.

The human dignity of our people has been restored even though a lot still needs to be done.

The building of a better life for all will always be a work in progress.

There was a lot of vibe and excitement across the District and I would like to thank all those within our workforce that have made it possible for this programme to be a remarkable success, the senior management team, middle management, functionaries in political offices, communications unit, and all other units that played a role in the success of the programme.

A special thanks to the Deputy Mayor, the Speaker and all other councillors who were readily available to provide leadership and guidance on the programme when some of us were engaged on other programmes of provincial importance.

3. Centenary of Fort Hare

Few days ago during this Africa month of May our leaders in the continent including President JG Zuma, President Robert Mugabe from Zimbabwe and the Chair of the African Union Commission and a no of other prestige dignitaries and Alumni descended to EDikeni to celebrate the centenary of our iconic institution of higher learning that has natured and produced world class leaders such as:

- Isithwalandwe u Tata u Nelson Mandela,
- His excellences the former President of Zambia Hon Kenneth Kaunda,
- Hon Julius Nyerere and the current President of Zimbabwe
- His excellence President Robert Mugabe
- And a no of others including many freedom fighters such as Robert Sobukwe and UMntwana wakwa Phindangene.

This institution of higher learning has made a tremendous contribution in the ideological training and consciousness of some of our highly respected leaders today living and departed.

Fort Hare was the boiling pot of African Nationalism.

Fort Hare University was the only power house for education in the entire region at the time that was making an indelible mark in the academic development of African leaders at a time when the colonialists were not very keen to see an African Black child getting quality education that would later help them liberate themselves.

Even today education, skills and knowledge cannot be over emphasized.

In the current dispensation of the 21st century education is more important more than it was before.

We are charged with not just a responsibility but an obligation of transforming the state machinery to serve the majority of our people, particularly the poor, both urban and rural poor.

The state must be transformed to resolve the triple questions:

- National question;
- Class question;
- And Gender question.

That's the essence of our struggle for liberation.

We are living at a time of technological advancement and knowledge economy. There is no nation that can triumph without education for its citizens.

The youth must take advantage of the existing opportunities to equip themselves for the future and to compete with their peers in the global village.

Therefore to do all of the above we need quality education for our people in particular the youth. But even leaders of our organisations must continue to equip themselves academically as our predecessors did.

4. Violent protests

I would like to take this opportunity and echo the words of President Zuma when he was cautioning the students in our country that despite whatever frustrations or grievances but it can't be justified that when we are not happy about any issue we resort to violence and burning our school facilities.

Other nations are really amazed and shocked about our actions not only students but even our communities generally.

In fact what we see in institutions of higher learning is not necessarily a narrow student matter but a societal problem in terms of these violent protests. What went wrong? What kind of society are we building?

It can't be that if our people in Kokstad are not happy about any issue then they will resort to vandalism of any property and government infra-structure including private businesses.

Emulating a wrong thing that you saw else where does not justify your actions. Either you saw people burning factories in Mandeni KwaSithebe because they were not happy about wages or candidates or you saw people burning schools in Vuwani because they are not happy about demarcation then our people also emulate that.

Two wrongs don't make one right.

What people did in Mandeni KwaSithebe was wrong, what people did in Limpopo in Vuwani was wrong, what people are doing all over the country is wrong and must be condemned with all the best possible words.

But ourselves as leaders we must also be exemplary and inspire discipline. If our people will see chaos every day in the national assemble by people who are supposed to act honourable what do we expect from the ordinary masses.

Leadership comes with a huge responsibility, many people admire those are in positions of responsibility and some eve take us their role models.

Uma sehluleka ukuziphatha ngendlela eyamukelekile kwi society abantu esibaholayo bayocabanga ukuthi ukona okuhle loko ngoba kwenziwa abaholi, angisakhulumi ke ngengane zethu, yimfundiso enjani abazoyibona kuthi njangabazali babo ?

Other nations are laughing at us; we must put national pride and national interest first than our narrow selfish interests of cheap political point scoring and political grand standing.

Let's defend our gains of freedom and democracy and not allow our country to degenerate into anarchy and something that our predecessors did not fight for, did not sacrifice their lives for.

Our freedom was not free but was bought through the blood of many heroes and heroines and we dare not undermine that.

5. Budget context

This is the 5th budget presentation and last that this council is considering in our term of office.

Therefore we thought it would be proper and fitting for us before we proceed to the budget itself to reiterate what we said last year in reflecting on the road that we have traversed as this council as from May 2011.

“Our last local government elections were held on the 18th of May 2011 and our council was formally constituted in June 2011 after all our local municipalities were established in line with the municipal structures act.

We then established structures such as the Executive committee as the principal committee of council as well as all other portfolio committees of which in our case we have the following portfolio committees:

- Finance and corporate services committee;
- Social services committee;
- Water and sanitation committee;
- Technical services committee.

We went further to establish the following committees, among others:

- Transforming the oversight committee to become the Municipal public accounts committee (MPAC) that has been chaired by Cllr Mavuma with excellence.
- Internal audit committee chaired by Mr Mpungose who has wide expertise and experience in this field etc.

All these are section 79 and sec 80 committees respectively in terms of the municipal structures act.

Of course from time to time when need arises we have established adhoc committees to deal with specific matters.

As the municipality we have had our ups and downs but overall we have done very well but I will talk about that later.

2016 local government elections

As we approach the 2016 local government elections, we want to continue with speed to complete what we have started so that we leave a remarkable mark and a good legacy for our term of office.

Ngokwenzenjalo sizobe singenzeli ukuthenga amavoti kodwa ngoba abanye bethu basuka kumbutho wesizwe ongenamona, ongenanzondo kodwa ophokophele ukusebenzela abantu bakithi.

Lukhona ukhetho noba lungekhokhetho kodwa loko esakwethembisa abantu kufanele siqhubeke nako singagungqi'

6. DEPARTMENTAL HIGHLIGHTS

In the strategic planning session that we had in Drakensburg Gardens resorts we agreed that we may need to comment briefly on the performance of each department taking into account the work done from the beginning of the term, challenges encountered during the course of the term as well as key priorities going forward.

6.1 Municipal Manager's Office

6.1.1 BACKGROUND

Chapter 8 of the Local Government Municipal Finance Management Act No. 56 of 2003, Chapters 60 to 76, provides for the responsibilities of Municipal Managers who are accounting officers who must exercise all the functions and powers that are assigned to them, notwithstanding the guidance and advice on compliance that must be continuously provided within the administration.

Chapter 7 of the Local Government Municipal Systems Act No. 32 of 2000, sub-section 55, stipulates that the Municipal Manager of a municipality is the Head of Administration and is therefore subject to the policy directives of its Municipal Council which make him or her to be responsible for the following:

- (a) The formation and development of an economical, effective, efficient and accountable administration-
- i. equipped to carry out the task of implementing the municipality's integrated development plan in accordance with Chapter 5;
 - ii. operating in accordance with the municipality's performance management system in accordance with chapter 6; and
 - iii. Responsive to the needs of the local community to participate in the affairs of the municipality.

Chapter 7 of the Constitution of the Republic of South Africa, Act No. 108 of 1996, Sub-section 153, further stipulates the developmental duties of a municipality which is to structure and manage its

administration and budgeting processes to give priority to the basic needs of the community, to promote social and economic development of the community and to participate in national development programmes.

In light of all of the above, and in keeping with the constitutional mandate, the office of the municipal manager strives to uphold its administrative responsibilities.

6.1.2 Inter-governmental relations

With regards to inter-governmental relations, our District has a schedule of meetings for the Harry Gwala District Municipality Committees which has been adopted by Council within each financial year of term, to ensure that committees such as Departmental Standing Committees, the Executive Committee, MM's Forum, the Mayoral Forum, MPAC and Council, to name but a few, are convened as planned throughout the financial year. All Units and Committees are functional.

6.1.3 Service Standards Commitment Charter

During this term of office, there has been an introduction of a Service Standards Commitment Charter. This administrative tool seeks to encourage the improvement of time management and turn-around time in the provisioning and the delivery of municipal services.

6.1.4 Back to basics

With the advent of the Back to Basics Programme, the office of the municipal manager has established a B2B Departmental Reporting Template which is populated on a monthly basis departmentally and tabled before the Executive Committee.

6.1.5 Risk management

The office of the municipal manager has introduced strict adherence and observation to Section 116 of the MFMA when deals with the management of municipal contracts. A Risk Management Unit, the establishment of an ICT Steering Committee an Internal Audit Unit, an Asset Management Unit within the Budget and Treasury Office, the appointment of a Director: Income and the completion and opening of the HGDM Disaster Management Centre are some of the overall District achievements that have been implemented under the facilitation and encouragement of the office.

6.1.6 Amalgamation process of KwaSani and Ingwe local municipalities

The amalgamation process to merge two (2) local municipalities falling under the jurisdiction of the District, namely KwaSani and Ingwe local municipalities, is currently being coordinated by the District, under the successful supervision of the office of the municipal manager.

It is now history that the new entity will be named after Dr Nkszn Dlamini for her immense contribution in the struggle and outstanding performance in government in various portfolios and her indelible and remarkable role in the African renaissance as the Chair of the African Union Commission.

6.1.7 Renaming of District Municipality

Harry Gwala District Municipality prides itself for having successfully changed the name of the municipality from Sisonke to Harry Gwala during this term of office.

7. CORPORATE SERVICES

The department plays an imperative role within the municipality. It supports all the departments by providing secretariat, administrative support, human resource, training, labour relations, ICT, communications, etc.

I would like to highlight few areas that our budget for the 2016/17 financial year will focus on. The department has set aside budget for:

- The verification of qualifications and or vetting of those applicants who show interest in joining our municipality, to ensure that the right people with the right skills are appointed. This will enable the municipality to affirm its commitment to deliver quality services to the people on time.
- The health, safety and wellness of employees has been prioritized to improve the productivity of the workforce by implementing programmes that seek to help employees deal with work-related and or personal issues that they come across in their daily lives. We've had programmes that we have been involved in in the 2015/16 financial year, which augmented our health and wellness strategy, where some of our employees have been partaking. This has proven to be effective.
- As a way of improving skills of our workforce and also of the community, we have set aside a budget for Capacity Building. Training programmes that will be implemented will contribute towards achieving our long term goals. Unemployed youth will be included in the training programmes in order to increase chances of them being able to enter into the labour market and be employed.
- As a way of keeping up to date with the changes in technology and adhering to the rules and regulations, we have upgraded our ICT infrastructure in the last financial year and will continue to focus and improve on ICT in the 2014/15 financial year.

8. BUDGET AND TREASURY

Budget and Treasury Office is made up of the following business units:-

- Supply Chain Managements responsible for the procurement of goods and services
- Revenue Management responsible for billing and debt collection
- Expenditure Management responsible for payment of all monies due by the municipality
- Budget and Reporting responsible for compilation of the municipal budget, in-year reporting and preparation of the Financial Statements

In 2011/2012 financial year the municipality received qualified audit opinion which was caused by irregular expenditure, financial sustainability, asset management, internal control deficiencies and procurement and contract management issues.

Irregular expenditure was R360 569 073.52 which was 70% of annual budget, this was because of non-compliance with SCM procedures and not fraud related matters. In 2012/2013 to 2014/2015 financial year the municipality improved from qualified to unqualified audit opinion.

The improvement on audit opinion is attributable to the establishment of internal controls, strengthening of SCM unit. The financial sustainability of the municipality was improved because of revenue enhancement strategy which was implemented as well as imposing belt tightening measures. Irregular expenditure dropped to R143 360 811.33 which was 24% of annual budget.

Internship Programme has been progressing well. The municipality has enrolled ten interns over the period 2011/12 to 2015/2016 six of whom were absorbed on a permanent basis.

The liquidity of the municipality improve over the years from 2011 except at the end 2014/2015 where there was a technical dispute on the treatment of grant debtor in relation to accruals

All the budget related policies are in place and have been reviewed each budget year in order to improve governance and the control environment in the municipality. In the current financial year 2015/2016 we continue implementing our policies and internal controls. We have excelled in all MFMA compliance requirements.

We have embarked on a project to develop an indigent register in order to be able to comply with the national policy of Indigent Support Programme. The assignment combines the data cleansing and indigent register development. The data cleansing process is currently 80% complete and indigent register development is in progress.

Cost containment measures are still implemented to cater for the current financial situation.

The Supply Chain Management prepared a Procurement Plan aligned to the Budget and SDBIP to ensure quick implementation of the budget aimed at precipitating service delivery. The Procurement Plan was approved on the 30 June 2015 so that when the next financial year starts the municipality has a procurement tool for forward planning.

Budget and Treasury Office will strengthened the implementation of cost containment measures within the municipality. Implementation of MSCOA will be one of Budget and Treasury Office's priorities. In the next two financial years the municipality is expected to achieve clean audit opinion.

9. SOCIAL SERVICES

9.1 Spatial planning and land use management

The Social Services and Development Planning Department has taken the development of towns and human settlement areas as a priority. Since 2011, the department has assisted Local Municipalities with detailed planning of towns through the Urban Regeneration Programme (URP).

This strategic planning process has led to the acquisitions of land by municipalities in strategic areas and donation from other state organs to municipalities.

The impact of the URP has been seen in the resurfacing of some streets in towns, street lights, pavements and trading facilities. These forms of planning have also triggered the interest of the private sector to invest within the District, which has been seen through major retails and malls being built within these towns.

In 2013 the National Government passed the Spatial Planning and Land Use Management Act as a National Legislation aiming to strengthen the role and capacity of Local Government to perform planning functions. In March 2015 the Council approved the District Growth and Development Plan in line with the National Development Plan and Provincial Growth and Development Plan.

9.2 District growth plan and LED programmes

In this Budget the HGDM has made financial provisions to implement some of the Catalytic projects that have been identified through this form of long term planning namely; Stephen Dlamini Dam – R 60 000 000.00 funded by RBIG and Ibisi Dam – R 6 000 000.00 funded by MIG

9.3 Disaster management

The Department also established the HGDM Disaster Management Centre which supports five local municipalities that fall under its jurisdiction namely: Greater Kokstad, Ingwe, KwaSani, Ubuhlebezwe and UMzimkhulu Local Municipality's. The District Disaster Management Centre is a central point which all disaster risk management policy planning and operations are directed and executed.

The signing of Memorandum of Understanding (Mutual Aid Agreement) with Alfred Nzo District Municipality for cross- border cooperation during major cross- border emergencies will have great impetus in fighting disaster.

The ultimate goal is to have cooperation agreements with all neighbouring district municipalities namely: UGU and UMgungundlovu DM. The Disaster centre has further established working relations with Fire Protection Association (FPA), Sappi, Mondi, Masonite and Hanse Merensky to assist in protecting communities from veld and forest fires.

Also recruited 100 Disaster Management Volunteers to participate in Disaster Management activities on a day to day basis and currently getting the monthly stipend.

Moreover, distributed 850 Fire Beaters in communities vulnerable to fires and Installed 300 Lightning Conductors in areas and schools prone to lightning.

9.4 Youth development

Youth Developed strategy was developed and adopted by the Council in 2015. The Department has financial supported 500 needy students to study at various institutions and 5 students to study Medicine at Cuba. In addition 100 school uniform vouchers were donated to various schools within HGDM.

9.5 SALGA KZN Games

HGDM hosted SALGA KZN- Games in 2014 for the first time where all KZN District Municipalities participated. Two athletes from the Municipality were selected by Pretoria Academy for sport development and one athlete selected by KZN Athletic Academy.

In 2015 one Soccer Player from our district was selected to play for Amazulu Development FC. Harry Gwala District Marathon was first launched in 2014 from ran on the R56 from Highflats to UMzimkhulu honouring the heroes and heroines who contributed to the rich history of our District such Margaret

Mncadi, Alan Paton of cry the beloved country not leaving our comrades marathon winner Mr. W. Mtolo whose now an international athlete having ran in New York representing the country.

9.6 Other special programmes and socials ills

Furthermore the department has managed to also launched and establish forums which are active in addressing our social ills in the district and the country and these play a pivotal role in ensuring a healthy society; forums established such the Religious forum, Men's Forum & the Women's Forum.

9.7 Municipal health

The Department also contributes to the well-being of its people as well as the environment in preventing communicable diseases and ensuring an environment that is not harmful to human beings and ensuring preservation for future generations.

A municipal Health service is a competency of District Municipalities and Metro Municipalities and since the transfer of the service in 2005 from our Local Municipalities and the Provincial Department of Health in order to ensure efficient service delivery to its communities.

To date the municipality has spent well over R 5 140,000 to its communities with different programmes in place to mention a few; ongoing health surveillance of business premises, clean-up campaigns the Greenest Municipal Competition which ensures that we keep our towns clean supporting of our local municipalities.

10. INFRASTRUCTURE SERVICES

10.1 Strategic Capital projects

The Infrastructure Services Department has been managing and planning implementation of small to large infrastructure programmes that seek to provide potable water, dignified sanitation, construction of office buildings, access roads, integrated waste management and electricity planning and provision. The department is also at the forefront of carrying out the mandate of Council for uplifting small local emerging contractors during implementation of projects.

The department is currently championing high level strategic water resources development projects and is liaising with key stakeholders, communities, government departments (e.g. DWA, DRDLR, DoT etc.) and Water boards (Umgeni Water, TCTA).

10.2 Upgrade of the existing infra-structure

Over the years focused on upgrading of water and sewerage infrastructure in our towns, Kokstad, UMzimkhulu, Underberg, Franklin. An investment of over R167million was expended for our sewer and water system to cater for the previously excluded citizen.

The Municipality has been managing and planning small to large infrastructure programmes that seek to provide potable water, dignified sanitation, office buildings, access roads, integrated waste management and electricity planning and provision. The department is also at the forefront of carrying out the mandate of Council for uplifting small local emerging contractors during implementation of projects.

10.3 Sanitation

Sanitation is dignity and Water is life. Our municipality has restored dignity to over 30 000 household of the district by investing over R200million in the provision of VIP Toilets since 2011 to rural household. A number of household are benefiting potable water supply from water schemes that we constructed throughout the district.

10.4 Drought challenges

The district has also responded to the overstressed localized water sources that most of our rural water schemes depend on by developing more reliable water resources like dams. Our municipality working together with COGTA, DWS and local Municipalities have manage to complete construction of first Phase of the Steven Dlamini Dam situated under Ingwe LM. This phase is now providing sustainable Water to Bulwer Town. This budget will further extend potable water supply to outskirts of Bulwer like Nkelabantwana, Nkumba. An investment of over R90 million has been expended.

10.5 Ibisi Dam

The municipality is also at an advanced stage of detailed feasibility for the construction of Ibisi Dam in the UMzimkhulu Local Municipality. This infrastructure once completed will bring relief to the localized sources that currently overstressed and communities will receive more sustainable potable water supply.

10.6 Regional water schemes

Our 2016/2017 Budget on, the municipality will this year fast track the implementation of bulk water infrastructure to regional schemes. The Municipality will continue with bulk water infrastructure development for the areas of Greater Ufafa, Ixopo Town augmentation. This budget will see that this financial year communities around Chibini and parts of Ufafa will receive potable for the first time in history. The Thubalethu housing water project construction will be an advanced stage this year. Big reservoir and bulk water pipe will commence in the second quarter. Umkhunya water supply will be receiving water in some areas 2016/ 2017. These areas fall under uBuhlebezwe Local Municipality.

In UMzimkhulu the budget will also focus on Greater Mngqumeni Water Supply and will ensure that communities are getting water as construction progresses. The community of KwaMeyi and Teekloof will see pipes and reservoirs being constructed to deliver water in the area towards the end of the financial year. The infrastructure development for Greater Summerfield will be taking shape in this budget. The rectification of UMzimkhulu town sewer system will be undertaken.

10.7 Eradication of Kokstad sewer challenges

The horseshoe waterborne sanitation system is receiving and we will see of 500 household being connected to sewer system for the first time now that the bulk infrastructure is complete.

The sewer problem is in areas of Bhongweni and Mphela will continue to be vigorously dealt with

10.8 General comments on areas with huge backlogs but also affected by Drought

The Municipality has been declared as affected by drought and working together with Water and Sanitation Department and COGtA will attack together the areas affected by drought.

Sanitation programme will also continue to be implemented in UMzimkhulu, Ingwe and UBuhlebezwe with household benefiting. For household that are far from receiving conventional water supply we will provide water tankering and also rainwater harvesting.

11. WATER SERVICES

11.1 Planning and design

The Water Services Department is responsible for Planning, Design, Regulation through Policies & Bylaws, Water Quality and Operation & Maintenance of all Water & Sanitation projects and activities. It is also responsible for ensuring customer satisfaction through Customer Care Unit.

Within the Planning and Design Unit, a lot has been achieved over the years. Just to name a few, more than 50 business plans amounting to over R2.5 Billion have been prepared and approved by the Department of Water and Sanitation. The implementation of these is being carried out by our Infrastructure Department through Municipal Infrastructure Grant (MIG), RBIG and WSIG funding. The Water Services Development Plan (WSDP), Water Conservation and Demand Management Strategy, Universal Access Plans as well as Operations and Maintenance manuals have been prepared for the municipality. Due to the high backlogs that the municipality is dealing with, the implementation rate of these plans is rather slow.

11.2 Drought challenges

In December 2014, Harry Gwala District Municipality was amongst the Water Services Authorities that were declared to be disaster stricken. To date, 44 drought project initiatives have been concluded amounting to over R23 million. These range from Water Tanker Trucks Purchase, Installation of Static Tanks, Drilling of Boreholes, Spring Protections as well as Scheme Refurbishments. We urge all our communities to use water sparingly as this drought is still continuing.

11.3 Refurbishment programme

There are more than 37 Water Scheme Refurbishments that have been concluded such as Mhlabashane, Noek Farm, Isolation Valves in Kokstad Town, Hlanganani, Sandanezwe, Machunwini, Gugwini, Kwanjunga, Lukhasini, Madungeni, Springvale, KwaThathani, Macabazini to name a few.

The functionality of these schemes is assisting in reducing the burden of delivering water with Water Tankers. Through the Drought Relief Program and 16/ 17 Refurbishment allocation, 40 schemes will be refurbished amounting to R15.7 million.

11.4 Operation and maintenance

In trying to enhance the efficiency of our maintenance teams, a Business Intelligence System which includes the Customer Care Module and the Telemetry Monitoring System has been installed. The effective usage of these systems will be witnessed in the operations of the 2016/ 2017 financial year.

In the 2016/ 17 financial year, we would like to conclude the review of the WSDP and develop Business Plans in response the future developments that are being proposed in our towns. This is a big step in increasing the development potential in our towns. We have also set aside money to conclude the Infrastructure Asset Verification process and Water Use Licence for the UMzimkhulu System.

11.5 Professionalization of the workforce under water services

In an effort to professionalise Local Government, we also have a target to register at least 3 of our Technical Staff Members with the Engineering Council of Southern Africa.

11.6 By-laws and water governance

The Water Services By – Laws, Policies and Customer Care Charter have been developed as well as the Water Safety Plan, Waste Water Risk Abatement Plan and the Regulatory Performance Management System have been development. These are due to be reviewed in this financial year. Communities are being encouraged to familiarise themselves with these documents which are available on our website. The enforcement of these documents will give a rise to the manner in which we interact with our communities, reduction in illegal connections and water losses and increase in Water Quality through Blue Drop and Green Drop. R1 million has also been set aside for addressing the risks that have been identified in our Blue Drop and Green Drop Reports.

12. Integrated development plan

(Annual review and amendment of the integrated development plan)

In line with chapter 5 (a) and (b) of the Municipal systems act and regulations 32 of 2000 that says

- (a) A municipal council must review its integrated development plan-
 - Annually in accordance with an assessment of its performance with measurements in terms of section 41 and
 - To the extent that changing circumstances so demand, and
- (b) May amend its integrated development plan in accordance with a prescribed process

Section 35 (1) of the municipal systems act goes further to say:

- An integrated development plan adopted by the council of a municipality –
 - a) Is the principal strategic instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality

13. Purpose for the presentation of the Final draft Budget to council

On behalf of the Executive committee of council I am hereby tabling the 2015/16 Medium Term Revenue and Expenditure Framework final draft budget for consideration and approval by Council.

13.1 Background and discussion

In terms of section 16 (1) of the Municipal Finance Management Act the Council of a Municipality must for each financial year approve an annual budget for the Municipality before the start of that financial year.

The MFMA in chapter 4, section 16 (1) states categorically clear that the council of a municipality must for each year approve an annual budget for the municipality before the start of that financial year.

Then section 16 (2) goes further to say that, in order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year

In terms of section 17 of the MFMA;

An annual budget of a Municipality must set out realistically anticipated revenue for the budget year from each source and appropriate expenditure for the budget year under the different votes of the Municipality.

13.2 Circular 74 and circular 75 of the MFMA

In the process of finalizing this budget that we tabling here today we have also considered circular 74 and circular 75. I have no doubt in my mind that we have satisfied all the legal prescripts.

13.3 BUDGET ANALYSIS

BUDGET ANALYSIS OVER THE PERIOD FROM 2011/2012 TO 2016/2017

Taking a snapshot at the progress made in the betterment of the lives of the people of Harry Gwala District Municipality through the budget as a policy document over the four years as well as the budget for 2016/2017 financial.

13.4 CAPITAL BUDGETS

The infrastructure investment on water and sanitation as tabulated below depicts an increasing appropriation over the years in line with the national government policy of accelerating infrastructure development resulting in changing the lives of the people. By the end of 2015/2016 financial year the Harry Gwala District Municipality will have invested R993m over a period of five years on water and sanitation.

13.5 HARRY GWALA DEVELOPMENT AGENCY

FINAL BUDGET 2016/17

13.5.1 Background

- Harry Gwala Development Agency (the HGDA) was established in 2012 following the mandate from the Lekgotla. The Harry Gwala District municipality appointed the first Board of Directors in 2012.
- The Harry Gwala Development Agency (“the HGDA”) has a strategic mandate to help promote economic development and create jobs in the Harry Gwala District. This enjoins the SDA to play a leadership role in the efforts aimed at creating job opportunities and real economic growth and thus imperative that the entity embarks on such an exercise to ensure it can survive in the ever changing environment.

13.5.2 Challenges

- The entity is mainly dependant on grants, it is not self-sustainable making it difficult to implement significant projects simultaneously.
- The significant challenge in the entity is to retain the Senior Management. The implementation of projects is negatively affected during the change in the management.

13.5.3 Successes of the Agency

- The entity paid bursaries to tertiary students of the Harry Gwala District that responded to adverts.
- About 1000 learners got an opportunity to undergo skills development programmes through the assistance of the Department of Higher Education and Training.
- The entity has developed Community Development Centres in each local municipality.
- We are currently busy with empowering co-operatives, by providing them with the agricultural inputs, trainings and workshops. We are also supporting emerging farmers.
- We have been supporting successfully, our tourism attraction facilities, examples will be Entsikeni Eco-tourism and KwaFodo Cultural Village.

13.5.4 Key areas of emphasis in 2016/17 budget

- One of the plans for 2016/2017 is to put the Harry Gwala District on the map, by putting more emphasis on tourism, our budget also talks to this initiative.
- To undertake the National School Nutrition Programme, this will benefit the emerging farmers of the Harry Gwala District. They will get the market which will buy their fruit and vegetables.
- The entity is committed to continue with the skills programme which is provided in partnership with the Department of Higher Education and Training.
- There is another project which will unfold in 2016/17, which is called 'Agri-Parks'.
- 4 committees have been set-up to oversee smooth implementation of the project. A business plan is in place and has been adopted by the District Agri-parks Operational Task Team (DAPOTT). A roll-out plan will soon be discussed at the next DAPOTT level for approval by the Provincial committee.
- EDTEA commissioned a service provider to do a feasibility study for Ebutha as an Agri-park. They found it not to be feasible for the following reasons:-

1. There is a wetland,
2. There is a land claim

14. Conclusion

Honourable Speaker, Honourable members and colleagues;

As I conclude allow me once more, to take this opportunity to thank you for providing me on behalf of the executive committee with an opportunity to present the reviewed IDP, final draft budget for 2016/17, SDBIP, Reviewed organisational structure, accounting policies and all other matters that we have tabled here today.

Sibongwe Amakhosi asendlunkulu ngokuseseka njalo njengo hulumeni uma siya endaweni zawo noma ziba khona inkinga kweminye imiphakathi ngenxa yezidingo ezingakafiki ngendlela kodwa anikaze nisilahlele izandla kepha nihlala nisebukela nisebeka futhi niqhubeka nokufundisa abantu bakithi ukuthi ngeke kulunge konke ngesikhathi esisodwa.

Our humble words of appreciations to the Acting MM, senior management team, IDP unit, budget unit and all the officials that have made it possible for us to be where we are today. Your tireless efforts will never go unnoticed. I know that sometimes in the course of doing our work we can be a bit pushy and offend one another.

But be rest assured that there will never be a deliberate intention to humiliate or offend anyone but as common course in the course doing our work we may be sometimes a bit pushy and harsher because we want things done.

To all other stakeholders we have seen the spirit of cooperative governance in action and you complemented our work in many ways that we can imagine and for that we will always be grateful to you.

A special thanks to my fellow councillors, your commitment to serve and the robust oversight that you have provided over the years and during this financial year is remarkable. You have raised the bar with debates, very frank and sometimes a bit offensive but that has enriched our work dearly.

The last few months were not easy for me given the added responsibilities at a political level but because you are a dependable collective I could rely to all of you that even if I am not there but the work will continue and for that I will forever be indebted to all of you.

History will judge you very kind for your tireless efforts that we have demonstrated in serving our people and the Nation with distinction.

Despite the backlog and challenges ahead, but when we look back we are more strengthened and encouraged as there is more scientific and tangible evidence of progress.

Today is better than yesterday and surely tomorrow will be better than today.

As I sit down I would like to leave you with one question as food for thought.

On the 3rd of August we will be going to the local government elections and many parties including these that are represented in these chambers and many more out there will be competing for votes of which it's the beauty of our democracy that has been brought by the African National Congress and its allies.

Few years ago, the first Doctor (cardiac surgeon) who performed the world's first successful human to human heart transplant in the world was from here in SA, Dr Christiaan (Chris) Barnard. Later there were many Doctors who claimed to have same qualifications as Dr Chris Barnard and some claiming even more advanced qualifications and technologies that they possessed.

All of them now contested Dr Chris Barnard that they can also do a heart transplant.

Let us therefore assume that you are a patient that needs heart transplant, in the two Doctors, the one that has successfully done it before and the new one who claims same or better qualifications with Dr Chris Barnard but with no experience of doing a heart transplant, which one would you risk your life and go for?

Surely that's a question you would think about soberly and carefully and make the right choice.

Together advancing people's power in every community,

Local government is in your hands.

I thank you

Cllr M. E Ndobe District Mayor

BUDGET SUMMARY:

The 2016/2017 Total Revenue is R 686, 5m broken down as follows;

| | |
|---|-----------|
| • Government Grants and Subsidies – Operational | R 277, 6m |
| • Government Grants and Subsidies – Capital | R 335, 7m |
| • Own Revenue | R 73, 1m |

Allocated as follows;

| | |
|----------------------|--------|
| • Operational budget | R 382m |
| • Capital budget | R 348m |

2016/2017 Consolidated Total Revenue is R 697m broken down as follows;

| | |
|---|-----------|
| • Government Grants and Subsidies – Operational | R 288, 1m |
| • Government Grants and Subsidies – Capital | R 335, 7m |
| • Own Revenue | R 73, 4m |

Allocated as follows;

| | |
|----------------------|--------|
| • Operational budget | R 390m |
| • Capital budget | R 350m |

The staff salaries budget has been budgeted at R125, 3m, representing 34% of the operational budget. Councilor's allowances have been budgeted at R7, 9m. The staff salaries budget for the consolidated has been budgeted at R137.9million.

Local government equitable share

The equitable share for 2016/2017 financial year as gazetted from the Division of Revenue Bill is as follows:

| | |
|-------------------|---------------|
| ✓ Equitable share | R 260 069 000 |
|-------------------|---------------|

For 2016/17 Final Budget capital projects amounting to R 348m have been planned under the following categories;

| PROJECT TYPE | AMOUNT |
|---------------------|----------------------|
| Water | R 302 106 542 |
| Sanitation | R 33 665 783 |
| Other Assets | R 11 282 000 |
| Fencing | R 1 000 000 |
| TOTAL | R 348 054 325 |

The municipality has prepared its infrastructure budget with the guidance of MIG formula for allocating this funding to local municipalities

Budget or breakdown allocation per local Municipality is as follows:

| | | | | |
|------------------------|---|-------------|-----|---------------------------|
| Umzimkhulu | R | 91 340 611 | 26% | Has a huge Backlogs |
| Ingwe | R | 114 790 996 | 33% | Huge Backlogs |
| Ubuhlebezwe | R | 96 276 718 | 28% | Backlogs has been reduced |
| Kokstad | R | 13 000 000 | 4% | Few Backlogs |
| Kwasani | R | 17 000 000 | 5% | And No Backlogs |
| HGDM & Wide | R | 15 646 000 | 4% | |

The Ingwe municipality infrastructure budget allocation includes an amount of R60million for the construction of the Bulwer Dam under the Regional Bulk Infrastructure Grant.

Local Economic Development and Tourism

The Harry Gwala District Municipality has developed a number of local development related strategies and plans that seek to enhance its economic growth. These plans and strategies were circulated to all councilors. The Harry Gwala District Municipality has allocated R 20m towards LED projects in 2016/17 and a total of R45, 7million in the MTREF in line with this National priority. We are hopeful that our partners, the first and second sphere of Government, in economic development will support in this Endeavour. We also intend to attract private sector investment to our district through the strengthening of our Harry Gwala Development Agency (HGDA) formerly called Sisonke Development Agency (SDA). The Board of directors is now in place. To further strengthen the administrative capacity of the Agency, the HGDM LED unit was seconded to be part of the SDA. We are also engage through the Mayoral forum to drive towards having one LED vehicle for the district including LMs being the SDA.

Promoting efficient revenue and expenditure management in local government

The minister said municipalities, just like national and provincial governments, needed to closely examine their budgets to ensure they are using their available resources to maximize service delivery and this was centered on both; Cost-effective spending, and Revenue collection.

Looking at this budget it will be noticed that we were very conservative on the expenditure but we will also explore all possible means to recover as much potential revenue as we could collect.

While we have to focus on our mandate and uplifting skills related to our mandate but we cannot overlook the development of youth towards scarce skills in our area as they have a negative impact on the quality of life for our people. Without supporting and building of these skills like health and education, we cannot fully claim to have contributed to sustainable communities.

Harry Gwala Municipality is committed in developing community and youth residing within the District in the above mentioned skills. A number of projects have been budgeted for in the special programmes unit to ensure that the special groups existing in the Harry Gwala community are sufficiently catered for.

See breakdown on the next page

| DESCRIPTION | 2016/17 | 2017/18 | 2018/19 |
|---|-------------|-------------|-------------|
| SPORT DEVELOPMENT | R 3 500 000 | R 2 800 000 | R 2 500 000 |
| ICT HUB | R 227 500 | R 240 695 | R 254 655 |
| RURAL HORSE RIDING - GAMES (SUMMER CUP) | R 691 337 | R 560 490 | R 689 634 |
| DISABLED PROGRAMMES | R 316 500 | R 334 857 | R 354 279 |
| YOUTH DEV PROGRAMME | R 500 438 | R 600 183 | R 700 000 |
| BURSARIES-COMMUNITY | R 400 000 | R 529 000 | R 559 682 |
| MEDICAL BURSARIES | R 189 900 | R 200 914 | R 212 567 |
| WOMENS EMPOWERMENT PROGRAMME | R 301 000 | R 350 238 | R 376 186 |
| MENS FORUM AND CAPACITY BUILDING | R 210 000 | R 210 000 | R 210 000 |
| GOLDEN GAMES | R 200 000 | R 200 000 | R 200 000 |
| BACK TO SCHOOL CAMPAIGN | R 158 250 | R 167 429 | R 177 139 |
| TO ATTEND UMKHOSI WOMHLANGA | R 50 000 | R 50 000 | R 50 000 |
| HARRY GWALA DISTRICT MARATHON | R 1 000 000 | R 1 000 000 | R 1 000 000 |
| RHAWUKA HORSE RACING TRACK | R 1 000 000 | R 1 000 000 | R 1 000 000 |
| SENIOR CITIZENS | R 200 000 | R 250 000 | R 285 000 |
| RELIGIOUS FORUMS | R 50 000 | R 55 000 | R 60 000 |
| TOTAL | R 8 794 925 | R 8 573 806 | R 9 197 142 |

In relation to the above stated points, the Local Government Budgets and Expenditure Review, published by the National Treasury in September 2011, highlights 5 important considerations:

Revenue management – To ensure the collection of revenues, the municipality should maintain accurate billing systems; timeously send out accounts to residents and strive to collect as much revenues owed as we can.

Collecting outstanding debts – This requires political commitment, sufficient administrative capacity, and pricing policies that ensure that bills are accurate and affordable, especially for poor households. In this regard, Harry Gwala Municipality has recently completed a data cleansing exercise and is reviewing its Indigent Policy.

Pricing services correctly – The full cost of services should be reflected in the price charged to residents who can afford to pay. Many municipalities offer overly generous subsidies and rebates that result in services being run at a loss, resulting in funds being diverted away from other priorities. This is a major

area in which should pull our socks. Running services at a loss affects the extension of services to other areas and impact negatively on operations and maintenance.

Under spending on repairs and maintenance – Often seen as a way to reduce spending in the short-term, under spending on maintenance can shorten the life of assets, increase long-term maintenance and refurbishment costs, and cause a deterioration in the reliability of services. This lack of Operations and maintenance also causes uprising by communities due to inadequate supply of services and the questing of democracy.

Spending on non-priorities – Many municipalities spend significant amounts on non-priority items including unnecessary travel, luxury furnishings, excessive catering and unwarranted public relations projects. Consultants are often used to perform routine tasks. Major attempts would be made to reduce use of consultants. A number of capacity building programmes have been undertaken to improve the capacity which has to result to improved quality of work

Funding local government -The functions performed by local government rely largely on self-financing. The minister noted that Substantial progress has been made in overcoming the service disparities of the past through transfers from the national fiscus, but large backlogs remain. The major need is to provide municipal infrastructure to poor households and, increasingly, to pay for the institutional and governance needs of poor municipalities. This situation requires us to put more emphasis on job creation and economic development in order to create more opportunities for self-income.

Other strategies documents to be linked with the budget are:

- Integrated Development Plan (IDP)
- Budget
- Strategic Development Budget Implementation Plan (SDBIP)
- Performance Management System (PMS)
- Policies and By-Laws

1.2 COUNCIL RESOLUTIONS

On 27 May 2016 the Council of Harry Gwala District Municipality met in the Council Chambers of Harry Gwala District Municipality council chamber to consider the final budget of the municipality for the financial year 2016/17. The Council approved the following resolutions:

1. The Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes:

1.1. The final budget of the municipality for the financial year 2016/17 and the multi-year capital appropriations as set out in the following tables:

1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18;

1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19;

1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and

1.1.4. Multi-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.

1.1.5. Consolidated budget schedules A1 to A10.

1.1.6 Noting the budget of the Harry Gwala Development Agency (Municipal Entity) as presented in Supporting in Table 31.

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1. Budgeted Financial Position as contained in Table A6;

1.2.2. Budgeted Cash Flows as contained in Table A7;

1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;

1.2.4. Asset management as contained in Table A9; and

1.2.5. Basic service delivery measurement as contained in Table A10.

2. The Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016:

2.1. The tariffs for the supply of water – Refer to the tariffs policy in Annexure B

2.2. The tariffs for sanitation services – refer to the tariffs policy in Annexure B

3. The Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016 the tariffs for other services, as set out in tariffs policy.
4. The council, acting in terms of section 24 of the Municipal Finance Management Act, notes with effect from 27 May 2016 the final budget related policies as discussed above.
5. To give proper effect to the municipality's annual budget, the Council notes:
 - 5.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from water and sanitation to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 5.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the budget.

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Harry Gwala District Municipality financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

District business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items and stern control measures expenditures such as telephone, internet usage, printing, workshops, accommodation, and catering.

The District has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the District has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51 and 54, 58, 59, 66, 70, 72, 74, 75 and 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water and sanitation infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;

- The increased cost of bulk water (due to tariff increases from Umngeni and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable. However, with this in mind the municipality has planned to engage on an extensive costing exercise with a view to review.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year’s capital investments needed to be factored into the budget as part of the 2016/17 MTREF process; and

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and the operational cost of District expense for the water pumps. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Overview of the 2016/17 MTREF – Parent Municipality

| R thousand | Adjustments Budget 2015/16 | Budget 2016/17 | Year 2017/18 | Budget Year + 1 2018/19 | Budget Year +2 2019/20 |
|--|---|---------------------------|-------------------------|------------------------------------|-----------------------------------|
| Total Operating Revenue | R 328 699 000 | R 350 794 000 | R 372 490 000 | R 400 018 000 | R 421 932 000 |
| Total Operating Expenditure | R 387 050 00 | R 382 404 000 | R 395 083 000 | R 421 932 000 | R 421 932 000 |
| (Surplus)/ Deficit for the year | R - 58 351 000 | R - 31 610 000 | R - 22 593 000 | R - 21 914 000 | R - 21 914 000 |
| Total Capital Expenditure | R 250 238 000 | R 348 054 000 | R 409 888 000 | R 381 252 000 | R 381 252 000 |

Total operating revenue for the Parent municipality has been increased by 7% per cent or R22million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by 6 % and 7 % per cent respectively, equating to a total revenue growth of R49, 2m over the MTREF when compared to the 2016/17 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R382 million. When compared to the 2015/16 Adjustments Budget, operational expenditure has decreased by 1% per cent in the 2016/17 budget. The operating deficit for the 2016/17 decreases by R 26m by a R9 million in 2017/18 and in 2018/2019 by decreases R 680k. These deficits are caused by non-cash items which are depreciation and bad debts and the amount for 2016/2017 deficit is at R 31m whereas depreciation and bad debts is at R57m.

The capital budget of R348 million for 2016/17 is 39% per cent more when compared to the 2015/16 Adjustment Budget. The increase is due to various grants gazzetted or received for the 2016/17 financial year to improve the backlog of water and sanitation within the district. The capital programme increases to R409million in the 2017/18 financial year and R381 million in 2018/19 financial year. The capital budget is largely funded from the Government Grants and Subsidies in the MTREF.

Table 2 below presents a consolidated overview of the 2016/17 budget.

Table 2 Consolidated Overview of the 2016/17 MTREF

| R thousand | Adjustments Budget 2015/16 | Budget 2016/17 | Year | Budget Year + 1 2017/18 | Budget Year +2 2018/19 |
|--|---------------------------------------|---------------------------|-------------|------------------------------------|-----------------------------------|
| Total Operating Revenue | R 377 191 000 | R 361 426 000 | | R 383 654 000 | R 411 740 000 |
| Total Operating Expenditure | R 439 649 000 | R 393 941 000 | | R 405 979 000 | R 433 151 000 |
| (Surplus)/ Deficit for the year | R -62 458 000 | R - 32 515 000 | | R - 22 325 000 | R - 21 410 000 |
| Total Capital Expenditure | R 278 348 000 | R 350 299 000 | | R 412 141 000 | R 383 507 000 |

The trends depicted by the table above follow a similar trend to that outlined above in the parent municipality analysis.

1.4 OPERATING REVENUE FRAMEWORK

For Harry Gwala District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management, which aims to ensure a 58 per cent annual collection rate for water and sanitation service charges in the MTREF;
- Achievement in the long term of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the district.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 3 Summary of revenue classified by main revenue source

DC43 Harry Gwala - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue By Source | | | | | | | | | | |
| Service charges - water revenue | 27 833 | 34 233 | 38 780 | 38 409 | 38 329 | 38 329 | 38 329 | 40 714 | 43 157 | 45 746 |
| Service charges - sanitation revenue | 12 033 | 14 671 | 16 620 | 16 461 | 16 461 | 16 461 | 16 461 | 17 449 | 18 496 | 19 605 |
| Service charges - other | | | | 1 032 | 1 032 | 1 032 | 1 032 | 2 391 | 2 534 | 2 686 |
| Interest earned - external investments | 2 988 | 3 344 | 3 476 | 4 375 | 3 375 | 3 375 | 3 375 | 3 500 | 3 710 | 3 933 |
| Interest earned - outstanding debtors | | 5 638 | 7 446 | 6 360 | 8 000 | 8 000 | 8 000 | 8 500 | 9 000 | 9 500 |
| Transfers recognised - operational | 208 927 | 288 184 | 282 197 | 249 823 | 260 403 | 260 403 | 260 403 | 277 632 | 294 948 | 317 863 |
| Other revenue | 2 210 | 1 859 | 1 382 | 968 | 1 098 | 1 098 | 1 098 | 609 | 646 | 685 |
| Gains on disposal of PPE | | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | 253 990 | 347 929 | 349 901 | 317 429 | 328 699 | 328 699 | 328 699 | 350 794 | 372 490 | 400 018 |

Table 4 Percentage growth in revenue by main revenue source

DC43 Harry Gwala - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description R thousand | CURRENT YEAR | | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|--|-----------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| | Adjusted Budget | % | Budget Year 2016/17 | % | Budget Year +1 2017/18 | % | Budget Year +2 2018/19 | % |
| Revenue By Source | | | | | | | | |
| Service charges - water revenue | 38 329 | 12% | 40 714 | 12% | 43 157 | 12% | 45 746 | 11% |
| Service charges - sanitation revenue | 16 461 | 5% | 17 449 | 5% | 18 496 | 5% | 19 605 | 5% |
| Service charges - other | 1 032 | 0% | 2 391 | 1% | 2 534 | 1% | 2 686 | 1% |
| Interest earned - external investments | 3 375 | 1% | 3 500 | 1% | 3 710 | 1% | 3 933 | 1% |
| Interest earned - outstanding debtors | 8 000 | 2% | 8 500 | 2% | 9 000 | 2% | 9 500 | 2% |
| Transfers recognised - operational | 260 403 | 79% | 277 632 | 79% | 294 948 | 79% | 317 863 | 79% |
| Other revenue | 1 098 | 0% | 609 | 0% | 646 | 0% | 685 | 0% |
| Total Revenue (excluding capital transfers and contributions) | 328 699 | 100% | 350 794 | 100% | 372 490 | 100% | 400 018 | 100% |
| total revenue from rates and service charges | 55 822 | 17% | 60 553 | 17% | 64 187 | 17% | 68 038 | 17% |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from services charges forms a small percentage of the revenue basket for the District. Service charges revenue comprises a mere 17% of the total revenue mix. In the 2015/16 financial year, revenue from service charges totaled R 55, 8m or 17% per cent. This increases to R60, 5m, R64, 1m, R68m in the respective financial years of the MTREF. A notable trend is the constant pattern in the total percentage revenue generated from services charges which averaging 17% in the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1

Other revenue for 2015/2016 financial year totaling to R1million and 2015/2016 decreased by 45 per cent R609 000 in monetary and increase to R1, 3million in the outer years. The reason for the drastic decrease in other revenue is caused by moving of other line items from capital budget to operating budget in 2015/2016 financial year.

Operating grants and transfers totals R277 m in the 2016/17 financial year and steadily increases to R294m 2017/18 and R317m in 2018/19. Note that the year-on-year growth on the operational grants for the 2016/17 financial year is 7% per cent and then flattens out to 6 % and 7 % per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 5 Operating Transfers and Grant Receipts

DC43 Harry Gwala - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Operating transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Current year receipts | 207 846 | 287 887 | 281 447 | 248 723 | 259 303 | 259 303 | 277 232 | 294 548 | 317 363 |
| Conditions met - transferred to revenue | 207 846 | 287 887 | 281 447 | 248 723 | 259 303 | 259 303 | 277 232 | 294 548 | 317 363 |
| Provincial Government: | | | | | | | | | |
| Current year receipts | 1 081 | 297 | 750 | 1 100 | 1 100 | 1 100 | 400 | 400 | 500 |
| Conditions met - transferred to revenue | 1 081 | 297 | 750 | 1 100 | 1 100 | 1 100 | 400 | 400 | 500 |
| Total operating transfers and grants revenue | 208 927 | 288 184 | 282 197 | 249 823 | 260 403 | 260 403 | 277 632 | 294 948 | 317 863 |
| Capital transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Current year receipts | 136 033 | 195 511 | 348 318 | 270 790 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Conditions met - transferred to revenue | 136 033 | 195 511 | 348 318 | 270 790 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Provincial Government: | | | | | | | | | |
| Current year receipts | 26 073 | 3 617 | - | - | - | - | - | - | - |
| Conditions met - transferred to revenue | 26 073 | 3 617 | - | - | - | - | - | - | - |
| Total capital transfers and grants revenue | 162 106 | 199 128 | 348 318 | 270 790 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| TOTAL TRANSFERS AND GRANTS REVENUE | 371 033 | 487 312 | 630 515 | 520 613 | 504 693 | 504 693 | 613 404 | 696 591 | 690 943 |

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the district.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. However, excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Umngeni Water bulk tariffs at 6, 6% are far beyond the mentioned inflation target of 6, 6%. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's rates and in these tariffs are largely outside the control of the District. Discounting the impact of these price increases in lower consumer tariffs will erode the District future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water, petrol, diesel, chemicals etc. The current challenge facing the District is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the District has undertaken the tariff setting process relating to service charges as follows.

Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with District, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2016.

Better maintenance of infrastructure, new construction of Bulwer dam and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umngeni Water has increased its bulk tariffs by a higher than the CPIX increase from 1 July 2016, which increases the District's water input cost tremendously.

Umngeni Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Umngeni Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise on multi million for infrastructure upgrades, hence the significant increase in the bulk cost of water.

A tariff increase of 6 per cent from 1 July 2016 for water is proposed. This is based on input cost of 8, 7% increase in the cost of bulk water (Umngeni Water), the cost of other inputs increasing by 6 per cent and a surplus generated on the water service of a minimum 15 per cent. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

- Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with District, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2016.

Better maintenance of infrastructure, new construction of Bulwer dam and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umngeni Water has increased its bulk tariffs by a higher than the CPIX increase from 1 July 2012, which increases the District's water input cost tremendously.

Umngeni Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Umngeni Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise on multi million for infrastructure upgrades, hence the significant increase in the bulk cost of water.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

Residential

| Consumption in KL | 2015/16 | | 2016/17 | | Increase | |
|-------------------------------|----------|--------------|----------|---------------|----------|-------------|
| 0-6 | N/C | | N/C | | - | |
| 14 - 20 | R | 6.75 | R | 7.16 | R | 0.41 |
| 21-40 | R | 11.26 | R | 11.93 | R | 0.67 |
| 41-100 | R | 13.12 | R | 13.91 | R | 0.79 |
| 101-200 | R | 21.75 | R | 23.06 | R | 1.31 |
| 201+ | R | 24.75 | R | 26.24 | R | 1.49 |
| Unmetered flat rate per month | R | 66.26 | R | 70.24/ | R | 4.67 |

Commercial & Industrial

| Commercial & Industrial | | | | | | |
|------------------------------------|---------|-------|---------|-------|----------|-------------|
| Consumption Increments in R per KL | 2015/16 | | 2016/17 | | Increase | |
| 0-100 | R | 9.75 | R | 10.34 | R | 0.59 |
| 101-200 | R | 13.12 | R | 13.91 | R | 0.79 |
| 201-300 | R | 21.75 | R | 23.06 | R | 1.31 |
| 301-400 | R | 23.26 | R | 24.65 | R | 1.39 |
| 401-500 | R | 24.75 | R | 26.24 | R | 1.49 |
| 500+ | R | 26.26 | R | 27.83 | R | 1.57 |

| | Public Service & Government Institutions | | | Educational Institutions | | | Agricultural | | | Geriatric organisations, facilities. | Institutions, NPO & | Religious recreational |
|------------------------------------|--|---------|---------------|--------------------------|---------|---------------|--------------|---------|---------------|--------------------------------------|---------------------|------------------------|
| Consumption Increments in R per KL | 2015/16 | 2016/17 | Increase | 2015/16 | 2016/17 | Increase | 2015/16 | 2016/17 | Increase | 2015/16 | 2016/17 | Increase |
| 0-6 | R 9.75 | R 10.34 | R 0.59 | R 9.75 | R 10.34 | R 0.59 | R 9.20 | R 10.34 | R 0.59 | N/C | N/c | - |
| 7-100 | R 9.75 | R 10.34 | R 0.59 | R 9.75 | R 10.34 | R 0.59 | R 9.20 | R 10.34 | R 0.59 | R 9.75 | R 10.34 | R 0.59 |
| 101-200 | R 13.12 | R 13.91 | R 0.79 | R 13.12 | R 13.91 | R 0.79 | R 12.38 | R 13.91 | R 0.79 | R 13.12 | R 13.91 | R 0.79 |
| 201-300 | R 21.75 | R 23.06 | R 1.31 | | | | R 20.53 | R 23.06 | R 1.31 | R 21.75 | R 23.06 | R 1.31 |
| 301-400 | R 23.26 | R 24.65 | R 1.39 | | | | R 21.94 | R 24.65 | R 1.39 | R 23.26 | R 24.65 | R 1.39 |
| 401-500 | R 24.75 | R 26.24 | R 1.49 | | | | R 23.35 | R 26.24 | R 1.49 | R 24.75 | R 26.24 | R 1.49 |
| 500+ | R 26.26 | R 27.83 | R 1.57 | | | | R 24.77 | R 27.83 | R 1.57 | R 26.26 | R 27.83 | R 1.57 |

| Road tanker Delivery | | | | Static tank hire per day | | |
|-------------------------------|-----------|-----------|----------|--------------------------|---------|----------|
| Road Tanker Delivery of Water | 2015/16 | 2016/17 | Increase | 2015/16 | 2016/17 | Increase |
| 2500 l | R1,650.37 | R1,749.39 | R99.02 | R150.03 | R159.03 | R9.00 |
| 5000 l | R2,250.51 | R2,385.54 | R134.49 | R375.08 | R397.59 | R22.51 |
| 7500 l | R2,625.59 | R2,783.12 | R157.53 | R525.11 | R556.62 | R31.51 |
| 10 000 l | R3,150.71 | R3,339.75 | R189.04 | R750.17 | R795.18 | R45.01 |
| Del. Charge | R300.06 | R318.07 | R18.01 | R300.06 | R318.07 | R18.01 |

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

| Deposit per meter | | | | New water meter | | | Disconnection and Reconnection | | |
|---|----------------|----------------|-----------------|------------------------|----------------|-----------------|---------------------------------------|----------------|-----------------|
| Misc. water related tariffs given in pipe diameter | 2015/16 | 2016/17 | Increase | 2015/16 | 2016/17 | Increase | 2015/16 | 2016/17 | Increase |
| 15 mm | R900.21 | R954.22 | R54.01 | R900.21 | R954.22 | R54.01 | R450.10 | R477.10 | R27.00 |
| 20 mm | R1,125.25 | R1,192.77 | R67.52 | R1,275.35 | R1,351.80 | R76.45 | R600.13 | R636.14 | R36.01 |
| 50 mm | R1,500.33 | R1,590.35 | R90.02 | R1,575.35 | R1,669.87 | R94.52 | R1,125.25 | R1,192.77 | R67.52 |
| 100 mm | R2,250.51 | R2,385.54 | R135.03 | R2,625.59 | R2,783.12 | R157.53 | R1,500.33 | R1,590.35 | R90.02 |
| 110 mm + | R3,000.67 | R3,180.71 | R180.04 | R3,750.84 | R3,975.89 | R225.05 | R1,875.43 | R1,987.95 | R112.52 |

Table 7 Comparison between current water charges and increases (Domestic)

| Domestic (Metered) | | | |
|---|----------------|----------------|-----------------|
| Consumption Increments in R per Kl | 2015/16 | 2016/17 | Increase |
| 0-6 | N/C | N/C | |
| 7-20 | R 6.75 | R7.16 | R 0.41 |
| 21-40 | R 11.26 | R 11.93 | R 0.67 |
| 41-100 | R 13.12 | R 13.91 | R 0.78 |
| 101-200 | R 21.75 | R 23.06 | R 1.31 |
| 201 + | R 24.75 | R 26.24 | R 1.49 |

The tariff structure of the 2016/17 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R20.40 per kilolitre for consumption in excess of 201kl per 30 day period.

Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 16 is proposed. This is based on the input cost assumptions related to water. It should be noted that District costs contributes approximately 20 per cent of waste water treatment input costs, therefore the CPI increase of 6.6 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;

The total revenue expected to be generated from rendering this service amounts to R37million for the 2016/17 financial year.

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

| Conservancy tank clearance on site | | | | Septic tank clearance on site | | | Disposal into municipal reticulation system | | |
|---|---------|---------|----------|-------------------------------|----------|----------|---|---------|----------|
| Static sanitation system given per load | 2015/16 | 2016/7 | Increase | 2015/16 | 2016/17 | Increase | 2015/16 | 2016/17 | Increase |
| Per load | R315.07 | R333.98 | R18.91 | R975.22 | R1033.73 | R58.51 | R315.07 | R333.98 | R18.91 |
| Transport per km | R9.75 | R10.34 | R0.59 | R9.75 | R10.34 | R0.59 | | | |

New connections

Disconnect/Reconnection IRO credit control

| Misc. sanitation related tariffs given in service pipe diameter | 2015/16 | 2016/17 | Increase | 2015/16 | 2016/17 | Increase |
|---|---------|------------|-----------------|---------|------------|----------------|
| Up to 600 mm | R 3,000 | R 3,180.71 | R 180.71 | R 750 | R 795.18 | R 45.18 |
| 600 mm -1200 mm | R 3,750 | R 3,975.89 | R 225.89 | R 1 125 | R 1 192.77 | R 67.77 |
| 1200 mm + | R 4 954 | R 5 566.25 | R 612.25 | R 1 500 | R 1 590.35 | R 90.35 |

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 9 Comparison between current sanitation charges and increases, single dwelling- houses

| Misc. sanitation related tariffs given in service pipe diameter | 2015/16 | 2016/17 | Increase |
|---|-----------|------------|-----------------|
| New Connections | | | |
| Up to 600 mm | R3,000.67 | R 3,180.71 | R 180.71 |
| Up to 1 200 mm | R3,750.84 | R 3,975.89 | R 225.89 |
| 1 201 mm + | R5,251.18 | R 5 566.25 | R 612.25 |
| Disconnect / Connect | | | |
| Up to 600 mm | R750.17 | R 795.18 | R 45.18 |
| Up to 1 200 mm | R1,125.25 | R 1 192.77 | R 67.77 |
| 1 200 mm + | R1,500.33 | R 1 590.35 | R 90.35 |

| Sanitation costs given in terms of water consumption | 2015/16 | 2016/17 | Increase |
|--|---------|---------|----------|
| Water borne systems | | | |
| 0-200 Kl | R5.25 | R5.56 | R0.31 |
| 201 Kl + | R6.75 | R7.16 | R0.41 |
| Shayamoya, Bhongweni and Fairview | | | |
| 0-200 Kl | | | |
| 200 Kl + | | | |
| Unmetered / flat rate per month | R51.54 | R54.63 | R3.09 |

Overall impact of tariff increases on households

| Property development costs, I.R.O water and sanitation delivery reticulation given in number of sub-divisions Per Sub-Division Clearance Certificate | 2015/15 | 2016/17 | Increase |
|--|-----------|-----------|----------|
| 1 Site | R8,701.95 | R9,224.07 | R522.12 |
| 2-5 Sites | R5,251.18 | R5,566.25 | R315.07 |
| 6-10 Sites | R3,000.67 | R3,180.71 | R180.04 |
| 11-20 + Sites | R1,800.40 | R1,908.42 | R108.02 |
| Clearance certificate | R138.92 | R147.26 | R8.34 |

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of 6 per cent, with the same increase for indigent households.

Table 10 MBRR Table SA14 – Household bills

DC43 Harry Gwala - Supporting Table SA14 Household bills

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 % incr. | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Rand/cent | | | | | | | | | | |
| Monthly Account for Household - 'Middle Income Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Water: Basic levy | 2,79 | 2,79 | 2,95 | 2,95 | 2,95 | 2,95 | 8,0% | 3,45 | 3,71 | 3,97 |
| Water: Consumption | 222,92 | 222,92 | 236,30 | 236,30 | 236,30 | 236,30 | 6,0% | 275,62 | 278,04 | 280,46 |
| Sanitation | 100,15 | 100,15 | 106,16 | 106,16 | 106,16 | 106,16 | 6,0% | 123,82 | 133,49 | 143,16 |
| sub-total | 325,86 | 325,86 | 345,41 | 345,41 | 345,41 | 345,41 | 16,6% | 402,89 | 415,24 | 427,59 |
| VAT on Services | 45,23 | 45,23 | 47,94 | 47,94 | 47,94 | 47,94 | | 55,92 | 57,61 | 59,31 |
| Total large household bill: | 371,09 | 371,09 | 393,35 | 393,35 | 393,35 | 393,35 | 16,6% | 458,81 | 472,85 | 486,90 |
| % increase/-decrease | | - | 6,0% | - | - | - | 16,6% | 3,1% | 3,0% | |
| Monthly Account for Household - 'Affordable Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Water: Basic levy | 2,79 | 2,79 | 2,96 | 2,96 | 2,96 | 2,96 | 6,0% | 3,45 | 3,71 | 3,97 |
| Water: Consumption | 185,77 | 185,77 | 196,92 | 196,92 | 196,92 | 196,92 | 6,0% | 229,68 | 246,69 | 263,70 |
| Sanitation | 83,45 | 83,45 | 88,46 | 88,46 | 88,46 | 88,46 | 6,0% | 103,18 | 110,83 | 118,48 |
| sub-total | 272,01 | 272,01 | 288,33 | 288,33 | 288,33 | 288,33 | 16,6% | 336,31 | 361,23 | 386,15 |
| VAT on Services | 37,69 | 37,69 | 37,69 | 39,95 | 39,95 | 39,95 | | 46,60 | 50,05 | 53,51 |
| Total small household bill: | 309,70 | 309,70 | 326,02 | 328,28 | 328,28 | 328,28 | 16,6% | 382,91 | 411,28 | 439,66 |
| % increase/-decrease | | - | 5,3% | 0,7% | - | - | 16,6% | 7,4% | 6,9% | |

1.5 OPERATING EXPENDITURE FRAMEWORK

Harry Gwala District Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

1. The asset renewal strategy and the repairs and maintenance plan;
2. Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
3. Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
4. The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
5. Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
6. Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

DC43 Harry Gwala - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 79 228 | 99 943 | 106 345 | 114 031 | 116 031 | 116 031 | 116 031 | 125 313 | 135 338 | 146 165 |
| Remuneration of councillors | 4 622 | 5 249 | 5 688 | 7 321 | 7 321 | 7 321 | 7 321 | 7 906 | 8 539 | 9 222 |
| Debt impairment | 15 023 | 23 206 | 11 989 | 24 692 | 24 692 | 24 692 | 24 692 | 25 394 | 26 917 | 28 533 |
| Depreciation & asset impairment | 28 992 | 37 050 | 39 754 | 30 000 | 30 000 | 30 000 | 30 000 | 31 874 | 33 786 | 35 812 |
| Finance charges | 3 792 | 3 510 | 3 711 | 2 228 | 1 114 | 1 114 | 1 114 | 1 926 | 1 595 | 1 229 |
| Bulk purchases | 9 710 | 9 487 | 8 947 | 8 706 | 9 852 | 9 852 | 9 852 | 10 709 | 11 641 | 12 654 |
| Contracted services | 18 825 | 23 659 | 51 144 | 32 015 | 53 356 | 53 356 | 53 356 | 44 923 | 46 016 | 50 272 |
| Transfers and grants | 7 490 | 14 808 | 16 501 | 20 000 | 18 096 | 18 096 | 18 096 | 20 000 | 22 218 | 23 551 |
| Other expenditure | 172 399 | 159 420 | 142 663 | 106 629 | 126 589 | 126 589 | 126 589 | 114 358 | 109 032 | 114 494 |
| Loss on disposal of PPE | 138 | 25 116 | 9 953 | | | | | | | |
| Total Expenditure | 340 218 | 401 448 | 396 694 | 345 621 | 387 050 | 387 050 | 387 050 | 382 404 | 395 083 | 421 932 |

The budgeted allocation for employee related costs for the 2016/17 financial year totals R125, 3 m, which equals 33% per cent of the total operating expenditure, consolidated employee related costs for the 2016/2017 financial year totals to R146million. Based on the three year collective agreement, salary increases have been factored into this budget at a percentage increase of 8% as per the salary wage collective agreement started in 2015/16 and end to 2017/18. An annual increase of 8 per cent has been included in the next 2017/18 MTREF. Harry Gwala District Municipality budgeted at 8% salary increase for 2016/2017 financial year as per salary wage collective agreement. As part of the district's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards.

As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of the critical and strategically important vacancies as well as the inclusion of the staff to be transferred to the Municipality by the Provincial Health Department. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

1. **The cost associated with the remuneration of councillors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

2. **The provision of debt impairment** was determined based on an annual collection rate of 58 per cent and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R25m and R26m for 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.
3. **Provision for depreciation and asset impairment** has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R31m for the 2016/17 financial and equates to 8% per cent of the total operating expenditure. Depreciation for the budget year represents an increase from the 2015/16 adjustments budgets due to a number of projects or assets that are still on work in progress.
4. **Finance charges** consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1% per cent of operating expenditure. As previously noted, the District has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing. In 2013/14 the municipality paid off the Greater Kokstad infrastructure upgrade DBSA loan. The other loan from DBSA was settled in June 2015 and Absa in 2020/21 financial years respectively.
5. **Bulk purchases** are directly informed by the purchase of water from Umngeni Water in the Ubuhlebezwe area. The annual price increases of 8, 7% have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.
6. **Contracted services** have been identified as a cost saving area for the Municipality. As part of the compilation of the 2016/17 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure totals R44 million showing a decrease of 16 % from 2015/16, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 6% per cent of total operating expenditure. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2015/16 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

7. **Other expenditure** comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been decreased by 16% per cent from the adjusted budget for 2016/17 and curbed 4% per cent increases for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services and other expenditure can be seen in Table MBRR SA1.

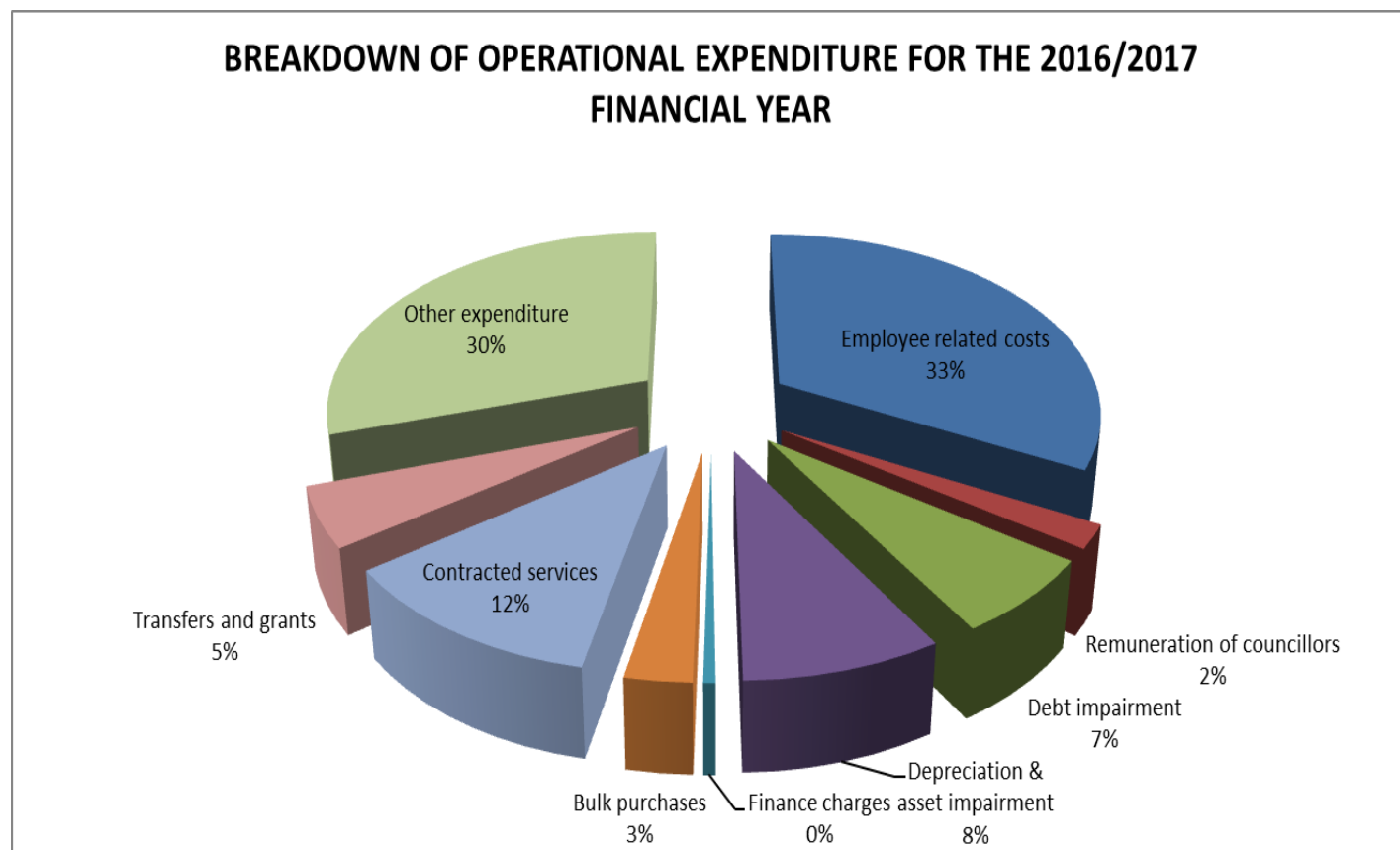


Figure 1 Main operational expenditure categories for the 2016/17 financial year

Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the district's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the district. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 12 Operational repairs and maintenance**DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'**

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| Repairs and Maintenance by Expenditure Item | | | | | | | | | | |
| Employee related costs | 29 493 | 29 493 | 35 127 | 36 938 | 36 938 | 36 938 | 36 938 | 44 396 | 57 053 | 69 710 |
| Other materials | 22 807 | 26 476 | 24 589 | 25 856 | 25 856 | 25 856 | 25 856 | 31 077 | 39 937 | 48 797 |
| Contracted Services | 5 899 | 5 899 | 7 025 | 7 388 | 7 388 | 7 388 | 7 388 | 8 879 | 11 411 | 13 942 |
| Other Expenditure | 2 949 | 2 949 | 3 513 | 3 694 | 3 694 | 3 694 | 3 694 | 4 440 | 5 705 | 6 971 |
| Total Repairs and Maintenance Expenditure | 61 148 | 64 817 | 70 254 | 73 875 | 73 875 | 73 875 | 73 875 | 88 791 | 114 105 | 139 419 |

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the district infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 6 per cent in the 2016/17 financial year, from R73, 8 million to R88, 7 million. During the 2015 Adjustment Budget this allocation was not adjusted it was still the same as original amounted to R73, 8 million taking into account the cash flow challenges faced by the Municipality. Notwithstanding this reduction, as part of the 2016/17 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2016/17 equates to R88, 7 million a growth of 20 per cent in relation to the Adjustment Budget and continues to grow at 29% in the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 22 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 13 Repairs and maintenance per asset class**DC43 Harry Gwala - Table A9 Asset Management**

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | |
| Depreciation & asset impairment | 28 992 | 37 050 | 39 754 | 30 000 | 30 000 | 30 000 | 31 874 | 33 786 | 35 812 |
| Repairs and Maintenance by Asset Class | 61 148 | 64 817 | 70 254 | 73 875 | 73 875 | 73 875 | 88 791 | 114 105 | 139 419 |
| <i>Infrastructure - Water</i> | 36 237 | 38 412 | 40 716 | 48 590 | 48 590 | 48 590 | 58 400 | 75 050 | 91 700 |
| <i>Infrastructure - Sanitation</i> | 24 911 | 26 405 | 27 990 | 21 600 | 21 600 | 21 600 | 25 961 | 33 363 | 40 764 |
| Infrastructure | 61 148 | 64 817 | 68 706 | 70 190 | 70 190 | 70 190 | 84 362 | 108 413 | 132 464 |
| Other assets | – | – | 1 548 | 3 686 | 3 686 | 3 686 | 4 430 | 5 693 | 6 956 |
| TOTAL EXPENDITURE OTHER ITEMS | 90 140 | 101 867 | 110 008 | 103 875 | 103 875 | 103 875 | 120 666 | 147 891 | 175 231 |

For the 2016/17 financial year, R84million of total repairs and maintenance will be spent on infrastructure assets. This signifies the implementation of the municipality's plans of maintaining its infrastructure levels high to ensure uninterrupted service delivery.

Table A9 reveals a constant trend in the percentage of Repairs & Maintenance as a percentage of Property, Plant & Equipment. This is due to a higher rate of monetary increase in the PPE balances as compared to the monetary increases in the Repairs & Maintenance budget.

The challenge noted above of a higher increase in the capital budget than the repairs & maintenance budget is mainly attributable to a higher grant funded infrastructural spending than the increase in own revenue sources that fund the repairs and maintenance budget.

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the district Indigent Policy. The target is to register 23 000 or more indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 14 2016/17 Medium-term capital budget per vote

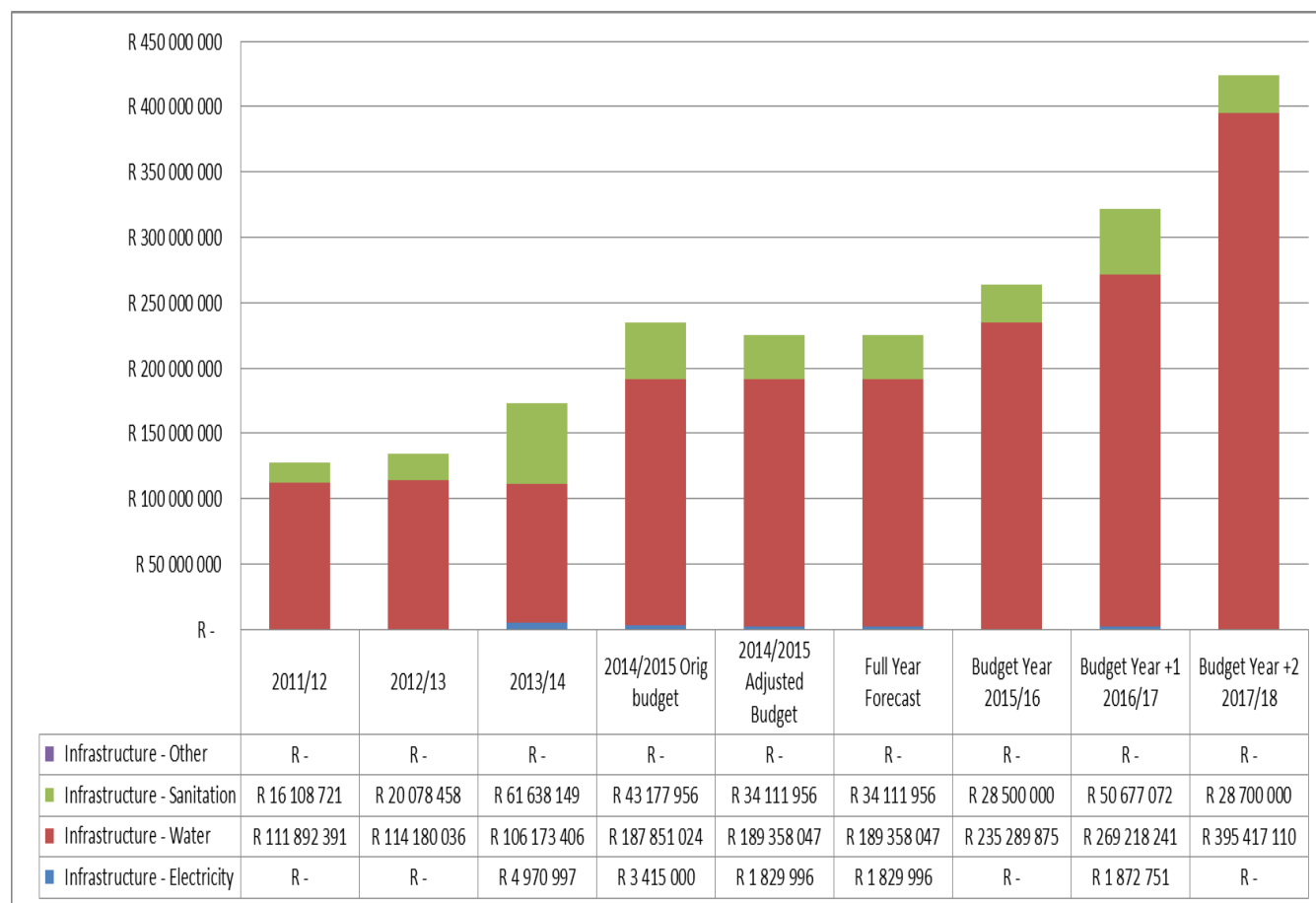
DC43 Harry Gwala - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description | Curreny Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|--|----------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| | Adjusted Budget | % | Budget Year 2016/17 | % | Budget Year +1 2017/18 | % | Budget Year +2 2018/19 | % |
| Capital expenditure - Vote | | | | | | | | |
| Multi-year expenditure to be appropriated | | | | | | | | |
| Vote 4 - Corporate Services | 1 643 | 1% | 4 624 | 1% | 2 776 | 1% | 2 937 | 1% |
| Vote 5 - Social & Development Planning | 400 | 0% | 1 117 | 0% | 1 335 | 0% | 854 | 0% |
| Vote 6 - Infrastructure Services | 244 590 | 98% | 337 272 | 97% | 403 233 | 98% | 374 765 | 98% |
| Vote 7 - Water Services | 3 605 | 1% | 5 042 | 1% | 2 544 | 1% | 2 697 | 1% |
| Capital multi-year expenditure sub-total | 250 238 | 100% | 348 054 | 100% | 409 888 | 100% | 381 252 | 100% |

For 2016/17 an amount of R348 million has been appropriated for the development of infrastructure which represents 97% of the total capital budget. In the outer years this amount totals R409million, 98% and R381 million, 98% respectively for each of the financial years.

Total new assets represent 97 per cent or R343million of the total capital budget while asset renewal equates to 1% per cent or R5million. Further detail relating to asset classes and proposed capital expenditure is contained in Table MBRR A9 (Asset Management). In addition to the MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Refer to table MBRR SA36 for the detailed listing of the capital projects.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table MBRR SA35. This table shows that future operational costs associated with the capital programme totals R25 million in 2016/17 and escalates to R33, 5million by 2017/18. This concomitant operational expenditure is expected to escalate to R37, 8 million by 2018/19. It needs to be noted that as part of the 2016/17 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 15 MBRR Table A1 - Budget Summary

DC43 Harry Gwala - Table A1 Budget Summary

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | - | - | - | - | - | - | - | - | - | - |
| Service charges | 39 865 | 48 905 | 55 400 | 55 902 | 55 822 | 55 822 | 55 822 | 60 553 | 64 187 | 68 038 |
| Investment revenue | 2 988 | 3 344 | 3 476 | 4 375 | 3 375 | 3 375 | 3 375 | 3 500 | 3 710 | 3 933 |
| Transfers recognised - operational | 208 927 | 288 184 | 282 197 | 249 823 | 260 403 | 260 403 | 260 403 | 277 632 | 294 948 | 317 863 |
| Other own revenue | 2 210 | 7 497 | 8 828 | 7 328 | 9 098 | 9 098 | 9 098 | 9 109 | 9 646 | 10 185 |
| Total Revenue (excluding capital transfers and contributions) | 253 990 | 347 929 | 349 901 | 317 429 | 328 699 | 328 699 | 328 699 | 350 794 | 372 490 | 400 018 |
| Employee costs | 79 228 | 99 943 | 106 345 | 114 031 | 116 031 | 116 031 | 116 031 | 125 313 | 135 338 | 146 165 |
| Remuneration of councillors | 4 622 | 5 249 | 5 688 | 7 321 | 7 321 | 7 321 | 7 321 | 7 906 | 8 539 | 9 222 |
| Depreciation & asset impairment | 28 992 | 37 050 | 39 754 | 30 000 | 30 000 | 30 000 | 30 000 | 31 874 | 33 786 | 35 812 |
| Finance charges | 3 792 | 3 510 | 3 711 | 2 228 | 1 114 | 1 114 | 1 114 | 1 926 | 1 595 | 1 229 |
| Materials and bulk purchases | 9 710 | 9 487 | 8 947 | 8 706 | 9 852 | 9 852 | 9 852 | 10 709 | 11 641 | 12 654 |
| Transfers and grants | 7 490 | 14 808 | 16 501 | 20 000 | 18 096 | 18 096 | 18 096 | 20 000 | 22 218 | 23 551 |
| Other expenditure | 206 385 | 231 401 | 215 749 | 163 336 | 204 636 | 204 636 | 204 636 | 184 675 | 181 966 | 193 299 |
| Total Expenditure | 340 218 | 401 448 | 396 694 | 345 621 | 387 050 | 387 050 | 387 050 | 382 404 | 395 083 | 421 932 |
| Surplus/(Deficit) | (86 228) | (53 519) | (46 793) | (28 193) | (58 351) | (58 351) | (58 351) | (31 610) | (22 593) | (21 914) |
| Transfers recognised - capital | 246 502 | 146 077 | 218 421 | 270 790 | 244 290 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Contributions recognised - capital & contributed assets | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 160 274 | 92 558 | 171 628 | 242 597 | 185 939 | 185 939 | 185 939 | 304 163 | 379 050 | 351 166 |
| Surplus/(Deficit) for the year | 160 274 | 92 558 | 171 628 | 242 597 | 185 939 | 185 939 | 185 939 | 304 163 | 379 050 | 351 166 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 163 035 | 217 866 | 355 127 | 278 540 | 250 238 | 250 238 | 250 238 | 348 054 | 409 888 | 381 252 |
| Transfers recognised - capital | 162 106 | 199 128 | 348 318 | 270 790 | 244 290 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Internally generated funds | 929 | 18 738 | 6 809 | 7 750 | 5 948 | 5 948 | 5 948 | 12 282 | 8 245 | 8 173 |
| Total sources of capital funds | 163 035 | 217 866 | 355 127 | 278 540 | 250 238 | 250 238 | 250 238 | 348 054 | 409 888 | 381 252 |
| Financial position | | | | | | | | | | |
| Total current assets | 87 169 | 45 472 | 68 952 | 85 442 | 42 606 | 42 606 | 65 577 | 96 627 | 116 426 | 128 173 |
| Total non current assets | 1 151 159 | 1 279 563 | 1 470 664 | 1 600 660 | 1 572 358 | 1 572 358 | 1 572 358 | 1 914 112 | 2 310 097 | 2 676 612 |
| Total current liabilities | 129 436 | 116 668 | 161 589 | 56 886 | 108 886 | 108 886 | 108 886 | 60 999 | 64 143 | 62 793 |
| Total non current liabilities | 37 053 | 41 121 | 39 153 | 31 018 | 31 018 | 31 018 | 31 018 | 29 859 | 27 913 | 25 737 |
| Community wealth/Equity | 1 071 839 | 1 167 247 | 1 338 874 | 1 598 198 | 1 475 060 | 1 475 060 | 1 498 031 | 1 919 882 | 2 334 467 | 2 716 256 |

DC43 Harry Gwala - Table A1 Budget Summary

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|------------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousands | | | | | | | | | | |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 184 742 | 203 264 | 242 815 | 268 665 | 263 590 | 263 590 | 263 590 | 329 265 | 399 536 | 372 920 |
| Net cash from (used) investing | (163 035) | (188 113) | (239 585) | (248 610) | (276 912) | (276 912) | (276 912) | (310 943) | (365 496) | (340 017) |
| Net cash from (used) financing | (5 060) | (5 863) | (6 833) | (3 684) | (2 694) | (2 694) | (2 694) | (2 822) | (3 130) | (3 471) |
| Cash/cash equivalents at the year end | 20 186 | 29 474 | 25 871 | 52 691 | 9 855 | 9 855 | 9 855 | 35 377 | 66 287 | 95 718 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 20 186 | 29 474 | 25 871 | 52 691 | 9 855 | 9 855 | 9 855 | 35 377 | 66 287 | 95 718 |
| Application of cash and investments | 68 597 | 112 341 | 135 191 | 29 761 | 81 493 | 81 493 | 69 895 | 17 492 | 24 594 | 27 778 |
| Balance - surplus (shortfall) | (48 411) | (82 866) | (109 319) | 22 930 | (71 638) | (71 638) | (60 040) | 17 884 | 41 693 | 67 940 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 1 151 159 | 1 279 563 | 1 470 664 | 1 600 660 | 1 572 358 | 1 572 358 | 1 914 112 | 1 914 112 | 2 310 097 | 2 676 612 |
| Depreciation & asset impairment | 28 992 | 37 050 | 39 754 | 30 000 | 30 000 | 30 000 | 31 874 | 31 874 | 33 786 | 35 812 |
| Renewal of Existing Assets | 8 901 | 6 525 | 4 580 | 7 000 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |
| Repairs and Maintenance | 61 148 | 64 817 | 70 254 | 73 875 | 73 875 | 73 875 | 88 791 | 88 791 | 114 105 | 139 419 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | 4 455 | 4 455 | 5 006 | 5 306 | 5 306 | 5 306 | 4 886 | 4 886 | 5 179 | 5 490 |
| Revenue cost of free services provided | - | - | - | - | - | - | - | - | - | - |
| Households below minimum service level | | | | | | | | | | |
| Water: | 33 | 31 | 32 | 32 | 32 | 32 | 33 | 33 | 35 | 37 |
| Sanitation/sewerage: | - | - | - | - | - | - | - | - | - | - |
| Energy: | - | - | - | - | - | - | - | - | - | - |
| Refuse: | - | - | - | - | - | - | - | - | - | - |

Explanatory notes to MBRR Table A1 - Budget Summary

Table A1 is a budget summary and provides a concise overview of the Harry Gwala district municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

A financial management reform emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

1. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF Capital expenditure is balanced by capital funding sources, of which transfers recognised is reflected on the Financial Performance Budget;
2. Internally generated funds are financed from a combination of the current operating surplus and VAT refunds on Conditional Grants. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year.

But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2015/16 financial year.

Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2015/16 the water backlog will have been very nearly eliminated.

Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC43 Harry Gwala - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue - Standard | | | | | | | | | |
| <i>Governance and administration</i> | 210 829 | 213 917 | 252 538 | 249 598 | 255 059 | 255 059 | 274 973 | 300 452 | 323 572 |
| Budget and treasury office | 210 347 | 213 452 | 252 538 | 249 598 | 255 059 | 255 059 | 274 973 | 300 452 | 323 572 |
| Corporate services | 481 | 465 | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | 9 433 | 742 | 750 | 1 100 | 1 100 | 1 100 | 400 | 400 | 500 |
| Planning and development | 9 433 | 742 | 750 | 1 100 | 1 100 | 1 100 | 400 | 400 | 500 |
| <i>Trading services</i> | 280 230 | 279 347 | 315 034 | 337 520 | 316 829 | 316 829 | 411 194 | 473 282 | 449 026 |
| Water | 40 521 | 49 182 | 52 600 | 61 230 | 56 539 | 56 539 | 60 550 | 64 183 | 68 034 |
| Waste water management | 239 709 | 230 165 | 262 434 | 276 290 | 260 290 | 260 290 | 350 644 | 409 099 | 380 992 |
| Total Revenue - Standard | 500 492 | 494 007 | 568 322 | 588 218 | 572 988 | 572 988 | 686 567 | 774 133 | 773 098 |
| Expenditure - Standard | | | | | | | | | |
| <i>Governance and administration</i> | 98 509 | 122 454 | 137 056 | 133 932 | 131 608 | 131 608 | 143 616 | 151 997 | 159 474 |
| Executive and council | 12 760 | 16 695 | 23 099 | 28 719 | 24 484 | 24 484 | 29 224 | 30 221 | 32 363 |
| Budget and treasury office | 45 752 | 58 717 | 65 591 | 59 527 | 63 444 | 63 444 | 64 031 | 68 156 | 70 015 |
| Corporate services | 39 997 | 47 042 | 48 365 | 45 686 | 43 680 | 43 680 | 50 362 | 53 620 | 57 095 |
| <i>Economic and environmental services</i> | 36 438 | 67 456 | 52 368 | 54 286 | 52 428 | 52 428 | 58 937 | 63 416 | 67 282 |
| Planning and development | 36 438 | 67 456 | 52 368 | 54 286 | 52 428 | 52 428 | 58 937 | 63 416 | 67 282 |
| <i>Trading services</i> | 205 270 | 211 539 | 207 270 | 157 403 | 203 013 | 203 013 | 179 851 | 179 670 | 195 177 |
| Water | 129 878 | 105 830 | 157 332 | 134 197 | 159 142 | 159 142 | 146 344 | 146 490 | 156 283 |
| Waste water management | 75 392 | 105 708 | 49 938 | 23 206 | 43 872 | 43 872 | 33 506 | 33 180 | 38 894 |
| Total Expenditure - Standard | 340 218 | 401 448 | 396 694 | 345 621 | 387 050 | 387 050 | 382 404 | 395 083 | 421 932 |
| Surplus/(Deficit) for the year | 160 274 | 92 558 | 171 628 | 242 597 | 185 939 | 185 939 | 304 163 | 379 050 | 351 166 |

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for District, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

Other functions show a deficit between revenue and expenditure are being financed from equitable share and other revenue sources reflected under the Budget and Treasury vote.

Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC43 Harry Gwala - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | |
| Revenue by Vote | | | | | | | | | |
| Vote 1 - Council | - | - | - | - | - | - | - | - | - |
| Vote 2 - Municipal Manager | - | - | - | - | - | - | - | - | - |
| Vote 3 - Budget & Treasury Office | 210 347 | 213 452 | 252 538 | 249 598 | 255 059 | 255 059 | 274 973 | 300 452 | 323 572 |
| Vote 4 - Corporate Services | 481 | 465 | - | - | - | - | - | - | - |
| Vote 5 - Social & Development Planning | 9 433 | 742 | 750 | 1 100 | 1 100 | 1 100 | 400 | 400 | 500 |
| Vote 6 - Infrastructure Services | 239 709 | 230 165 | 262 434 | 276 290 | 260 290 | 260 290 | 350 644 | 409 099 | 380 992 |
| Vote 7 - Water Services | 40 521 | 49 182 | 52 600 | 61 230 | 56 539 | 56 539 | 60 550 | 64 183 | 68 034 |
| Total Revenue by Vote | 500 492 | 494 007 | 568 322 | 588 218 | 572 988 | 572 988 | 686 567 | 774 133 | 773 098 |
| Expenditure by Vote to be appropriated | | | | | | | | | |
| Vote 1 - Council | 7 363 | 8 861 | 10 517 | 13 164 | 12 024 | 12 024 | 12 382 | 13 274 | 14 232 |
| Vote 2 - Municipal Manager | 5 398 | 7 834 | 12 582 | 15 555 | 12 460 | 12 460 | 16 841 | 16 947 | 18 131 |
| Vote 3 - Budget & Treasury Office | 45 752 | 58 717 | 65 591 | 59 527 | 63 444 | 63 444 | 64 031 | 68 156 | 70 015 |
| Vote 4 - Corporate Services | 39 997 | 47 042 | 48 365 | 45 686 | 43 680 | 43 680 | 50 362 | 53 620 | 57 095 |
| Vote 5 - Social & Development Planning | 36 438 | 67 456 | 52 368 | 54 286 | 52 428 | 52 428 | 58 937 | 63 416 | 67 282 |
| Vote 6 - Infrastructure Services | 75 392 | 105 708 | 49 938 | 23 206 | 43 872 | 43 872 | 34 982 | 28 967 | 30 924 |
| Vote 7 - Water Services | 129 878 | 105 830 | 157 332 | 134 197 | 159 142 | 159 142 | 144 869 | 150 704 | 164 253 |
| Total Expenditure by Vote | 340 218 | 401 448 | 396 694 | 345 621 | 387 050 | 387 050 | 382 404 | 395 083 | 421 932 |
| Surplus/(Deficit) for the year | 160 274 | 92 558 | 171 628 | 242 597 | 185 939 | 185 939 | 304 163 | 379 050 | 351 166 |

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of Harry Gwala Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for water trading services.

Table 18 Surplus/ (Deficit) calculations for the trading services

DC43 Harry Gwala - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Water Services | | | | | | | | | |
| Total Revenue | 40 521 | 49 182 | 52 600 | 61 230 | 56 539 | 56 539 | 60 550 | 64 183 | 68 034 |
| Operational Expenditure | 129 878 | 105 830 | 150 528 | 134 197 | 159 142 | 159 142 | 144 869 | 150 704 | 164 253 |
| Surplus/(Deficit) for the year | (89 357) | (56 648) | (97 928) | (72 967) | (102 603) | (102 603) | (84 319) | (86 521) | (96 219) |
| Percentage Surplus | -45% | -87% | -54% | -84% | -55% | -55% | -72% | -74% | -71% |

The municipality currently operates on a deficit in its trading services. This is largely attributable to higher percentage increase in the input cost as compared to the increase in tariffs. The municipality is currently reviewing the costing of the tariff structure with a view to recovering the cost of providing these services and also ensuring financial sustainability.

Table 19 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

DC43 Harry Gwala - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue By Source | | | | | | | | | | |
| Service charges - water revenue | 27 833 | 34 233 | 38 780 | 38 409 | 38 329 | 38 329 | 38 329 | 40 714 | 43 157 | 45 746 |
| Service charges - sanitation revenue | 12 033 | 14 671 | 16 620 | 16 461 | 16 461 | 16 461 | 16 461 | 17 449 | 18 496 | 19 605 |
| Service charges - other | | | | 1 032 | 1 032 | 1 032 | 1 032 | 2 391 | 2 534 | 2 686 |
| Interest earned - external investments | 2 988 | 3 344 | 3 476 | 4 375 | 3 375 | 3 375 | 3 375 | 3 500 | 3 710 | 3 933 |
| Interest earned - outstanding debtors | | 5 638 | 7 446 | 6 360 | 8 000 | 8 000 | 8 000 | 8 500 | 9 000 | 9 500 |
| Transfers recognised - operational | 208 927 | 288 184 | 282 197 | 249 823 | 260 403 | 260 403 | 260 403 | 277 632 | 294 948 | 317 863 |
| Other revenue | 2 210 | 1 859 | 1 382 | 968 | 1 098 | 1 098 | 1 098 | 609 | 646 | 685 |
| Gains on disposal of PPE | | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | 253 990 | 347 929 | 349 901 | 317 429 | 328 699 | 328 699 | 328 699 | 350 794 | 372 490 | 400 018 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 79 228 | 99 943 | 106 345 | 114 031 | 116 031 | 116 031 | 116 031 | 125 313 | 135 338 | 146 165 |
| Remuneration of councillors | 4 622 | 5 249 | 5 688 | 7 321 | 7 321 | 7 321 | 7 321 | 7 906 | 8 539 | 9 222 |
| Debt impairment | 15 023 | 23 206 | 11 989 | 24 692 | 24 692 | 24 692 | 24 692 | 25 394 | 26 917 | 28 533 |
| Depreciation & asset impairment | 28 992 | 37 050 | 39 754 | 30 000 | 30 000 | 30 000 | 30 000 | 31 874 | 33 786 | 35 812 |
| Finance charges | 3 792 | 3 510 | 3 711 | 2 228 | 1 114 | 1 114 | 1 114 | 1 926 | 1 595 | 1 229 |
| Bulk purchases | 9 710 | 9 487 | 8 947 | 8 706 | 9 852 | 9 852 | 9 852 | 10 709 | 11 641 | 12 654 |
| Contracted services | 18 825 | 23 659 | 51 144 | 32 015 | 53 356 | 53 356 | 53 356 | 44 923 | 46 016 | 50 272 |
| Transfers and grants | 7 490 | 14 808 | 16 501 | 20 000 | 18 096 | 18 096 | 18 096 | 20 000 | 22 218 | 23 551 |
| Other expenditure | 172 399 | 159 420 | 142 663 | 106 629 | 126 589 | 126 589 | 126 589 | 114 358 | 109 032 | 114 494 |
| Loss on disposal of PPE | 138 | 25 116 | 9 953 | | | | | | | |
| Total Expenditure | 340 218 | 401 448 | 396 694 | 345 621 | 387 050 | 387 050 | 387 050 | 382 404 | 395 083 | 421 932 |
| Surplus/(Deficit) | (86 228) | (53 519) | (46 793) | (28 193) | (58 351) | (58 351) | (58 351) | (31 610) | (22 593) | (21 914) |
| Transfers recognised - capital | 246 502 | 146 077 | 218 421 | 270 790 | 244 290 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Surplus/(Deficit) after capital transfers & contributions | 160 274 | 92 558 | 171 628 | 242 597 | 185 939 | 185 939 | 185 939 | 304 163 | 379 050 | 351 166 |
| Surplus/(Deficit) after taxation | 160 274 | 92 558 | 171 628 | 242 597 | 185 939 | 185 939 | 185 939 | 304 163 | 379 050 | 351 166 |
| Surplus/(Deficit) attributable to municipality | 160 274 | 92 558 | 171 628 | 242 597 | 185 939 | 185 939 | 185 939 | 304 163 | 379 050 | 351 166 |
| Surplus/(Deficit) for the year | 160 274 | 92 558 | 171 628 | 242 597 | 185 939 | 185 939 | 185 939 | 304 163 | 379 050 | 351 166 |

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

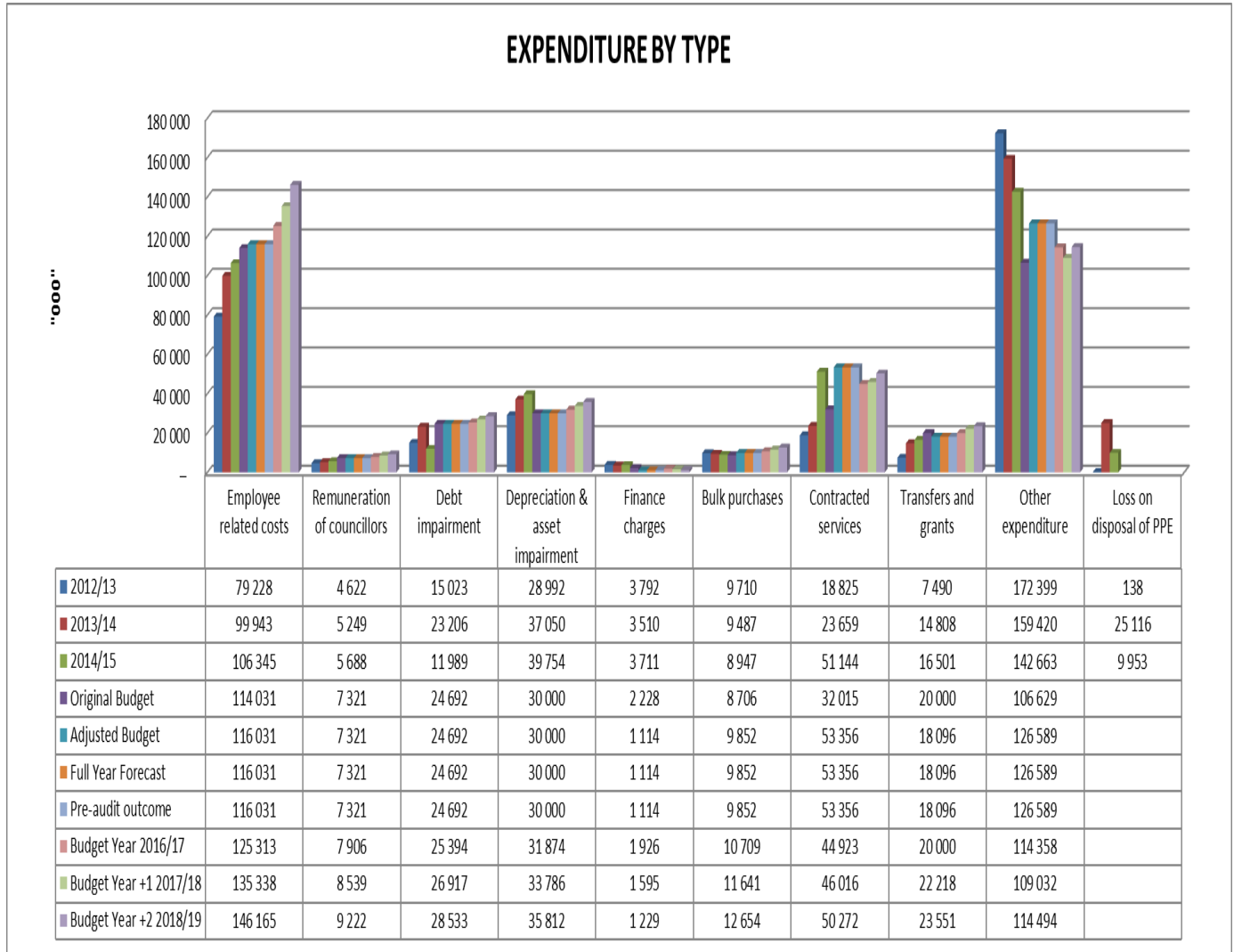
Total operating revenue is R350 million in 2016/17 and escalates to R372 million by 2017/18. This represents an increase of 7 per cent for the 2016/17 financial year and an increase of 6 per cent for the 2017/18 and 7 % in 2018/19 financial year.

Services charges relating to water and sanitation constitutes the biggest component of the own revenue basket of the district totaling R58million for the 2016/17 financial year and increasing to R61 million by 2017/18. For the 2016/17 financial year services charges amount to 17% of the total revenue and same percentage in 2017/2018 then 16 per cent in 2018/2019 financial year.

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government increased by 7% in 2016/2017 and grow rapidly by 6 per cent in 2017/2018 and 8 per cent in the 2018/2019 financial year.

The following graph illustrates the major expenditure items per type.

Figure 2 Expenditure by major type



Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 20 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

DC43 Harry Gwala - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital expenditure - Vote | | | | | | | | | | |
| Multi-year expenditure to be appropriated | | | | | | | | | | |
| Vote 3 - Budget & Treasury Office | 72 | 141 | - | - | - | - | - | - | - | - |
| Vote 4 - Corporate Services | 1 567 | 24 139 | 2 104 | 2 650 | 1 643 | 1 643 | 1 643 | 4 624 | 2 776 | 2 937 |
| Vote 5 - Social & Development Planning | 3 200 | 957 | 800 | 800 | 400 | 400 | 400 | 1 117 | 1 335 | 854 |
| Vote 6 - Infrastructure Services | 157 501 | 192 629 | 348 318 | 270 790 | 244 590 | 244 590 | 244 590 | 337 272 | 403 233 | 374 765 |
| Vote 7 - Water Services | 695 | - | 3 905 | 4 300 | 3 605 | 3 605 | 3 605 | 5 042 | 2 544 | 2 697 |
| Capital multi-year expenditure sub-total | 163 035 | 217 866 | 355 127 | 278 540 | 250 238 | 250 238 | 250 238 | 348 054 | 409 888 | 381 252 |
| Total Capital Expenditure - Vote | 163 035 | 217 866 | 355 127 | 278 540 | 250 238 | 250 238 | 250 238 | 348 054 | 409 888 | 381 252 |
| Capital Expenditure - Standard | | | | | | | | | | |
| Governance and administration | 1 640 | 24 280 | 2 104 | 2 650 | 1 643 | 1 643 | 1 643 | 4 624 | 2 776 | 2 937 |
| Budget and treasury office | 72 | 141 | - | - | - | - | - | - | - | - |
| Corporate services | 1 567 | 24 139 | 2 104 | 2 650 | 1 643 | 1 643 | 1 643 | 4 624 | 2 776 | 2 937 |
| Economic and environmental services | 3 200 | 957 | 800 | 800 | 400 | 400 | 400 | 1 117 | 1 335 | 854 |
| Planning and development | 3 200 | 957 | 800 | 800 | 400 | 400 | 400 | 1 117 | 1 335 | 854 |
| Trading services | 158 196 | 192 629 | 352 223 | 275 090 | 248 195 | 248 195 | 248 195 | 342 314 | 405 777 | 377 462 |
| Water | 695 | - | 3 905 | 4 300 | 3 605 | 3 605 | 3 605 | 5 042 | 2 544 | 2 697 |
| Waste water management | 157 501 | 192 629 | 348 318 | 270 790 | 244 590 | 244 590 | 244 590 | 337 272 | 403 233 | 374 765 |
| Total Capital Expenditure - Standard | 163 035 | 217 866 | 355 127 | 278 540 | 250 238 | 250 238 | 250 238 | 348 054 | 409 888 | 381 252 |
| Funded by: | | | | | | | | | | |
| National Government | 139 304 | 184 071 | 348 318 | 270 790 | 244 290 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Provincial Government | 22 802 | 15 057 | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 162 106 | 199 128 | 348 318 | 270 790 | 244 290 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Internally generated funds | 929 | 18 738 | 6 809 | 7 750 | 5 948 | 5 948 | 5 948 | 12 282 | 8 245 | 8 173 |
| Total Capital Funding | 163 035 | 217 866 | 355 127 | 278 540 | 250 238 | 250 238 | 250 238 | 348 054 | 409 888 | 381 252 |

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year appropriation); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2016/17 R348 million has been allocated of the total R337 million infrastructural budgets, which totals 97 per cent. This capital budget allocation escalates to R409 million in 2017/18 and then decrease to R381 million in 2018/19.

Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the District. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

The capital programme is funded mainly from national and provincial grants and subsidies. For 2016/17 capital transfers totals R335 million and escalates to R401 million by 2017/18 and then in 2018/2019 decrease to R381million. No borrowing applications are expected to result in the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 21 MBRR Table A6 - Budgeted Financial Position

DC43 Harry Gwala - Table A6 Budgeted Financial Position

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| ASSETS | | | | | | | | | | |
| Current assets | | | | | | | | | | |
| Cash | 20 186 | 29 474 | 25 871 | 52 691 | 9 855 | 9 855 | 9 855 | 35 377 | 66 287 | 95 718 |
| Consumer debtors | 5 738 | 6 928 | 25 704 | 16 091 | 16 091 | 16 091 | 39 061 | 48 078 | 36 160 | 17 628 |
| Other debtors | 60 980 | 8 800 | 17 114 | 12 065 | 12 065 | 12 065 | 12 065 | 12 789 | 13 556 | 14 369 |
| Current portion of long-term receivables | – | – | – | 4 246 | 4 246 | 4 246 | 4 246 | – | – | – |
| Inventory | 265 | 269 | 263 | 349 | 349 | 349 | 349 | 384 | 423 | 458 |
| Total current assets | 87 169 | 45 472 | 68 952 | 85 442 | 42 606 | 42 606 | 65 577 | 96 627 | 116 426 | 128 173 |
| Non current assets | | | | | | | | | | |
| Property, plant and equipment | 1 150 387 | 1 278 956 | 1 470 186 | 1 599 476 | 1 571 174 | 1 571 174 | 1 571 174 | 1 912 816 | 2 308 726 | 2 675 161 |
| Intangible | 772 | 607 | 478 | 1 184 | 1 184 | 1 184 | 1 184 | 1 296 | 1 371 | 1 451 |
| Other non-current assets | – | 0 | 0 | – | – | – | – | – | – | – |
| Total non current assets | 1 151 159 | 1 279 563 | 1 470 664 | 1 600 660 | 1 572 358 | 1 572 358 | 1 572 358 | 1 914 112 | 2 310 097 | 2 676 612 |
| TOTAL ASSETS | 1 238 328 | 1 325 035 | 1 539 616 | 1 686 102 | 1 614 964 | 1 614 964 | 1 637 935 | 2 010 739 | 2 426 523 | 2 804 785 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities | | | | | | | | | | |
| Borrowing | 3 297 | 3 415 | 3 266 | 3 592 | 3 592 | 3 592 | 3 592 | 3 330 | 3 697 | 4 102 |
| Consumer deposits | 1 010 | 1 114 | 1 257 | 1 415 | 1 415 | 1 415 | 1 415 | 1 593 | 1 794 | 2 019 |
| Trade and other payables | 117 863 | 111 932 | 156 707 | 43 710 | 95 710 | 95 710 | 95 710 | 51 770 | 54 279 | 52 224 |
| Provisions | 7 266 | 207 | 360 | 8 169 | 8 169 | 8 169 | 8 169 | 4 305 | 4 374 | 4 447 |
| Total current liabilities | 129 436 | 116 668 | 161 589 | 56 886 | 108 886 | 108 886 | 108 886 | 60 999 | 64 143 | 62 793 |
| Non current liabilities | | | | | | | | | | |
| Borrowing | 27 685 | 27 193 | 22 481 | 16 683 | 16 683 | 16 683 | 16 683 | 12 353 | 8 657 | 4 555 |
| Provisions | 9 369 | 13 928 | 16 672 | 14 334 | 14 334 | 14 334 | 14 334 | 17 506 | 19 256 | 21 182 |
| Total non current liabilities | 37 053 | 41 121 | 39 153 | 31 018 | 31 018 | 31 018 | 31 018 | 29 859 | 27 913 | 25 737 |
| TOTAL LIABILITIES | 166 489 | 157 789 | 200 742 | 87 904 | 139 904 | 139 904 | 139 904 | 90 858 | 92 056 | 88 530 |
| NET ASSETS | 1 071 839 | 1 167 247 | 1 338 874 | 1 598 198 | 1 475 060 | 1 475 060 | 1 498 031 | 1 919 882 | 2 334 467 | 2 716 256 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | 1 071 839 | 1 167 247 | 1 338 874 | 1 598 198 | 1 475 060 | 1 475 060 | 1 498 031 | 1 919 882 | 2 334 467 | 2 716 256 |
| TOTAL COMMUNITY WEALTH/EQUITY | 1 071 839 | 1 167 247 | 1 338 874 | 1 598 198 | 1 475 060 | 1 475 060 | 1 498 031 | 1 919 882 | 2 334 467 | 2 716 256 |

Explanatory notes to Table A6 - Budgeted Financial Position

Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:

1. Call investments deposits;
2. Consumer debtors;
3. Property, plant and equipment;
4. Trade and other payables;
5. Provisions non-current;
6. Changes in net assets; and
7. Reserves

The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 22 MBRR Table A7 - Budgeted Cash Flow Statement

DC43 Harry Gwala - Table A7 Budgeted Cash Flows

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Service charges | 31 216 | 23 602 | 25 156 | 30 746 | 30 746 | 30 746 | 30 746 | 32 408 | 33 292 | 35 290 |
| Other revenue | 2 210 | 7 497 | - | 581 | 2 034 | 2 034 | 2 034 | 305 | 323 | 342 |
| Government - operating | 218 281 | 277 694 | 250 668 | 249 823 | 260 403 | 260 403 | 260 403 | 277 632 | 294 948 | 317 863 |
| Government - capital | 196 780 | 190 609 | 238 878 | 270 790 | 244 290 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Interest | 2 988 | 3 344 | 3 476 | 7 654 | 8 294 | 8 294 | 8 294 | 3 500 | 3 710 | 3 933 |
| Payments | | | | | | | | | | |
| Suppliers and employees | (255 451) | (281 163) | (250 764) | (268 701) | (262 968) | (262 968) | (262 968) | (298 426) | (310 567) | (332 808) |
| Finance charges | (3 792) | (3 510) | (3 200) | (2 228) | (1 114) | (1 114) | (1 114) | (1 926) | (1 595) | (1 229) |
| Transfers and Grants | (7 490) | (14 808) | (21 400) | (20 000) | (18 096) | (18 096) | (18 096) | (20 000) | (22 218) | (23 551) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 184 742 | 203 264 | 242 815 | 268 665 | 263 590 | 263 590 | 263 590 | 329 265 | 399 536 | 372 920 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Decrease (increase) other non-current receivables | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | |
| Capital assets | (163 035) | (188 113) | (239 585) | (248 610) | (276 912) | (276 912) | (276 912) | (310 943) | (365 496) | (340 017) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (163 035) | (188 113) | (239 585) | (248 610) | (276 912) | (276 912) | (276 912) | (310 943) | (365 496) | (340 017) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Increase (decrease) in consumer deposits | - | - | - | 151 | 151 | 151 | 151 | 178 | 200 | 226 |
| Payments | | | | | | | | | | |
| Repayment of borrowing | (5 060) | (5 863) | (6 833) | (3 835) | (2 845) | (2 845) | (2 845) | (3 000) | (3 330) | (3 697) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (5 060) | (5 863) | (6 833) | (3 684) | (2 694) | (2 694) | (2 694) | (2 822) | (3 130) | (3 471) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 16 647 | 9 288 | (3 603) | 16 371 | (16 016) | (16 016) | (16 016) | 15 500 | 30 910 | 29 431 |
| Cash/cash equivalents at the year begin: | 3 539 | 20 186 | 29 474 | 36 320 | 25 871 | 25 871 | 25 871 | 19 877 | 35 377 | 66 287 |
| Cash/cash equivalents at the year end: | 20 186 | 29 474 | 25 871 | 52 691 | 9 855 | 9 855 | 9 855 | 35 377 | 66 287 | 95 718 |

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. It can be seen that the overall net cash levels of Harry Gwala fell significantly over the audited outcome periods (2012/13 to 2014/15). However, as part of the 2015/16 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various cost containment measures were implemented such as the reduction of expenditure allocations and rationalisation of spending priorities. These intervention measures are expected to yield positive net cash increases in cash held over the MTREF.

The net cash from operating activities will continue to increase on a positive trend and by a higher percentage in the MTREF as cost containment measures start yielding positive results.

An increasing trend in the cash investments from investment activities is attributable largely to the increasing capital budget funding in the form of conditional government infrastructure grants. This funding source yields a cash inflow benefit in the form of VAT refunds which, for cash flow purposes, has been offset against the payments on capital assets.

Repayment of borrowings totals R3million in the 2016/2017 budget year. The municipality is left with one loan in 2016/2017 financial year which is ABSA loan as we settled or fully recovered DBSA loan.

Cash and cash equivalents has been increasing consistently over the audited financial years and resulting at R35 million as at the end of the 2016/17 financial year escalating to R95 million by 2018/19.

Table 23 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

DC43 Harry Gwala - Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|------------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash and investments available | | | | | | | | | | |
| Cash/cash equivalents at the year end | 20 186 | 29 474 | 25 871 | 52 691 | 9 855 | 9 855 | 9 855 | 35 377 | 66 287 | 95 718 |
| Other current investments > 90 days | 0 | (0) | (0) | - | - | - | - | - | - | - |
| Non current assets - Investments | - | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | 20 186 | 29 474 | 25 871 | 52 691 | 9 855 | 9 855 | 9 855 | 35 377 | 66 287 | 95 718 |
| Application of cash and investments | | | | | | | | | | |
| Unspent conditional transfers | 30 551 | 19 552 | 10 980 | 12 692 | 12 692 | 12 692 | 12 692 | 3 234 | 2 524 | 2 350 |
| Unspent borrowing | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | (5 632) | (4 846) | (12 038) | - | - | - | - | (9 500) | (11 300) | (14 620) |
| Other working capital requirements | 34 309 | 83 707 | 128 955 | 17 069 | 68 801 | 68 801 | 57 203 | 19 954 | 29 120 | 35 299 |
| Other provisions | 9 369 | 13 928 | 7 293 | - | - | - | - | 3 804 | 4 250 | 4 749 |
| Long term investments committed | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | - | - | - | - | - | - | - | - | - | - |
| Total Application of cash and investments: | 68 597 | 112 341 | 135 191 | 29 761 | 81 493 | 81 493 | 69 895 | 17 492 | 24 594 | 27 778 |
| Surplus(shortfall) | (48 411) | (82 866) | (109 319) | 22 930 | (71 638) | (71 638) | (60 040) | 17 884 | 41 693 | 67 940 |

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

From the table it can be seen that for the period 2016/17 to 2018/19 the surplus escalates from R17million to R67 million in 2018/19 largely driven by the increasing trend of year end cash flows. The other biggest contributor to the budget funding surplus is relatively declining trend of networking working capital requirements attributable to the cost containment measures and stricter cash flow management strategies.

According to this schedule, the 2016/17 final budget is funded.

Table 24 MBRR Table A9 - Asset Management

DC43 Harry Gwala - Table A9 Asset Management

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | |
| <u>Total New Assets</u> | 154 134 | 211 341 | 350 547 | 271 540 | 243 238 | 243 238 | 343 054 | 404 888 | 361 252 |
| Infrastructure - Road transport | – | – | – | – | – | – | 500 | 530 | 562 |
| Infrastructure - Electricity | – | 4 971 | 1 830 | – | – | – | – | – | – |
| Infrastructure - Water | 114 180 | 121 050 | 249 750 | 231 990 | 203 688 | 203 688 | 297 107 | 334 045 | 297 655 |
| Infrastructure - Sanitation | 20 078 | 76 515 | 79 504 | 28 500 | 28 500 | 28 500 | 33 666 | 62 598 | 55 424 |
| Infrastructure | 134 258 | 202 535 | 331 085 | 260 490 | 232 188 | 232 188 | 331 272 | 397 173 | 353 641 |
| Community | 8 704 | – | – | – | – | – | – | – | – |
| Other assets | 10 416 | 8 605 | 19 262 | 9 950 | 9 950 | 9 950 | 10 533 | 6 710 | 6 548 |
| Intangibles | 756 | 200 | 200 | 1 100 | 1 100 | 1 100 | 1 250 | 1 005 | 1 063 |
| <u>Total Renewal of Existing Assets</u> | 8 901 | 6 525 | 4 580 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |
| Infrastructure - Water | 1 136 | 6 525 | 4 580 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |
| Infrastructure - Sanitation | 7 765 | – | – | – | – | – | – | – | – |
| Infrastructure | 8 901 | 6 525 | 4 580 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |
| <u>Total Capital Expenditure</u> | | | | | | | | | |
| Infrastructure - Road transport | – | – | – | – | – | – | 500 | 530 | 562 |
| Infrastructure - Electricity | – | 4 971 | 1 830 | – | – | – | – | – | – |
| Infrastructure - Water | 115 316 | 127 575 | 254 331 | 238 990 | 210 688 | 210 688 | 302 107 | 339 045 | 317 655 |
| Infrastructure - Sanitation | 27 844 | 76 515 | 79 504 | 28 500 | 28 500 | 28 500 | 33 666 | 62 598 | 55 424 |
| Infrastructure - Other | – | – | – | – | – | – | – | – | – |
| Infrastructure | 143 160 | 209 061 | 335 665 | 267 490 | 239 188 | 239 188 | 336 272 | 402 173 | 373 641 |
| Community | 8 704 | – | – | – | – | – | – | – | – |
| Other assets | 10 416 | 8 605 | 19 262 | 9 950 | 9 950 | 9 950 | 10 533 | 6 710 | 6 548 |
| Intangibles | 756 | 200 | 200 | 1 100 | 1 100 | 1 100 | 1 250 | 1 005 | 1 063 |
| TOTAL CAPITAL EXPENDITURE - Asset class | 163 035 | 217 866 | 355 127 | 278 540 | 250 238 | 250 238 | 348 054 | 409 888 | 381 252 |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | |
| Infrastructure - Electricity | 5 660 | 6 295 | 6 037 | 6 272 | 6 272 | 6 272 | 7 641 | 9 221 | 10 684 |
| Infrastructure - Water | 795 492 | 884 287 | 996 758 | 1 107 617 | 1 079 315 | 1 079 315 | 1 314 895 | 1 586 916 | 1 838 693 |
| Infrastructure - Sanitation | 269 097 | 299 256 | 360 265 | 374 290 | 374 290 | 374 290 | 455 986 | 550 319 | 637 631 |
| Infrastructure - Other | 23 741 | 26 401 | 31 966 | 33 210 | 33 210 | 33 210 | 40 459 | 48 829 | 56 576 |
| Infrastructure | 1 093 991 | 1 216 239 | 1 395 025 | 1 521 389 | 1 493 087 | 1 493 087 | 1 818 981 | 2 195 286 | 2 543 585 |
| Community | 40 667 | 45 225 | 54 757 | 56 889 | 56 889 | 56 889 | 69 306 | 83 644 | 96 915 |
| Other assets | 15 728 | 17 491 | 20 403 | 21 198 | 21 198 | 21 198 | 24 529 | 29 796 | 34 661 |
| Intangibles | 772 | 607 | 478 | 1 184 | 1 184 | 1 184 | 1 296 | 1 371 | 1 451 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 1 151 159 | 1 279 563 | 1 470 664 | 1 600 660 | 1 572 358 | 1 572 358 | 1 914 112 | 2 310 097 | 2 676 612 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | |
| <u>Depreciation & asset impairment</u> | 28 992 | 37 050 | 39 754 | 30 000 | 30 000 | 30 000 | 31 874 | 33 786 | 35 812 |
| <u>Repairs and Maintenance by Asset Class</u> | 61 148 | 64 817 | 70 254 | 73 875 | 73 875 | 73 875 | 88 791 | 114 105 | 139 419 |
| Infrastructure - Water | 36 237 | 38 412 | 40 716 | 48 590 | 48 590 | 48 590 | 58 400 | 75 050 | 91 700 |
| Infrastructure - Sanitation | 24 911 | 26 405 | 27 990 | 21 600 | 21 600 | 21 600 | 25 961 | 33 363 | 40 764 |
| Infrastructure | 61 148 | 64 817 | 68 706 | 70 190 | 70 190 | 70 190 | 84 362 | 108 413 | 132 464 |
| Other assets | – | – | 1 548 | 3 686 | 3 686 | 3 686 | 4 430 | 5 693 | 6 956 |
| TOTAL EXPENDITURE OTHER ITEMS | 90 140 | 101 867 | 110 008 | 103 875 | 103 875 | 103 875 | 120 666 | 147 891 | 175 231 |
| Renewal of Existing Assets as % of total capex | 5,5% | 3,0% | 1,3% | 2,5% | 2,8% | 2,8% | 1,4% | 1,2% | 5,2% |
| Renewal of Existing Assets as % of deprecn" | 30,7% | 17,6% | 11,5% | 23,3% | 23,3% | 23,3% | 15,7% | 14,8% | 55,8% |
| R&M as a % of PPE | 5,3% | 5,1% | 4,8% | 4,6% | 4,7% | 4,7% | 4,6% | 4,9% | 5,2% |
| Renewal and R&M as a % of PPE | 6,0% | 6,0% | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% | 6,0% |

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Due to the extremely high infrastructure backlogs that exists in our district a huge allocation of the conditional funding arising from prior years multi- year capital budget appropriations has been committed towards new water and sanitation infrastructure. However the revised infrastructure plan will see a shift of more funds being allocated towards the refurbishment of assets as advised by National Treasury.

The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the district strategy to address the maintenance backlog.

Figure 3 Depreciation in relation to repairs and maintenance over the MTREF

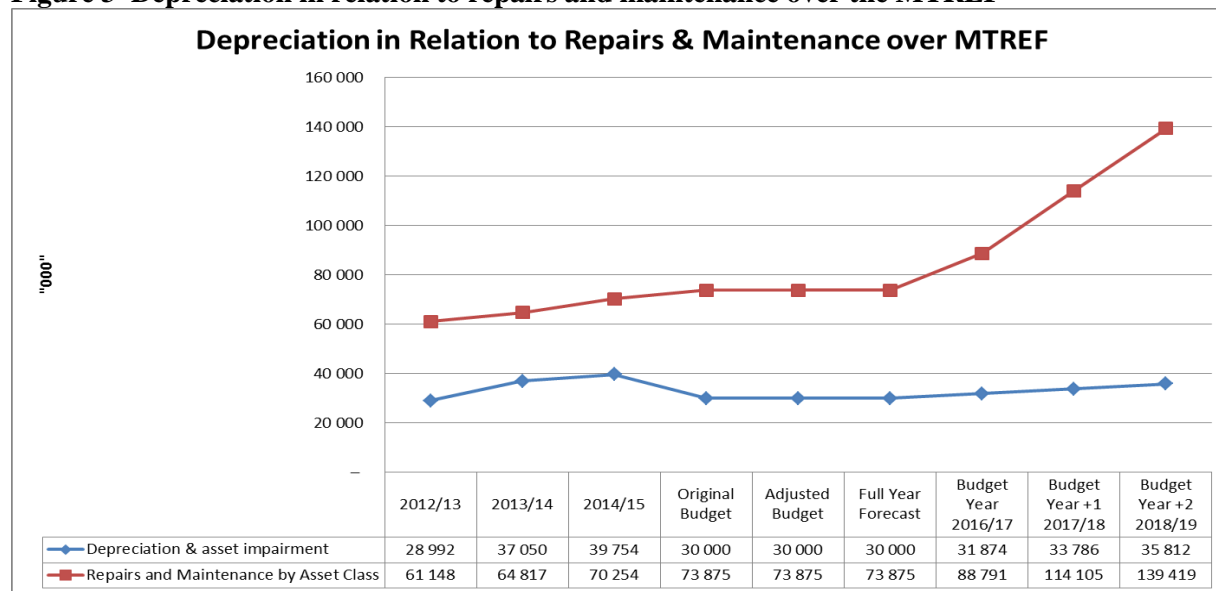


Table 25 MBRR Table A10 - Basic Service Delivery Measurement

DC43 Harry Gwala - Table A10 Basic service delivery measurement

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|----------------|----------------|----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Household service targets | | | | | | | | | |
| Water: | | | | | | | | | |
| Piped water inside dwelling | 43 367 | 41 595 | 41 985 | 44 069 | 44 069 | 44 069 | 46 273 | 48 586 | 51 016 |
| Piped water inside yard (but not in dwelling) | 19 860 | 19 048 | 19 227 | 19 323 | 19 323 | 19 323 | 20 290 | 21 304 | 22 369 |
| Using public tap (at least min.service level) | 23 633 | 22 667 | 22 880 | 22 606 | 22 606 | 22 606 | 23 736 | 24 923 | 26 169 |
| Other water supply (at least min.service level) | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | 86 861 | 83 311 | 84 093 | 85 998 | 85 998 | 85 998 | 90 298 | 94 813 | 99 554 |
| Using public tap (< min.service level) | - | - | - | - | - | - | - | - | - |
| Other water supply (< min.service level) | 32 769 | 31 430 | 31 725 | 31 819 | 31 819 | 31 819 | 33 410 | 35 081 | 36 835 |
| No water supply | - | - | - | - | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | 32 769 | 31 430 | 31 725 | 31 819 | 31 819 | 31 819 | 33 410 | 35 081 | 36 835 |
| Total number of households | 119 630 | 114 741 | 115 818 | 117 818 | 117 818 | 117 818 | 123 709 | 129 894 | 136 389 |
| Sanitation/sewerage: | | | | | | | | | |
| Flush toilet (connected to sewerage) | 58 430 | 56 042 | 56 568 | 57 545 | 57 545 | 57 545 | 60 422 | 63 443 | 66 615 |
| Flush toilet (with septic tank) | 12 148 | 11 651 | 11 761 | 11 964 | 11 964 | 11 964 | 12 562 | 13 190 | 13 850 |
| Chemical toilet | - | - | - | - | - | - | - | - | - |
| Pit toilet (ventilated) | 49 052 | 47 047 | 47 489 | 48 309 | 48 309 | 48 309 | 50 725 | 53 261 | 55 924 |
| Other toilet provisions (> min.service level) | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | 119 630 | 114 741 | 115 818 | 117 818 | 117 818 | 117 818 | 123 709 | 129 894 | 136 389 |
| Total number of households | 119 630 | 114 741 | 115 818 | 117 818 | 117 818 | 117 818 | 123 709 | 129 894 | 136 389 |
| Cost of Free Basic Services provided - Formal Settlements (R'000) | | | | | | | | | |
| Water (6 kilolitres per indigent household per month) | 4 455 | 4 455 | 5 006 | 5 306 | 5 306 | 5 306 | 4 886 | 5 179 | 5 490 |
| Total cost of FBS provided | 4 455 | 4 455 | 5 006 | 5 306 | 5 306 | 5 306 | 4 886 | 5 179 | 5 490 |
| Highest level of free service provided per household | | | | | | | | | |
| Property rates (R v value threshold) | - | - | - | - | - | - | - | - | - |
| Water (kilolitres per household per month) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Total revenue cost of subsidised services provided | - | - | - | - | - | - | - | - | - |

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

The district continues to make good progress with the eradication of backlogs:

Water services – The table shows an increase in the number of household accessing water in the MTREF. These households are largely found in ‘reception areas’ and will need to be moved to formal areas so that they can receive services.

Sanitation services – backlog will be reduced greatly in the MTREF. The budget provides for all Harry Gwala District Municipality households that are registered as indigent in 2015/16, and therefore entitled to receiving Free Basic Services. The municipality has embarked on a project to develop an indigent register in order to be able to comply with the national policy of Indigent Support Programme. The assignment combines the data cleansing and indigent register development and it will assist the municipality to provide free basic services to the indigent households.

It is anticipated that these Free Basic Services will cost the municipality R15.5 million in the MTREF. This is covered by the municipality's equitable share allocation from national government.

2 CONSOLIDATED SCHEDULES

DC43 Harry Gwala - Table A1 Consolidated Budget Summary

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Service charges | 39 865 | 48 905 | 55 400 | 55 902 | 55 902 | 55 902 | 55 902 | 60 553 | 64 187 | 68 038 |
| Investment revenue | 2 988 | 3 426 | 3 669 | 4 435 | 3 675 | 3 675 | 3 675 | 3 700 | 3 920 | 4 153 |
| Transfers recognised - operational | 214 123 | 305 864 | 313 168 | 302 323 | 308 503 | 308 503 | 308 503 | 288 059 | 305 896 | 329 359 |
| Other own revenue | 2 210 | 7 512 | 8 847 | 7 338 | 9 110 | 9 110 | 9 110 | 9 114 | 9 651 | 10 190 |
| Total Revenue (excluding capital transfers and contributions) | 259 185 | 365 707 | 381 085 | 369 999 | 377 191 | 377 191 | 377 191 | 361 426 | 383 654 | 411 740 |
| Employee costs | 79 228 | 106 456 | 114 138 | 122 391 | 124 391 | 124 391 | 124 391 | 137 950 | 148 607 | 160 097 |
| Remuneration of councillors | 4 622 | 5 249 | 5 688 | 7 321 | 7 321 | 7 321 | 7 321 | 7 906 | 8 539 | 9 222 |
| Depreciation & asset impairment | 28 992 | 37 166 | 40 859 | 30 300 | 30 600 | 30 600 | 30 600 | 31 874 | 33 786 | 35 812 |
| Finance charges | 3 792 | 3 514 | 3 712 | 2 278 | 1 164 | 1 164 | 1 164 | 1 951 | 1 622 | 1 256 |
| Materials and bulk purchases | 9 710 | 9 487 | 8 947 | 8 706 | 9 852 | 9 852 | 9 852 | 10 709 | 11 641 | 12 654 |
| Transfers and grants | - | - | - | - | - | - | - | - | - | - |
| Other expenditure | 218 756 | 228 500 | 251 233 | 226 586 | 266 321 | 266 321 | 266 321 | 203 551 | 201 785 | 214 110 |
| Total Expenditure | 345 099 | 390 372 | 424 578 | 397 581 | 439 649 | 439 649 | 439 649 | 393 941 | 405 979 | 433 151 |
| Surplus/(Deficit) | (85 913) | (24 665) | (43 493) | (27 583) | (62 458) | (62 458) | (62 458) | (32 515) | (22 325) | (21 410) |
| Transfers recognised - capital | 246 502 | 146 077 | 218 421 | 298 290 | 244 290 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Contributions recognised - capital & contributed assets | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 160 589 | 121 412 | 174 928 | 270 707 | 181 831 | 181 831 | 181 831 | 303 258 | 379 318 | 351 669 |
| Surplus/(Deficit) for the year | 160 589 | 121 412 | 174 928 | 270 707 | 181 831 | 181 831 | 181 831 | 303 258 | 379 318 | 351 669 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 163 035 | 188 113 | 264 342 | 306 650 | 278 348 | 278 348 | 278 348 | 350 299 | 412 141 | 383 507 |
| Transfers recognised - capital | 162 106 | 184 251 | 257 533 | 298 290 | 271 790 | 271 790 | 271 790 | 335 772 | 401 643 | 373 080 |
| Public contributions & donations | - | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 929 | 3 862 | 6 809 | 8 360 | 6 558 | 6 558 | 6 558 | 14 527 | 10 497 | 10 428 |
| Total sources of capital funds | 163 035 | 188 113 | 264 342 | 306 650 | 278 348 | 278 348 | 278 348 | 350 299 | 412 141 | 383 507 |
| Financial position | | | | | | | | | | |
| Total current assets | 93 329 | 90 805 | 43 019 | 91 002 | 138 284 | 138 284 | 138 284 | 97 088 | 114 686 | 126 086 |
| Total non current assets | 1 125 493 | 1 280 150 | 1 540 028 | 1 629 257 | 1 573 156 | 1 573 156 | 1 573 156 | 1 921 766 | 2 319 405 | 2 687 129 |
| Total current liabilities | 141 194 | 120 616 | 64 952 | 58 662 | 110 662 | 110 662 | 110 662 | 66 999 | 64 743 | 68 793 |
| Total non current liabilities | 37 069 | 41 121 | 31 936 | 31 018 | 31 018 | 31 018 | 31 018 | 32 449 | 30 883 | 29 016 |
| Community wealth/Equity | 1 040 559 | 1 209 217 | 1 486 158 | 1 630 580 | 1 569 760 | 1 569 760 | 1 569 760 | 1 919 406 | 2 338 465 | 2 715 407 |

DC43 Harry Gwala - Table A1 Consolidated Budget Summary

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousands | | | | | | | | | | |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 196 802 | 196 191 | 252 851 | 296 494 | 261 205 | 261 205 | - | 329 010 | 400 487 | 374 140 |
| Net cash from (used) investing | (163 200) | (188 304) | (244 057) | (248 610) | (276 912) | (276 912) | - | (313 188) | (367 748) | (342 272) |
| Net cash from (used) financing | (5 066) | (5 953) | (6 689) | (3 684) | (2 694) | (2 694) | - | (2 822) | (3 130) | (3 471) |
| Cash/cash equivalents at the year end | 32 076 | 34 010 | 36 115 | 80 315 | 17 715 | 17 715 | - | 32 877 | 62 485 | 90 882 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 32 076 | 29 474 | 31 426 | 58 212 | 15 376 | 15 376 | 15 376 | 35 807 | 64 517 | 93 602 |
| Application of cash and investments | 91 092 | 77 704 | 56 004 | 46 108 | 53 201 | 53 201 | 97 486 | 23 476 | 25 178 | 33 763 |
| Balance - surplus (shortfall) | (59 016) | (48 229) | (24 578) | 12 104 | (37 825) | (37 825) | (82 109) | 12 331 | 39 339 | 59 838 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 1 151 178 | 1 279 789 | 1 471 570 | 1 600 820 | 1 572 518 | 1 572 518 | 1 921 766 | 1 921 766 | 2 319 405 | 2 687 129 |
| Depreciation & asset impairment | 28 992 | 37 166 | 40 859 | 30 300 | 30 600 | 30 600 | 31 874 | 31 874 | 33 786 | 35 812 |
| Renewal of Existing Assets | 8 901 | 6 525 | 1 500 | 7 000 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |
| Repairs and Maintenance | 61 148 | 64 817 | 70 254 | 73 875 | 73 875 | 73 875 | 88 791 | 88 791 | 114 105 | 139 419 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | - | - | 5 006 | 5 306 | 5 306 | 5 306 | 4 886 | 4 886 | 5 179 | 5 490 |
| Revenue cost of free services provided | - | - | - | - | - | - | - | - | - | - |
| Households below minimum service level | | | | | | | | | | |
| Water: | 33 | 31 | 32 | 32 | 32 | 32 | 33 | 33 | 35 | 37 |
| Sanitation/sewerage: | - | - | - | - | - | - | - | - | - | - |
| Energy: | - | - | - | - | - | - | - | - | - | - |
| Refuse: | - | - | - | - | - | - | - | - | - | - |

DC43 Harry Gwala - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | |
| Revenue - Standard | | | | | | | | | |
| <i>Governance and administration</i> | 216 025 | 215 336 | 235 143 | 249 598 | 255 059 | 255 059 | 274 973 | 300 452 | 323 572 |
| Executive and council | - | - | - | - | - | - | - | - | - |
| Budget and treasury office | 215 543 | 214 871 | 235 143 | 249 598 | 255 059 | 255 059 | 274 973 | 300 452 | 323 572 |
| Corporate services | 481 | 465 | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | 9 433 | 742 | 46 856 | 81 170 | 49 512 | 49 512 | 11 032 | 11 564 | 12 222 |
| Planning and development | 9 433 | 742 | 46 856 | 81 170 | 49 512 | 49 512 | 11 032 | 11 564 | 12 222 |
| <i>Trading services</i> | 280 230 | 295 706 | 317 506 | 337 520 | 316 909 | 316 909 | 411 194 | 473 282 | 449 026 |
| Water | 40 521 | 49 182 | 52 600 | 61 230 | 56 539 | 56 539 | 60 550 | 64 183 | 68 034 |
| Waste water management | 239 709 | 246 524 | 264 906 | 276 290 | 260 370 | 260 370 | 350 644 | 409 099 | 380 992 |
| Total Revenue - Standard | 505 688 | 511 785 | 599 505 | 668 288 | 621 481 | 621 481 | 697 199 | 785 297 | 784 820 |
| Expenditure - Standard | | | | | | | | | |
| <i>Governance and administration</i> | 103 391 | 122 454 | 123 377 | 127 610 | 125 285 | 125 285 | 143 616 | 151 997 | 159 474 |
| Executive and council | 12 760 | 16 695 | 23 099 | 28 719 | 24 484 | 24 484 | 29 224 | 30 221 | 32 363 |
| Budget and treasury office | 50 633 | 58 717 | 58 717 | 53 204 | 57 122 | 57 122 | 64 031 | 68 156 | 70 015 |
| Corporate services | 39 997 | 47 042 | 41 561 | 45 686 | 43 680 | 43 680 | 50 362 | 53 620 | 57 095 |
| <i>Economic and environmental services</i> | 36 438 | 65 241 | 97 974 | 121 275 | 120 056 | 120 056 | 70 474 | 74 312 | 78 500 |
| Planning and development | 36 438 | 65 241 | 97 974 | 121 275 | 120 056 | 120 056 | 70 474 | 74 312 | 78 500 |
| <i>Trading services</i> | 205 270 | 202 678 | 203 226 | 148 697 | 194 308 | 194 308 | 179 851 | 179 670 | 195 177 |
| Water | 129 878 | 103 615 | 153 288 | 125 491 | 150 436 | 150 436 | 146 344 | 146 490 | 156 283 |
| Waste water management | 75 392 | 99 063 | 49 938 | 23 206 | 43 872 | 43 872 | 33 506 | 33 180 | 38 894 |
| Total Expenditure - Standard | 345 099 | 390 372 | 424 578 | 397 581 | 439 649 | 439 649 | 393 941 | 405 979 | 433 151 |
| Surplus/(Deficit) for the year | 160 589 | 121 412 | 174 928 | 270 707 | 181 831 | 181 831 | 303 258 | 379 318 | 351 669 |

DC43 Harry Gwala - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | |
| Revenue by Vote | | | | | | | | | |
| Vote 1 - Council | - | - | - | - | - | - | - | - | - |
| Vote 2 - Municipal Manager | - | - | - | - | - | - | - | - | - |
| Vote 3 - Budget & Treasury Office | 215 543 | 214 871 | 235 143 | 249 598 | 255 059 | 255 059 | 274 973 | 300 452 | 323 572 |
| Vote 4 - Corporate Services | 481 | 465 | - | - | - | - | - | - | - |
| Vote 5 - Social & Development Planning | 9 433 | 742 | 46 856 | 81 170 | 49 512 | 49 512 | 11 032 | 11 564 | 12 222 |
| Vote 6 - Infrastructure Services | 239 709 | 246 524 | 264 906 | 276 290 | 260 370 | 260 370 | 350 644 | 409 099 | 380 992 |
| Vote 7 - Water Services | 40 521 | 49 182 | 52 600 | 61 230 | 56 539 | 56 539 | 60 550 | 64 183 | 68 034 |
| Total Revenue by Vote | 505 688 | 511 785 | 599 505 | 668 288 | 621 481 | 621 481 | 697 199 | 785 297 | 784 820 |
| Expenditure by Vote to be appropriated | | | | | | | | | |
| Vote 1 - Council | 7 363 | 8 861 | 10 517 | 13 164 | 12 024 | 12 024 | 12 382 | 13 274 | 14 232 |
| Vote 2 - Municipal Manager | 5 398 | 7 834 | 12 582 | 15 555 | 12 460 | 12 460 | 16 841 | 16 947 | 18 131 |
| Vote 3 - Budget & Treasury Office | 50 633 | 58 717 | 58 717 | 53 204 | 57 122 | 57 122 | 64 031 | 68 156 | 70 015 |
| Vote 4 - Corporate Services | 39 997 | 47 042 | 41 561 | 45 686 | 43 680 | 43 680 | 50 362 | 53 620 | 57 095 |
| Vote 5 - Social & Development Planning | 36 438 | 65 241 | 97 974 | 121 275 | 120 056 | 120 056 | 70 474 | 74 312 | 78 500 |
| Vote 6 - Infrastructure Services | 75 392 | 99 063 | 49 938 | 23 206 | 43 872 | 43 872 | 34 982 | 28 967 | 30 924 |
| Vote 7 - Water Services | 129 878 | 103 615 | 153 288 | 125 491 | 150 436 | 150 436 | 144 869 | 150 704 | 164 253 |
| Total Expenditure by Vote | 345 099 | 390 372 | 424 578 | 397 581 | 439 649 | 439 649 | 393 941 | 405 979 | 433 151 |
| Surplus/(Deficit) for the year | 160 589 | 121 412 | 174 928 | 270 707 | 181 831 | 181 831 | 303 258 | 379 318 | 351 669 |

DC43 Harry Gwala - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue By Source | | | | | | | | | | |
| Service charges - water revenue | 27 833 | 35 855 | 39 032 | 38 409 | 38 409 | 38 409 | 38 409 | 40 714 | 43 157 | 45 746 |
| Service charges - sanitation revenue | 12 033 | 13 050 | 15 529 | 16 461 | 16 461 | 16 461 | 16 461 | 17 449 | 18 496 | 19 605 |
| Service charges - refuse revenue | - | - | - | - | - | - | - | - | - | - |
| Service charges - other | - | - | 839 | 1 032 | 1 032 | 1 032 | 1 032 | 2 391 | 2 534 | 2 686 |
| Interest earned - external investments | 2 988 | 3 426 | 3 669 | 4 435 | 3 675 | 3 675 | 3 675 | 3 700 | 3 920 | 4 153 |
| Interest earned - outstanding debtors | - | 5 638 | 7 446 | 6 360 | 8 000 | 8 000 | 8 000 | 8 500 | 9 000 | 9 500 |
| Transfers recognised - operational | 214 123 | 305 864 | 313 168 | 302 323 | 308 503 | 308 503 | 308 503 | 288 059 | 305 896 | 329 359 |
| Other revenue | 2 210 | 1 874 | 1 401 | 978 | 1 110 | 1 110 | 1 110 | 614 | 651 | 690 |
| Gains on disposal of PPE | | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | 259 185 | 365 707 | 381 085 | 369 999 | 377 191 | 377 191 | 377 191 | 361 426 | 383 654 | 411 740 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 79 228 | 106 456 | 114 138 | 122 391 | 124 391 | 124 391 | 124 391 | 137 950 | 148 607 | 160 097 |
| Remuneration of councillors | 4 622 | 5 249 | 5 688 | 7 321 | 7 321 | 7 321 | 7 321 | 7 906 | 8 539 | 9 222 |
| Debt impairment | 15 023 | 23 206 | 11 989 | 24 692 | 24 692 | 24 692 | 24 692 | 26 044 | 27 600 | 29 249 |
| Depreciation & asset impairment | 28 992 | 37 166 | 40 859 | 30 300 | 30 600 | 30 600 | 30 600 | 31 874 | 33 786 | 35 812 |
| Finance charges | 3 792 | 3 514 | 3 712 | 2 278 | 1 164 | 1 164 | 1 164 | 1 951 | 1 622 | 1 256 |
| Bulk purchases | 9 710 | 9 487 | 8 947 | 8 706 | 9 852 | 9 852 | 9 852 | 10 709 | 11 641 | 12 654 |
| Contracted services | 18 825 | 26 872 | 55 335 | 32 015 | 53 356 | 53 356 | 53 356 | 44 923 | 46 016 | 50 272 |
| Other expenditure | 184 770 | 178 422 | 170 704 | 169 879 | 188 274 | 188 274 | 188 274 | 132 584 | 128 169 | 134 588 |
| Loss on disposal of PPE | 138 | - | 13 205 | | | | | | | |
| Total Expenditure | 345 099 | 390 372 | 424 578 | 397 581 | 439 649 | 439 649 | 439 649 | 393 941 | 405 979 | 433 151 |
| Surplus/(Deficit) | (85 913) | (24 665) | (43 493) | (27 583) | (62 458) | (62 458) | (62 458) | (32 515) | (22 325) | (21 410) |
| Transfers recognised - capital | 246 502 | 146 077 | 218 421 | 298 290 | 244 290 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Contributed assets | | | | | | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | 160 589 | 121 412 | 174 928 | 270 707 | 181 831 | 181 831 | 181 831 | 303 258 | 379 318 | 351 669 |
| Surplus/(Deficit) after taxation | 160 589 | 121 412 | 174 928 | 270 707 | 181 831 | 181 831 | 181 831 | 303 258 | 379 318 | 351 669 |
| Surplus/(Deficit) attributable to municipality | 160 589 | 121 412 | 174 928 | 270 707 | 181 831 | 181 831 | 181 831 | 303 258 | 379 318 | 351 669 |
| Surplus/(Deficit) for the year | 160 589 | 121 412 | 174 928 | 270 707 | 181 831 | 181 831 | 181 831 | 303 258 | 379 318 | 351 669 |

DC43 Harry Gwala - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| Capital expenditure - Vote | | | | | | | | | | |
| Multi-year expenditure to be appropriated | | | | | | | | | | |
| Vote 1 - Council | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Municipal Manager | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Budget & Treasury Office | 72 | 141 | - | - | - | - | - | - | - | - |
| Vote 4 - Corporate Services | 1 567 | 9 262 | 2 104 | 2 650 | 1 643 | 1 643 | 1 643 | 4 624 | 2 776 | 2 937 |
| Vote 5 - Social & Development Planning | 3 200 | 957 | 1 300 | 28 910 | 28 510 | 28 510 | 28 510 | 3 362 | 3 588 | 3 109 |
| Vote 6 - Infrastructure Services | 157 501 | 177 753 | 257 533 | 270 790 | 244 290 | 244 290 | 244 290 | 337 272 | 403 233 | 374 765 |
| Vote 7 - Water Services | 695 | - | 3 905 | 4 300 | 3 605 | 3 605 | 3 605 | 5 042 | 2 544 | 2 697 |
| Capital multi-year expenditure sub-total | 163 035 | 188 113 | 264 842 | 306 650 | 278 048 | 278 048 | 278 048 | 350 299 | 412 141 | 383 507 |
| Total Capital Expenditure - Vote | 163 035 | 188 113 | 264 842 | 306 650 | 278 048 | 278 048 | 278 048 | 350 299 | 412 141 | 383 507 |
| Capital Expenditure - Standard | | | | | | | | | | |
| Governance and administration | 1 640 | 9 404 | 2 104 | 2 650 | 1 643 | 1 643 | 1 643 | 4 624 | 2 776 | 2 937 |
| Executive and council | - | - | - | - | - | - | - | - | - | - |
| Budget and treasury office | 72 | 141 | - | - | - | - | - | - | - | - |
| Corporate services | 1 567 | 9 262 | 2 104 | 2 650 | 1 643 | 1 643 | 1 643 | 4 624 | 2 776 | 2 937 |
| Economic and environmental services | 3 200 | 957 | 800 | 28 910 | 28 510 | 28 510 | 28 510 | 3 362 | 3 588 | 3 109 |
| Planning and development | 3 200 | 957 | 800 | 28 910 | 28 510 | 28 510 | 28 510 | 3 362 | 3 588 | 3 109 |
| Trading services | 158 196 | 177 753 | 261 438 | 275 090 | 248 195 | 248 195 | 248 195 | 342 314 | 405 777 | 377 462 |
| Water | 695 | - | 3 905 | 4 300 | 3 605 | 3 605 | 3 605 | 5 042 | 2 544 | 2 697 |
| Waste water management | 157 501 | 177 753 | 257 533 | 270 790 | 244 590 | 244 590 | 244 590 | 337 272 | 403 233 | 374 765 |
| Total Capital Expenditure - Standard | 163 035 | 188 113 | 264 342 | 306 650 | 278 348 | 278 348 | 278 348 | 350 299 | 412 141 | 383 507 |
| Funded by: | | | | | | | | | | |
| National Government | 139 304 | 169 194 | 257 533 | 270 790 | 244 290 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Provincial Government | 22 802 | 15 057 | | 27 500 | 27 500 | 27 500 | 27 500 | | | |
| Transfers recognised - capital | 162 106 | 184 251 | 257 533 | 298 290 | 271 790 | 271 790 | 271 790 | 335 772 | 401 643 | 373 080 |
| Internally generated funds | 929 | 3 862 | 6 809 | 8 360 | 6 558 | 6 558 | 6 558 | 14 527 | 10 497 | 10 428 |
| Total Capital Funding | 163 035 | 188 113 | 264 342 | 306 650 | 278 348 | 278 348 | 278 348 | 350 299 | 412 141 | 383 507 |

DC43 Harry Gwala - Table A6 Consolidated Budgeted Financial Position

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| ASSETS | | | | | | | | | | |
| Current assets | | | | | | | | | | |
| Cash | 32 076 | 29 474 | 31 426 | 53 799 | 10 963 | 10 963 | 10 963 | 32 877 | 62 485 | 90 882 |
| Call investment deposits | – | – | – | 4 413 | 4 413 | 4 413 | 4 413 | 2 931 | 2 032 | 2 720 |
| Consumer debtors | 5 738 | 6 923 | 307 | 16 091 | 106 208 | 106 208 | 106 208 | 48 078 | 36 160 | 17 628 |
| Other debtors | 40 453 | 48 344 | 10 968 | 12 104 | 12 104 | 12 104 | 12 104 | 12 818 | 13 586 | 14 399 |
| Current portion of long-term receivables | 14 797 | 5 794 | – | 4 246 | 4 246 | 4 246 | 4 246 | – | – | – |
| Inventory | 265 | 269 | 318 | 349 | 349 | 349 | 349 | 384 | 423 | 458 |
| Total current assets | 93 329 | 90 805 | 43 019 | 91 002 | 138 284 | 138 284 | 138 284 | 97 088 | 114 686 | 126 086 |
| Non current assets | | | | | | | | | | |
| Property, plant and equipment | 1 124 701 | 1 279 317 | 1 538 643 | 1 627 913 | 1 571 812 | 1 571 812 | 1 571 812 | 1 917 794 | 2 315 311 | 2 683 206 |
| Intangible | 792 | 833 | 1 384 | 1 344 | 1 344 | 1 344 | 1 344 | 3 972 | 4 093 | 3 923 |
| Other non-current assets | – | – | – | – | – | – | – | – | – | – |
| Total non current assets | 1 125 493 | 1 280 150 | 1 540 028 | 1 629 257 | 1 573 156 | 1 573 156 | 1 573 156 | 1 921 766 | 2 319 405 | 2 687 129 |
| TOTAL ASSETS | 1 218 822 | 1 370 954 | 1 583 046 | 1 720 259 | 1 711 439 | 1 711 439 | 1 711 439 | 2 018 854 | 2 434 091 | 2 813 216 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities | | | | | | | | | | |
| Borrowing | 5 015 | 3 415 | 3 266 | 3 592 | 3 592 | 3 592 | 3 592 | 3 330 | 3 697 | 4 102 |
| Consumer deposits | 1 010 | 1 114 | 1 265 | 1 415 | 1 415 | 1 415 | 1 415 | 1 593 | 1 794 | 2 019 |
| Trade and other payables | 127 788 | 108 169 | 53 128 | 45 486 | 97 486 | 97 486 | 97 486 | 57 770 | 54 879 | 58 224 |
| Provisions | 7 380 | 7 918 | 7 293 | 8 169 | 8 169 | 8 169 | 8 169 | 4 305 | 4 374 | 4 447 |
| Total current liabilities | 141 194 | 120 616 | 64 952 | 58 662 | 110 662 | 110 662 | 110 662 | 66 999 | 64 743 | 68 793 |
| Non current liabilities | | | | | | | | | | |
| Borrowing | 27 700 | 27 193 | 18 683 | 16 683 | 16 683 | 16 683 | 16 683 | 12 353 | 8 657 | 4 555 |
| Provisions | 9 369 | 13 928 | 13 253 | 14 334 | 14 334 | 14 334 | 14 334 | 20 096 | 22 227 | 24 461 |
| Total non current liabilities | 37 069 | 41 121 | 31 936 | 31 018 | 31 018 | 31 018 | 31 018 | 32 449 | 30 883 | 29 016 |
| TOTAL LIABILITIES | 178 263 | 161 737 | 96 888 | 89 680 | 141 680 | 141 680 | 141 680 | 99 448 | 95 626 | 97 809 |
| NET ASSETS | 1 040 559 | 1 209 217 | 1 486 158 | 1 630 580 | 1 569 760 | 1 569 760 | 1 569 760 | 1 919 406 | 2 338 465 | 2 715 407 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | 1 040 559 | 1 209 217 | 1 486 158 | 1 630 580 | 1 569 760 | 1 569 760 | 1 569 760 | 1 919 406 | 2 338 465 | 2 715 407 |
| TOTAL COMMUNITY WEALTH/EQUITY | 1 040 559 | 1 209 217 | 1 486 158 | 1 630 580 | 1 569 760 | 1 569 760 | 1 569 760 | 1 919 406 | 2 338 465 | 2 715 407 |

DC43 Harry Gwala - Table A7 Consolidated Budgeted Cash Flows

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Property rates, penalties & collection charges | - | - | - | - | - | - | - | - | - |
| Service charges | 31 216 | 23 602 | 25 175 | 30 746 | 30 746 | 30 746 | 32 408 | 33 292 | 35 290 |
| Other revenue | 2 210 | 7 497 | - | 10 | 1 465 | 1 465 | 310 | 328 | 348 |
| Government - operating | 230 154 | 287 901 | 296 037 | 302 323 | 308 503 | 308 503 | 288 059 | 305 896 | 329 359 |
| Government - capital | 208 653 | 200 816 | 239 956 | 298 290 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Interest | 3 001 | 3 426 | 3 669 | 7 714 | 8 594 | 8 594 | 3 700 | 3 920 | 4 153 |
| Payments | | | | | | | | | |
| Suppliers and employees | (274 639) | (323 536) | (308 275) | (340 356) | (331 254) | (331 254) | (329 288) | (342 972) | (366 833) |
| Finance charges | (3 792) | (3 514) | (3 712) | (2 233) | (1 139) | (1 139) | (1 951) | (1 622) | (1 256) |
| Transfers and Grants | | | | | | | - | - | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 196 802 | 196 191 | 252 851 | 296 494 | 261 205 | 261 205 | 329 010 | 400 487 | 374 140 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Decrease (increase) other non-current receivables | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | |
| Capital assets | (163 200) | (188 304) | (244 057) | (248 610) | (276 912) | (276 912) | (313 188) | (367 748) | (342 272) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (163 200) | (188 304) | (244 057) | (248 610) | (276 912) | (276 912) | (313 188) | (367 748) | (342 272) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Short term loans | (1 784) | - | - | | | | - | - | - |
| Increase (decrease) in consumer deposits | - | - | - | 151 | 151 | 151 | 178 | 200 | 226 |
| Payments | | | | | | | | | |
| Repayment of borrowing | (3 282) | (5 953) | (6 689) | (3 835) | (2 845) | (2 845) | (3 000) | (3 330) | (3 697) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (5 066) | (5 953) | (6 689) | (3 684) | (2 694) | (2 694) | (2 822) | (3 130) | (3 471) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 28 537 | 1 934 | 2 105 | 44 200 | (18 401) | (18 401) | 13 000 | 29 608 | 28 397 |
| Cash/cash equivalents at the year begin: | 3 539 | 32 076 | 34 010 | 36 115 | 36 115 | 36 115 | 19 877 | 32 877 | 62 485 |
| Cash/cash equivalents at the year end: | 32 076 | 34 010 | 36 115 | 80 315 | 17 715 | 17 715 | 32 877 | 62 485 | 90 882 |

DC43 Harry Gwala - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash and investments available | | | | | | | | | | |
| Cash/cash equivalents at the year end | 32 076 | 34 010 | 36 115 | 80 315 | 17 715 | 17 715 | – | 32 877 | 62 485 | 90 882 |
| Other current investments > 90 days | (0) | (4 536) | (4 689) | (22 103) | (2 338) | (2 338) | 15 376 | 2 931 | 2 032 | 2 720 |
| Non current assets - Investments | – | – | – | – | – | – | – | – | – | – |
| Cash and investments available: | 32 076 | 29 474 | 31 426 | 58 212 | 15 376 | 15 376 | 15 376 | 35 807 | 64 517 | 93 602 |
| Application of cash and investments | | | | | | | | | | |
| Unspent conditional transfers | 41 681 | 19 772 | 15 865 | 12 692 | 12 692 | 12 692 | 12 692 | 3 234 | 2 524 | 2 350 |
| Statutory requirements | | | | | | | | (9 500) | (11 300) | (14 620) |
| Other working capital requirements | 49 411 | 57 932 | 32 845 | 19 082 | 26 175 | 26 175 | 84 794 | 25 938 | 29 704 | 41 284 |
| Other provisions | | | 7 293 | 14 334 | 14 334 | 14 334 | | 3 804 | 4 250 | 4 749 |
| Long term investments committed | – | – | – | – | – | – | – | – | – | – |
| Reserves to be backed by cash/investments | – | – | – | – | – | – | – | – | – | – |
| Total Application of cash and investments: | 91 092 | 77 704 | 56 004 | 46 108 | 53 201 | 53 201 | 97 486 | 23 476 | 25 178 | 33 763 |
| Surplus(shortfall) | (59 016) | (48 229) | (24 578) | 12 104 | (37 825) | (37 825) | (82 109) | 12 331 | 39 339 | 59 838 |

DC43 Harry Gwala - Table A9 Consolidated Asset Management

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | |
| Total New Assets | 154 134 | 181 588 | 263 342 | 299 650 | 271 048 | 271 048 | 345 299 | 407 141 | 363 507 |
| <i>Infrastructure - Road transport</i> | - | - | - | - | - | - | 500 | 530 | 562 |
| <i>Infrastructure - Electricity</i> | - | 4 971 | - | - | - | - | 8 000 | - | - |
| <i>Infrastructure - Water</i> | 114 180 | 106 173 | 227 178 | 239 400 | 234 798 | 234 798 | 291 352 | 336 298 | 299 910 |
| <i>Infrastructure - Sanitation</i> | 20 078 | 61 638 | 22 103 | 28 500 | 28 500 | 28 500 | 33 666 | 62 598 | 55 424 |
| <i>Infrastructure - Other</i> | - | - | - | - | - | - | - | - | - |
| Infrastructure | 134 258 | 172 783 | 249 281 | 267 900 | 263 298 | 263 298 | 333 517 | 399 426 | 355 896 |
| Community | 8 704 | - | - | 24 000 | - | - | - | - | - |
| Other assets | 10 416 | 8 605 | 10 877 | 6 650 | 6 650 | 6 650 | 10 533 | 6 710 | 6 548 |
| Intangibles | 756 | 200 | 3 184 | 1 100 | 1 100 | 1 100 | 1 250 | 1 005 | 1 063 |
| Total Renewal of Existing Assets | 8 901 | 6 525 | 1 500 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |
| <i>Infrastructure - Water</i> | 1 136 | 6 525 | 1 500 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |
| <i>Infrastructure - Sanitation</i> | 7 765 | - | - | - | - | - | - | - | - |
| Infrastructure | 8 901 | 6 525 | 1 500 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |
| Total Capital Expenditure | | | | | | | | | |
| <i>Infrastructure - Road transport</i> | - | - | - | - | - | - | 500 | 530 | 562 |
| <i>Infrastructure - Electricity</i> | - | 4 971 | - | - | - | - | 8 000 | - | - |
| <i>Infrastructure - Water</i> | 115 316 | 112 699 | 228 678 | 246 400 | 241 798 | 241 798 | 296 352 | 341 298 | 319 910 |
| <i>Infrastructure - Sanitation</i> | 27 844 | 61 638 | 22 103 | 28 500 | 28 500 | 28 500 | 33 666 | 62 598 | 55 424 |
| Infrastructure | 143 160 | 179 308 | 250 781 | 274 900 | 270 298 | 270 298 | 338 517 | 404 426 | 375 896 |
| Community | 8 704 | - | - | 24 000 | - | - | - | - | - |
| Other assets | 10 416 | 8 605 | 10 877 | 6 650 | 6 650 | 6 650 | 10 533 | 6 710 | 6 548 |
| Intangibles | 756 | 200 | 3 184 | 1 100 | 1 100 | 1 100 | 1 250 | 1 005 | 1 063 |
| TOTAL CAPITAL EXPENDITURE - Asset class | 163 035 | 188 113 | 264 842 | 306 650 | 278 048 | 278 048 | 350 299 | 412 141 | 383 507 |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | |
| <i>Infrastructure - Electricity</i> | 5 660 | 6 295 | 6 037 | 6 272 | 6 272 | 6 272 | 7 641 | 9 221 | 10 684 |
| <i>Infrastructure - Water</i> | 795 492 | 884 287 | 996 758 | 1 107 617 | 1 079 315 | 1 079 315 | 1 319 873 | 1 593 502 | 1 846 737 |
| <i>Infrastructure - Sanitation</i> | 269 097 | 299 256 | 360 265 | 374 290 | 374 290 | 374 290 | 455 986 | 550 319 | 637 631 |
| <i>Infrastructure - Other</i> | 23 741 | 26 401 | 31 966 | 33 210 | 33 210 | 33 210 | 40 459 | 48 829 | 56 576 |
| Infrastructure | 1 093 991 | 1 216 239 | 1 395 025 | 1 521 389 | 1 493 087 | 1 493 087 | 1 823 959 | 2 201 871 | 2 551 629 |
| Community | 40 667 | 45 225 | 54 757 | 56 889 | 56 889 | 56 889 | 69 306 | 83 644 | 96 915 |
| Other assets | 15 728 | 17 491 | 20 403 | 21 198 | 21 198 | 21 198 | 24 529 | 29 796 | 34 661 |
| Intangibles | 792 | 833 | 1 384 | 1 344 | 1 344 | 1 344 | 3 972 | 4 093 | 3 923 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 1 151 178 | 1 279 789 | 1 471 570 | 1 600 820 | 1 572 518 | 1 572 518 | 1 921 766 | 2 319 405 | 2 687 129 |

DC43 Harry Gwala - Table A9 Consolidated Asset Management

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | |
| Depreciation & asset impairment | 28 992 | 37 166 | 40 859 | 30 300 | 30 600 | 30 600 | 31 874 | 33 786 | 35 812 |
| Repairs and Maintenance by Asset Class | 61 148 | 64 817 | 70 254 | 73 875 | 73 875 | 73 875 | 88 791 | 114 105 | 139 419 |
| Infrastructure - Road transport | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | 36 237 | 38 412 | 40 716 | 48 590 | 48 590 | 48 590 | 58 400 | 75 050 | 91 700 |
| Infrastructure - Sanitation | 24 911 | 26 405 | 27 990 | 21 600 | 21 600 | 21 600 | 25 961 | 33 363 | 40 764 |
| Infrastructure - Other | - | - | - | - | - | - | - | - | - |
| Infrastructure | 61 148 | 64 817 | 68 706 | 70 190 | 70 190 | 70 190 | 84 362 | 108 413 | 132 464 |
| Community | - | - | - | - | - | - | - | - | - |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | 1 548 | 3 686 | 3 686 | 3 686 | 4 430 | 5 693 | 6 956 |
| TOTAL EXPENDITURE OTHER ITEMS | 90 140 | 101 983 | 111 114 | 104 175 | 104 475 | 104 475 | 120 666 | 147 891 | 175 231 |
| Renewal of Existing Assets as % of total capex | 5,5% | 3,5% | 0,6% | 2,3% | 2,5% | 2,5% | 1,4% | 1,2% | 5,2% |
| Renewal of Existing Assets as % of deprecn" | 30,7% | 17,6% | 3,7% | 23,1% | 22,9% | 22,9% | 15,7% | 14,8% | 55,8% |
| R&M as a % of PPE | 5,4% | 5,1% | 4,6% | 4,5% | 4,7% | 4,7% | 4,6% | 4,9% | 5,2% |
| Renewal and R&M as a % of PPE | 6,0% | 6,0% | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% | 6,0% |

DC43 Harry Gwala - Table A10 Consolidated basic service delivery measurement

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|----------------|----------------|----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Household service targets | | | | | | | | | |
| Water: | | | | | | | | | |
| Piped water inside dwelling | 43 367 | 41 595 | 41 985 | 44 069 | 44 069 | 44 069 | 46 273 | 48 586 | 51 016 |
| Piped water inside yard (but not in dwelling) | 19 860 | 19 048 | 19 227 | 19 323 | 19 323 | 19 323 | 20 290 | 21 304 | 22 369 |
| Using public tap (at least min.service level) | 23 633 | 22 667 | 22 880 | 22 606 | 22 606 | 22 606 | 23 736 | 24 923 | 26 169 |
| Other water supply (at least min.service level) | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | 86 861 | 83 311 | 84 093 | 85 998 | 85 998 | 85 998 | 90 298 | 94 813 | 99 554 |
| Using public tap (< min.service level) | - | - | - | - | - | - | - | - | - |
| Other water supply (< min.service level) | 32 769 | 31 430 | 31 725 | 31 819 | 31 819 | 31 819 | 33 410 | 35 081 | 36 835 |
| No water supply | - | - | - | - | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | 32 769 | 31 430 | 31 725 | 31 819 | 31 819 | 31 819 | 33 410 | 35 081 | 36 835 |
| Total number of households | 119 630 | 114 741 | 115 818 | 117 818 | 117 818 | 117 818 | 123 709 | 129 894 | 136 389 |
| Sanitation/sewerage: | | | | | | | | | |
| Flush toilet (connected to sewerage) | 58 430 | 56 042 | 56 568 | 57 545 | 57 545 | 57 545 | 60 422 | 63 443 | 66 615 |
| Flush toilet (with septic tank) | 12 148 | 11 651 | 11 761 | 11 964 | 11 964 | 11 964 | 12 562 | 13 190 | 13 850 |
| Chemical toilet | - | - | - | - | - | - | - | - | - |
| Pit toilet (ventilated) | 49 052 | 47 047 | 47 489 | 48 309 | 48 309 | 48 309 | 50 725 | 53 261 | 55 924 |
| Other toilet provisions (> min.service level) | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | 119 630 | 114 741 | 115 818 | 117 818 | 117 818 | 117 818 | 123 709 | 129 894 | 136 389 |
| Total number of households | 119 630 | 114 741 | 115 818 | 117 818 | 117 818 | 117 818 | 123 709 | 129 894 | 136 389 |
| Cost of Free Basic Services provided - Formal Settlements (R'000) | | | | | | | | | |
| Water (6 kilolitres per indigent household per month) | - | - | 5 006 | 5 306 | 5 306 | 5 306 | 4 886 | 5 179 | 5 490 |
| Total cost of FBS provided | - | - | 5 006 | 5 306 | 5 306 | 5 306 | 4 886 | 5 179 | 5 490 |
| Highest level of free service provided per household | | | | | | | | | |
| Water (kilolitres per household per month) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Total revenue cost of subsidised services provided | - | - | - | - | - | - | - | - | - |

Part 2 – Supporting Documentation

3.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

1. that the process followed to compile the budget complies with legislation and good budget practices;
2. that there is proper alignment between the policy and service delivery priorities set out in the district IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
3. that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
4. That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2015. Key dates applicable to the process were:

- a) **August 2015** – Joint strategic planning session of the Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2016/17 MTREF;
- b) **November 2015** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- c) **January 2016** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;

- d) **January 2016** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- e) **January 2016** - Council considers the 2015/16 Mid-year Review and Adjustments Budget;
- f) **February 2016** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2016/17 MTREF is revised accordingly;
- g) **31 MARCH 2016** - Tabling in Council of the draft 2016/17 IDP and 2016/17 MTREF for public consultation;
- h) **11 April to 05 May 2016** – Public consultation;
- i) **10 May 2016** - Closing date for written comments;
- j) **11 to 26 May 2016** – finalization of the 2016/17 IDP and 2016/17 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- k) **27 May 2016** - Tabling of the 2016/17 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council IDP and Service Delivery and Budget Implementation Plan. This is the fifth and the last review of the IDP as adopted by Council in May 2011. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2016/17 MTREF in August.

The Harry Gwala District IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

1. Registration of community needs;
2. Compilation of departmental business plans including key performance indicators and targets;
3. Financial planning and budgeting process;
4. Public participation process;
5. Compilation of the SDBIP, and
6. The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

Financial Modeling and Key Planning Drivers

Part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure the affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

1. District growth
2. Policy priorities and strategic objectives
3. Asset maintenance
4. Economic climate and trends (i.e. inflation, household debt, migration patterns)
5. Performance trends
6. The approved 2015/16 adjustments budget and performance against the SDBIP
7. Cash Flow Management Strategy
8. Debtor payment levels
9. Loan and investment possibilities
10. The need for tariff increases versus the ability of the community to pay for services;
11. Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

Community Consultation

The draft 2016/17 MTREF as tabled before Council on 30 March 2016 for community consultation was published on the municipality's website, and hard copies were made available at satellite offices, municipal notice boards and various libraries. In addition E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business. The opportunity to give electronic feedback was also communicated on the Harry Gwala district municipality's website, and the district call centre was engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 05 to 23 April 2016, and included nine public briefing sessions. The applicable dates and venues were published in all the local newspapers and local municipalities a notice board on average attendance of 300 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and izimbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2016/17 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- a) Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The district is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- b) Several complaints were received regarding poor service delivery, especially poor condition of water (drinking water) and the state of road infrastructure;
- c) Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- d) The affordability of tariff increases was raised on numerous occasions. This concern was also raised by organised business as an obstacle to economic growth;

- e) Pensioners cannot afford the tariff increases due to low annual pension increases; and
- f) During the community consultation process large sections of the community made it clear that they are not in favor of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

3.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the district, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the district strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the district's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- a) Green Paper on National Strategic Planning of 2009;
- b) Government Programme of Action;
- c) Development Facilitation Act of 1995;
- d) Provincial Growth and Development Strategy (GGDS);
- e) National and Provincial spatial development perspectives;
- f) Relevant sector plans such as transportation, legislation and policy;
- g) National Key Performance Indicators (NKPIs);
- h) Accelerated and Shared Growth Initiative (ASGISA);
- i) National 2014 Vision;
- j) National Spatial Development Perspective (NSDP) and
- k) The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 26 IDP Strategic Objectives

| 2015/16 Financial Year | 2016/17 MTREF |
|--|--|
| 1. The provision of quality basic services and infrastructure | 1. Provision of quality basic services and infrastructure |
| 2. Acceleration of higher and shared economic growth and development | 2. Economic growth and development that leads to sustainable job creation |
| 3. Fighting of poverty, building clean, healthy, safe and sustainable communities | 3.1 Fight poverty and build clean, healthy, safe and sustainable communities |
| | 3.2 Integrated Social Services for empowered and sustainable communities |
| 4. Fostering participatory democracy and adherence to Harry Gwala district principles through a caring, accessible and accountable service | 4. Foster participatory democracy and Harry Gwala district principles through a caring, accessible and accountable service |
| 5. Good governance, Financial viability and institutional governance | 5.1 Promote sound governance |
| | 5.2 Ensure financial sustainability |
| | 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives |

In order to ensure integrated and focused service delivery between all spheres of government it was important for the district to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:

- a) Provide water;
- b) Provide sanitation;
- c) Provide housing;
- d) Provide district planning services; and
- e) Maintaining the infrastructure of the district.

Economic growth and development that leads to sustainable job creation by:

- a) Ensuring there is a clear structural plan for the district;
- b) Ensuring planning processes function in accordance with set timeframes;
- c) Facilitating the use of labor intensive approaches in the delivery of services and the building of infrastructure.

Fight poverty and build clean, healthy, safe and sustainable communities:

- a) Effective implementation of the Indigent Policy;
- b) Ensuring all waste water treatment works are operating optimally;
- c) Working with strategic partners such as SAPS to address crime;
- d) Ensuring safe working environments by effective enforcement of building and health regulations;
- e) Promote viable, sustainable communities through proper zoning; and
- f) Promote environmental sustainability by protecting wetlands and key open spaces.

Integrated Social Services for empowered and sustainable communities

Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme

Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- a) Optimising effective community participation in the ward committee system; and
- b) Implementing Batho Pele in the revenue management strategy.

Promote sound governance through:

- a) Publishing the outcomes of all tender processes on the municipal website

Ensure financial sustainability through:

- b) Reviewing the use of contracted services

- c) Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- d) Optimal institutional transformation to ensure capacity to achieve set objectives
- e) Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the district. The five-year programme responds to the development challenges and opportunities faced by the district by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the district undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the district so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the district IDP, associated sectoral plans and strategies, and the allocation of resources of the district and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

1. Developing dormant areas;
2. Enforcing hard development lines – so as to direct private investment;
3. Maintaining existing urban areas;
4. Strengthening key economic clusters;
5. Building social cohesion;
6. Strong developmental initiatives in relation to the municipal institution as a whole; and
7. Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- a) Strengthening the analysis and strategic planning processes of the District;
- b) Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- c) Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and

- d) Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 27 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

DC43 Harry Gwala - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

| Strategic Objective | Goal | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Good Governance | To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place | 2 592 | 2 790 | - | 3 068 | 3 018 | - | - | - | - |
| Financial Viability and Sustainability | Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents. | 209 205 | 225 229 | 252 538 | 247 664 | 243 629 | 246 398 | 295 239 | 332 894 | 332 449 |
| Muni Trans & Instt Dev | Meet Basic Service & address Backlogs | 943 | 1 016 | - | 1 117 | 1 099 | - | - | - | - |
| Muni Trans & Instt Dev | Efficient Fleet Management Service | - | - | - | - | - | - | - | - | - |
| Socio Economic Development | To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place | 2 457 | 2 645 | 46 855 | 2 909 | 2 861 | 732 | 877 | 989 | 987 |
| Infrastructure & Services | Infrastructure Services | 264 571 | 252 199 | 247 512 | 382 846 | 340 769 | 323 111 | 339 686 | 382 186 | 382 247 |
| Water Services | Meet Basic Service & address Backlogs | 25 920 | 27 905 | 52 600 | 30 685 | 30 105 | 51 241 | 61 398 | 69 229 | 69 136 |
| Total Revenue (excluding capital transfers and contributions) | | 505 688 | 511 785 | 599 505 | 668 288 | 621 481 | 621 481 | 697 199 | 785 297 | 784 820 |

Table 28 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

DC43 Harry Gwala - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

| Strategic Objective | Goal | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Good Governance | Promote the Support of Activities of Sport & Recreation, Youth Development, Elderly, Women & Physically - Challenged | 19 061 | 14 008 | 14 700 | 19 475 | 13 505 | 15 121 | 14 390 | 15 307 | 16 229 |
| Good Governance | Ensure Accessibility & Promote Governance | 24 305 | 15 600 | 18 250 | 24 834 | 15 040 | 18 772 | 17 865 | 19 003 | 20 148 |
| Good Governance | To Create an Efficient & Accountable Administration | 19 843 | 11 300 | 16 340 | 20 275 | 10 895 | 16 808 | 15 996 | 17 014 | 18 040 |
| Financial Viability and Sustainability | Strategic & Sustainability Budgeting, Revenue Enhancement & Value for Money Spending | 33 227 | 58 717 | 58 787 | 33 951 | 56 611 | 60 469 | 57 548 | 61 213 | 64 901 |
| Muni Trans & Instt Dev | HR Dev. (Including Healthy & Productive Employees) & Organisational dev. | 14 618 | 15 770 | 13 261 | 14 936 | 15 204 | 13 641 | 12 982 | 13 808 | 14 640 |
| Muni Trans & Instt Dev | Effective & Efficient Admin & IT Support Service Provision | 31 877 | 23 426 | 22 428 | 32 570 | 22 586 | 23 070 | 21 955 | 23 354 | 24 761 |
| Muni Trans & Instt Dev | Efficient Fleet Management Service | 7 785 | 7 845 | 5 872 | 7 954 | 7 564 | 6 040 | 5 748 | 6 114 | 6 483 |
| Socio Economic Development | To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place | 35 343 | 34 221 | 62 656 | 36 112 | 32 994 | 17 538 | 16 691 | 17 754 | 18 823 |
| Socio Economic Development | To create the disaster management unit that seeks to prevent, mitigate, preparedness, response, recovery and rehabilitation to disasters | 1 456 | 1 070 | 1 372 | 1 488 | 1 032 | 1 411 | 1 343 | 1 429 | 1 515 |
| Socio Economic Development | Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents. | 8 565 | 7 953 | 7 756 | 8 751 | 7 668 | 7 978 | 7 593 | 8 076 | 8 563 |
| Infrastructure & Services | Infrastructure Services | 38 135 | 105 708 | 49 938 | 38 965 | 101 917 | 51 367 | 48 886 | 51 999 | 55 132 |
| Water Services | Meet Basic Service & address Backlogs | 110 883 | 94 754 | 153 218 | 158 269 | 154 634 | 207 435 | 172 944 | 170 907 | 183 915 |
| Total Expenditure | | 345 099 | 390 372 | 424 578 | 397 581 | 439 649 | 439 649 | 393 941 | 405 979 | 433 151 |

Table 29 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

DC43 Harry Gwala - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

| Strategic Objective | Goal | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Financial Viability and Sustainability | Strategic & Sustainability Budgeting, Revenue Enhancement & Value for Money Spending | 72 | 141 | - | 124 | 188 | - | - | - | - |
| Muni Trans & Instit Dev | HR Dev. (Including Healthy & Productive Employees) & Organisational dev. | - | - | - | - | - | - | - | - | - |
| Muni Trans & Instit Dev | Effective & Efficient Admin & IT Support Service Provision | 1 567 | 9 262 | 2 104 | 2 677 | 12 321 | 1 992 | 2 834 | 3 262 | 3 034 |
| Muni Trans & Instit Dev | Efficient Fleet Management Service | - | - | - | - | - | - | - | - | - |
| Socio Economic Development | To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place | 3 200 | 957 | 1 300 | 5 467 | 1 272 | 757 | 1 078 | 1 240 | 1 154 |
| Infrastructure & Services | Infrastructure Services | 157 501 | 177 753 | 257 533 | 297 195 | 264 266 | 271 602 | 341 128 | 401 583 | 373 687 |
| Water Services | Meet Basic Service & address Backlogs | 695 | - | 3 905 | 1 187 | - | 3 697 | 5 260 | 6 055 | 5 632 |
| Total Capital Expenditure | | 163 035 | 188 113 | 264 842 | 306 650 | 278 048 | 278 048 | 350 299 | 412 141 | 383 507 |

3.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the district has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee’s performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

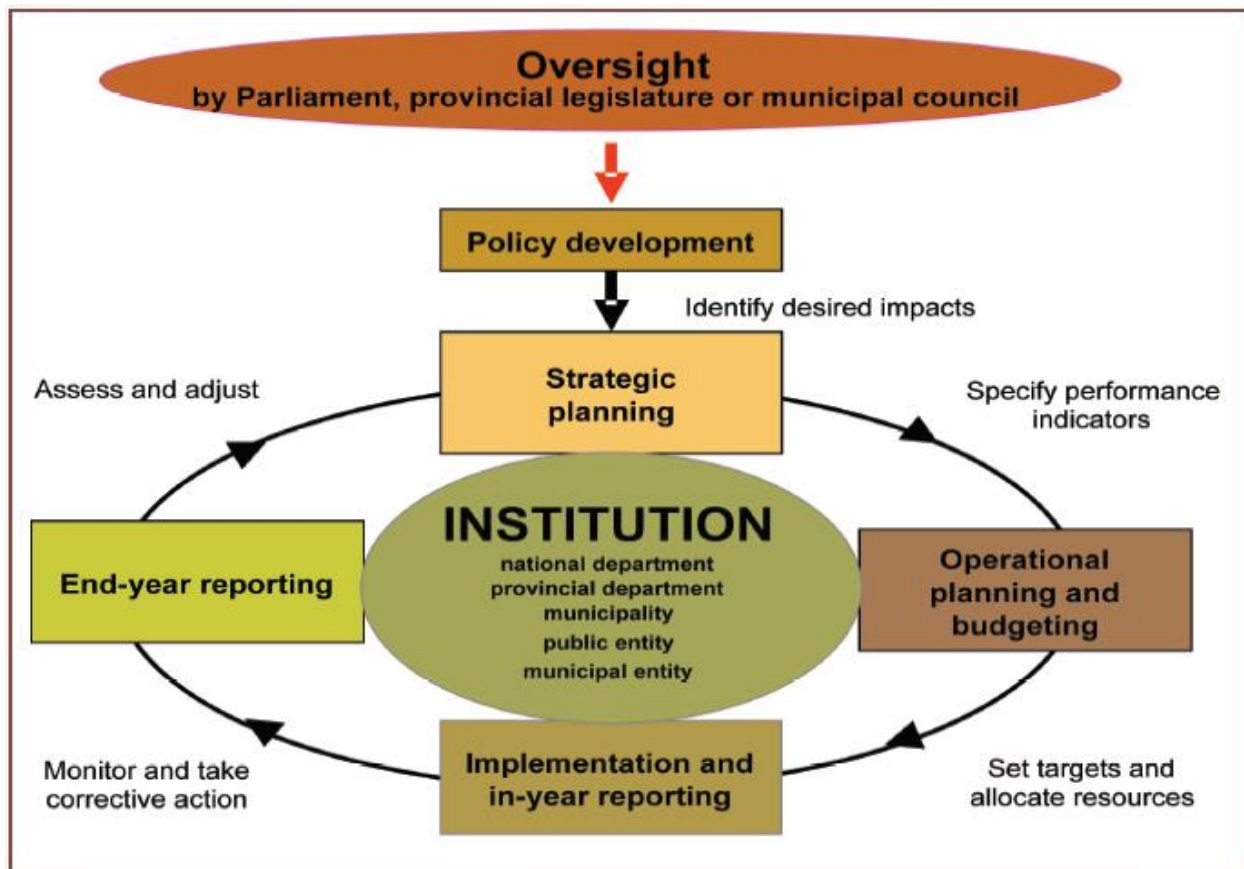


Figure 4 Planning, budgeting and reporting cycle

The performance of the district relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The district therefore has adopted one integrated performance management system which encompasses:

1. Planning (setting goals, objectives, targets and benchmarks);
2. Monitoring (regular monitoring and checking on the progress against plan);
3. Measurement (indicators of success);
4. Review (identifying areas requiring change and improvement);
5. Reporting (what information, to whom, from whom, how often and for what purpose); and
6. Improvement (making changes where necessary).

The performance information concepts used by the district in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

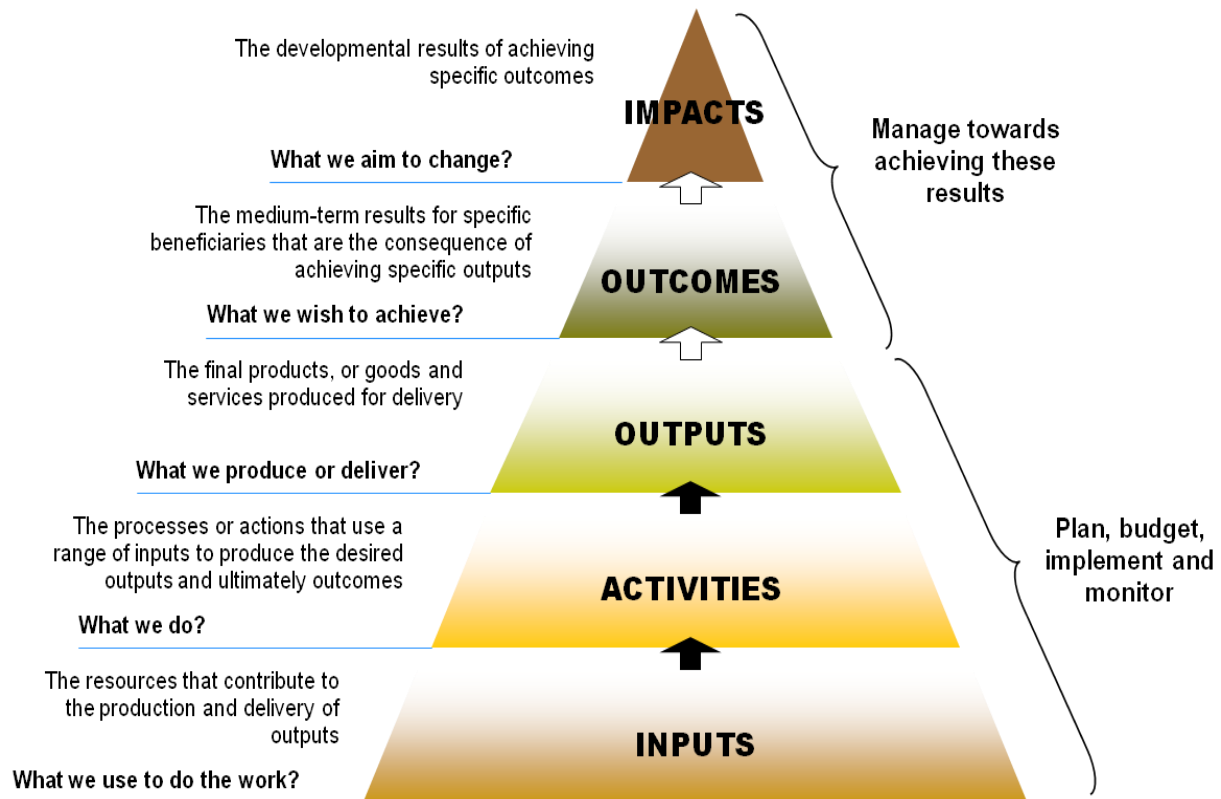


Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 30 MBRR Table SA7 - Measurable performance objectives

| DC43 Harry Gwala - Supporting Table SA7 Measurable performance objectives | | | | | | | | | | |
|---|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description | Unit of measurement | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Vote1 - Executive & Council | | | | | | | | | | |
| Function 1 - Operations Department | | | | | | | | | | |
| Sub-function 1 - Youth Development | | | | | | | | | | |
| To render youth development projects | Number of programmes | 23% | 20,0% | 16,0% | 16,0% | 14,0% | 14,0% | 14,0% | 14,0% | 14,0% |
| Sub-function 2 - Sports and Recreation | | | | | | | | | | |
| To promote sports initiatives and activities | Number of games & events held | 4,0% | 6,0% | 6,0% | 6,0% | 6,0% | 6,0% | 6,0% | 6,0% | 6,0% |
| Sub-function 3 - Communication and Public Relations | | | | | | | | | | |
| To render integrated communication services | Information Dissemination | 10,0% | 12,0% | 12,0% | 12,0% | 12,0% | 12,0% | 12,0% | 12,0% | 12,0% |
| Sub-function 4 - Special Programmes | | | | | | | | | | |
| Programs for the Elderly, Disabled, HIV&Aids and Cultural Activities | Number of Programmes implemented | 10,0% | 6,0% | 6,0% | 6,0% | 6,0% | 6,0% | 6,0% | 6,0% | 6,0% |
| Sub-function 5 - IDP/PMS | | | | | | | | | | |
| Compilation of Annual Report, SDBIP, Annual Performance Contracts and Rewarding Performance | Number of Reports | 9,0% | 9,0% | 9,0% | 9,0% | 9,0% | 9,0% | 9,0% | 9,0% | 9,0% |
| Sub-function 6 - Intergovernmental Relations | | | | | | | | | | |
| To hold the meetings as part of the intergovernmental relations within the district | Number of meeting Held | 10,0% | 4,0% | 4,0% | 9,0% | 9,0% | 9,0% | 4,0% | 4,0% | 4,0% |
| Vote2 - Finance | | | | | | | | | | |
| Function 1 - Budget & Treasury Office | | | | | | | | | | |
| Sub-function 1 - Budgeting & Reporting | | | | | | | | | | |
| Financial Viability & Management | Number of Reports Produced | 15,0% | 15,0% | 15,0% | 15,0% | 15,0% | 15,0% | 15,0% | 15,0% | 15,0% |
| Vote3 - Corporate Services | | | | | | | | | | |
| Function 1 - Corporate Services | | | | | | | | | | |
| Sub-function 2 - Human Resource Services | | | | | | | | | | |
| To provide Human Resource Management Services | Number of plans, Strategies, Policies developed Staff Capacity Building | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% |
| Vote4 - Economic & Community Services | | | | | | | | | | |
| Function 1 - Development & Planning | | | | | | | | | | |
| Sub-function 1 - Planning & GIS | | | | | | | | | | |
| To provide Development Planning Services | Number of Precinct Plans Developed | 0,0% | 2,0% | 4,0% | 3,0% | 3,0% | 3,0% | 3,0% | 3,0% | 3,0% |
| Sub-function 2 - Environmental Health | | | | | | | | | | |
| The municipality shall therefore ensure that, its residents have access to an environment that is not harmful to their health and well being. (Section 24 of the constitution), and it shall ensure the promotion of social and economic upliftment (object of the municipal systems act) of its residents. | % Enforcements undertaken | 45,0% | 80,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| | Surveillance of Business Premises | 0,0% | 0,0% | 240,0% | 240,0% | 240,0% | 240,0% | 240,0% | 240,0% | 240,0% |
| | Percentage of samples taken of functional water schemes | 65,0% | 68,0% | 70,0% | 70,0% | 70,0% | 70,0% | 70,0% | 70,0% | 70,0% |

| DC43 Harry Gwala - Supporting Table SA7 Measureable performance objectives | | | | | | | | | | |
|---|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---|------------------------|------------------------|
| Description | Unit of measurement | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <i>Sub-function 3 - Disaster Management</i> | | | | | | | | | | |
| Turnaround time to respond to any disaster | % Enforcements undertaken | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time |
| | Construction of Disaster Management Centre | 0,0% | | | | | | | | |
| Vote5 - Infrastructure Services | | | | | | | | | | |
| Function 1 - Waste Water Infrastructure | | | | | | | | | | |
| <i>Sub-function 1 - Water</i> | | | | | | | | | | |
| Reduction in water backlogs | Total number of HH with access to water | 5304,00 | 5894,00 | 6435,00 | 6893,00 | 6755,00 | 6755,00 | 6800,00 | 6950,00 | |
| | Bulk Water & Sewer Infrastructure | | | | | | | | | |
| | Number of household with new access to VIP sanitation | 5894,0% | 6435,0% | 6893,0% | 6755,0% | 6755,0% | 6755,0% | 1700,0% | 1829,0% | 1829,0% |
| <i>Sub-function 2 - Sanitation</i> | | | | | | | | | | |
| Reduction in sanitation backlogs | No of hh with electricity connection in the water scheme | 1844,0% | 1956,0% | 2043,0% | 1941,0% | 1941,0% | 1941,0% | 1940,0% | 1940,0% | 1940,0% |
| <i>Sub-function 3 - Electricity</i> | | | | | | | | | | |
| To provide electricity to the existing water schemes | No of KM or road provided | 90,0% | 95,0% | 100,0% | 98,0% | 98,0% | 98,0% | 98,0% | 98,0% | 98,0% |
| <i>Sub-function 4 - Roads</i> | | | | | | | | | | |
| Provision of new access roads | Frequency of building maintenance | 85,0% | 90,0% | 95,0% | 100,0% | 98,0% | 98,0% | 98,0% | 98,0% | 98,0% |
| <i>Sub-function 5 - Electricity</i> | | | | | | | | | | |
| To ensure the maintenance of municipal building to enhance safety environment | | | | | | | | | | |
| Vote6 - Water Services | | | | | | | | | | |
| Function 1 - Water | | | | | | | | | | |
| Sub-function 1 - Water & Sanitation infrastructure Planning & Design | Water Feasibility Studies, Business Plans Approved | 10,0% | 10,0% | 10,0% | 8,0% | 8,0% | 8,0% | 10,0% | 8,0% | 8,0% |
| To ensure the effective management of all water Infrastructure | Sanitation Feasibility Studies, Business Plans Approved | 4,0% | 5,0% | 4,0% | 5,0% | 5,0% | 5,0% | 4,0% | 5,0% | 5,0% |
| Sub-function 2 - Water & Sanitation Services Operations and Maintenance | % Reduction in water losses Minimum Night Flows in main supply areas | 90,0% | 95,0% | 100,0% | 98,0% | 98,0% | 98,0% | 100,0% | 98,0% | 98,0% |
| To render effective water & sanitation services | % reduction in the number of sewer overflows | 90,0% | 95,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| | % Progress made towards Blue drop and Green drop Status DWA | 50,0% | 50,0% | 50,0% | 50,0% | 50,0% | 50,0% | 50,0% | 50,0% | 50,0% |
| And so on for the rest of the Votes | | | | | | | | | | |

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF.

Table 31 MBRR Table SA8 - Performance indicators and benchmarks

DC43 Harry Gwala - Supporting Table SA8 Performance indicators and benchmarks

| Description of financial indicator | Basis of calculation | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Borrowing Management | | | | | | | | | | | |
| Credit Rating | | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 2,0% | 2,4% | 2,4% | 1,5% | 0,9% | 0,9% | 0,3% | 1,3% | 1,2% | 1,1% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 15,7% | 15,8% | 15,3% | 9,0% | 5,8% | 5,8% | 1,7% | 6,7% | 6,4% | 6,0% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure ex cl. transfers and grants and contributions | -192,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Safety of Capital | | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Liquidity | | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 0,7 | 0,8 | 0,7 | 1,6 | 1,2 | 1,2 | 1,2 | 0,9 | 1,0 | 1,1 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 0,7 | 0,8 | 0,7 | 1,6 | 1,2 | 1,2 | 1,2 | 0,9 | 1,0 | 1,1 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 0,2 | 0,2 | 0,5 | 1,0 | 0,1 | 0,1 | 0,1 | 0,3 | 0,6 | 0,9 |
| Revenue Management | | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 78,3% | 48,3% | 45,4% | 55,0% | 55,0% | 55,0% | 55,0% | 53,5% | 51,9% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | 78,3% | 48,3% | 45,4% | 55,0% | 55,0% | 55,0% | 55,0% | 53,5% | 51,9% | 51,9% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 23,5% | 16,7% | 3,0% | 8,8% | 32,5% | 32,5% | 32,5% | 16,8% | 13,0% | 7,8% |
| Creditors Management | | | | | | | | | | | |
| Creditors to Cash and Investments | | 268,4% | 259,9% | 103,2% | 40,8% | 478,7% | 478,7% | -539,8% | 309,4% | 171,5% | 113,3% |
| Other Indicators | | | | | | | | | | | |
| Electricity Distribution Losses (2) | Total Cost of Losses (Rand '000) | - | - | - | | | | | | | |
| Water Distribution Losses (2) | Total Volume Losses (kt) | | | | | | | | | | |
| | Total Cost of Losses (Rand '000) | 1794593 | 1563225 | 1448842,683 | | | | | | | |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | 40% | 41% | 38% | | | | | | | |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 30,6% | 29,1% | 30,0% | 33,1% | 33,0% | 33,0% | 33,0% | 38,2% | 38,7% | 38,9% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 32,4% | 30,5% | 31,7% | 35,1% | 34,9% | 34,9% | | 40,4% | 41,0% | 41,1% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 23,6% | 17,7% | 18,4% | 20,0% | 19,6% | 19,6% | | 24,6% | 29,7% | 33,9% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 12,6% | 11,1% | 11,7% | 8,8% | 8,4% | 8,4% | 8,4% | 9,4% | 9,2% | 9,0% |
| IDP regulation financial viability indicators | | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year | 4,8 | 5,8 | 5,9 | 5,9 | 5,9 | 5,9 | 10,3 | 10,1 | 9,9 | 10,5 |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 153,0% | 124,9% | 20,4% | 58,0% | 219,2% | 219,2% | 219,2% | 100,6% | 77,5% | 47,1% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 1,9 | 1,7 | 1,7 | 3,7 | 0,7 | 0,7 | (0,6) | 1,4 | 2,6 | 3,5 |

PERFORMANCE INDICATORS AND BENCHMARKS

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Harry Gwala's borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 1.0 per cent to 0.5 per cent in 2015/16, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.

No projects are funded from Borrowing in the MTREF

In summary, various financial risks could have a negative impact on the future borrowing District of the municipality. In particular, the continued ability of the district to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2015/16 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

Liquidity (reference SA8)

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the District has set a limit of 1.5, hence at no point in time should this ratio be less than 1. For the 2016/17 MTREF the current ratio is 0.8 in the 2017/18 financial year and 1.1, 1.4 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 0.6 and it has been increased to 1 in the 2017/18 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the District. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

Creditors Management

The district has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality will seek to ensure an improvement a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the district, which is expected to benefit the district in the form of more competitive pricing of tenders, as suppliers compete for the district business.

Other Indicators

The water distribution losses have been increased from 32 per cent in 2012/13 to 40 per cent in 2013/14. This has been achieved with the introduction of a water leakage report and action centre. The intention is to further rollout additional depots within the District to further leverage from the efficiency that the centre offers. It is planned to reduce distribution losses from 40 per cent in 2013/14 to at least 30 per cent by 2014/15.

Employee costs as a percentage of operating revenue continues to increase from 36 per cent in 2016/17 and 36 per cent for the outer year. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of Harry Gala's strategy to ensure the management of its asset base.

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the District.

For the 2016/17 financial year all households in the district have been budgeted for the 6 free kilo litres. Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

Providing clean water and managing waste water

Harry Gwala district is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Only in the Ubuhlebezwe local municipal area is a districts bulk water needs provided by Umngeni water and Ugu District municipality while the remaining supplier is generated from the district own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The following is briefly the main challenges facing the district:

1. The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
2. Shortage of skilled personnel makes proper operations and maintenance difficult;
3. Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
4. There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

1. Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
2. The filling of vacancies has commenced and there is training that embark on an in-house, especially for operational personnel and plumbers;
3. The District Division is to install dedicated power supply lines to the plants; and
4. The Division is working in consultation with the Department of Water Affairs to address catchment management.

3.4 OVERVIEW OF BUDGET RELATED-POLICIES

The district budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

Review of credit control and debt collection procedures/policies

As the most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 80 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the district's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the district revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the district continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in May 2016. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the district system of delegations. The Budget and Virement Policy was approved by Council after having been amended accordingly.

Cash Management and Investment Policy

The aim of the policy is to ensure that the district surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and a cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

Tariff Policies

The district tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy have directly informed the compilation of the 2016/17 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

1. Approved 2015/16 Adjustments Budget;
2. Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
3. Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
4. Loan and investment possibilities;
5. Performance trends;
6. Tariff Increases;
7. The ability of the community to pay for services (affordability);

8. Policy priorities;
9. Improved and sustainable service delivery; and
10. Debtor payment levels.

All the above policies are available on the district website, as well as the following budget related policies:

- a) Funding and Reserves Policy;
- b) Borrowing Policy;
- c) Budget Policy; and
- d) Basic Social Services Package (Indigent Policy).
- e) Appointment of Consultants
- f) Loss Control Policy

The proposed amendments to the budget policies have been included as Annexure C.

3.5 OVERVIEW OF BUDGET ASSUMPTIONS

External factors

The economy is still recovering from the recession it has had in the past 2 years. Owing to the economic slowdown and the high unemployment levels, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the district's finances.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

1. National Government macro-economic targets;
2. The general inflationary outlook and the impact on district's residents and businesses;
3. The impact of municipal cost drivers;
4. The increase in the price of bulk water; and other input costs like District and fuel,
5. The increase in the cost of remuneration. Employee related costs comprise 35 per cent of total operating expenditure in the 2016/17 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.
6. Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (70 per cent) of annual billings. Cash flow is assumed to be 70 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the district, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

Salary increases

The collective agreement regarding salaries/wages came into operation on the 01 July 2015 and shall remain in force until 30 June 2018. Year three is an average CPI and 1 per cent.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

1. Creating jobs;
2. Enhancing education and skill development;
3. Improving Health services;
4. Rural development and agriculture; and
5. Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

3.6 OVERVIEW OF BUDGET FUNDING

Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 32 Breakdown of the operating revenue over the medium-term

DC43 Harry Gwala - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | Current year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|--|----------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| | Adjusted Budget | % | Budget Year 2016/17 | % | Budget Year +1 2017/18 | % | Budget Year +2 2018/19 | % |
| Revenue By Source | | | | | | | | |
| Service charges - water revenue | 38 329 | 12% | 40 714 | 12% | 43 157 | 12% | 45 746 | 11% |
| Service charges - sanitation revenue | 16 461 | 5% | 17 449 | 5% | 18 496 | 5% | 19 605 | 5% |
| Service charges - other | 1 032 | 0% | 2 391 | 1% | 2 534 | 1% | 2 686 | 1% |
| Interest earned - external investments | 3 375 | 1% | 3 500 | 1% | 3 710 | 1% | 3 933 | 1% |
| Interest earned - outstanding debtors | 8 000 | 2% | 8 500 | 2% | 9 000 | 2% | 9 500 | 2% |
| Transfers recognised - operational | 260 403 | 79% | 277 632 | 79% | 294 948 | 79% | 317 863 | 79% |
| Other revenue | 1 098 | 0% | 609 | 0% | 646 | 0% | 685 | 0% |
| Gains on disposal of PPE | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | 328 699 | 100% | 350 794 | 100% | 372 490 | 100% | 400 018 | 100% |
| Total Operating Expenditure | 387 050 | | 368 353 | | 391 813 | | 415 420 | |
| Surplus / (Deficit) | (58 351) | | (17 559) | | (19 323) | | (15 402) | |

The following graph is a breakdown of the operational revenue per main category for the 2015/16 financial year.

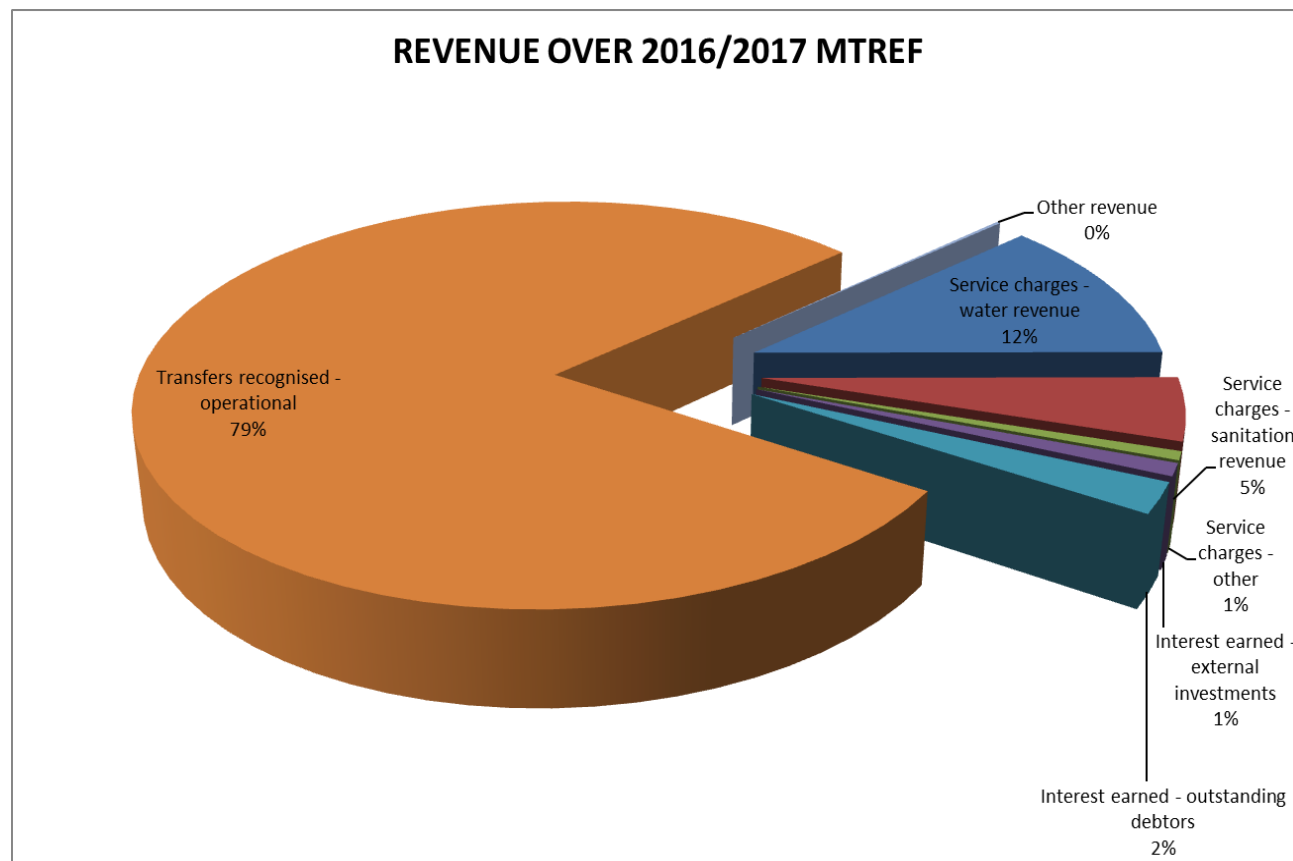


Figure 6 Breakdown of operating revenue over the 2016/17 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The district derives most of its operational revenue from the provision of goods and services such as water and sanitation.

The revenue strategy is a function of key components such as:

1. Growth in the District and economic development;
2. Revenue management and enhancement;
3. Achievement of a 70 per cent annual collection rate for consumer revenue;
4. National Treasury guidelines;
5. District tariff increases within the National District Regulator of South Africa (NERSA) approval;
6. Achievement of full cost recovery of specific user charges;
7. Determining tariff escalation rate by establishing/calculating revenue requirements;
8. And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are reflected in the table below. The table reflects additional revenue derived from a 1% tariff increase in Water & Sanitation service charges.

Table 33 Proposed tariff increases over the medium-term

| DC43 Harry Gwala - Supporting Table SA14 Household bills | | | | | | |
|--|---------------------------|---------------------------|---------------------------|--|--|--|
| Description | 2016/2017 | 2017/2018 | 2018/2018 | 2016/2017 | 2017/2018 | 2018/2018 |
| | Proposed Tariffs Increase | Proposed Tariffs Increase | Proposed Tariffs Increase | Additional Revenue for 1% tariffs increase | Additional Revenue for 1% tariffs increase | Additional Revenue for 1% tariffs increase |
| Service Charges-Water | 0,06 | 0,06 | 0,06 | R 384 093 | R 407 138 | R 431 566 |
| Service Charges -Sanitation | 0,06 | 0,06 | 0,06 | R 164 611 | R 174 488 | R 184 957 |
| TOTAL | | | | R 548 704 | R 581 626 | R 616 524 |

It can be seen from table 3 above that each 1% increase in tariff charges contributes R548 704 to the revenue budget and this contribution increases to R616 524 in 2018/19.

Investment revenue contributes marginally to the revenue base of the District with a budget allocation of R3.5 million, R3. 7 million and R3. 9 million for the respective three financial years of the 2016/17 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 34 MBRR SA15 – Detail Investment Information

The Harry Gwala District Municipality does not have investments which are greater than 90 days.

Table 35 MBRR SA16 – Investment particulars by maturity

As noted above, the Municipality does not have investments which are greater than 90 days.

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted deficit of R31 million, R22million and R21 million in each of the financial years. Non-cash items resulting in deficit that is confined within the total and do not affect cash backing of the budget.

Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Table 36 Sources of capital revenue over the MTREF

DC43 Harry Gwala - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|--------------------------------|----------------------|-----|---|-----|------------------------|-----|------------------------|-----|
| | Adjusted Budget | % | Budget Year 2016/17 | % | Budget Year +1 2017/18 | % | Budget Year +2 2018/19 | % |
| Funded by: | | | | | | | | |
| Transfers recognised - capital | 244,290 | 98% | 335,772 | 96% | 401,643 | 98% | 373,080 | 98% |
| Internally generated funds | 5,948 | 2% | 12,282 | 4% | 8,245 | 2% | 8,173 | 2% |
| Total Capital Funding | 250,238 | | 348,054 | | 409,888 | | 381,252 | |

The above table is graphically represented as follows for the 2016/17 financial year.

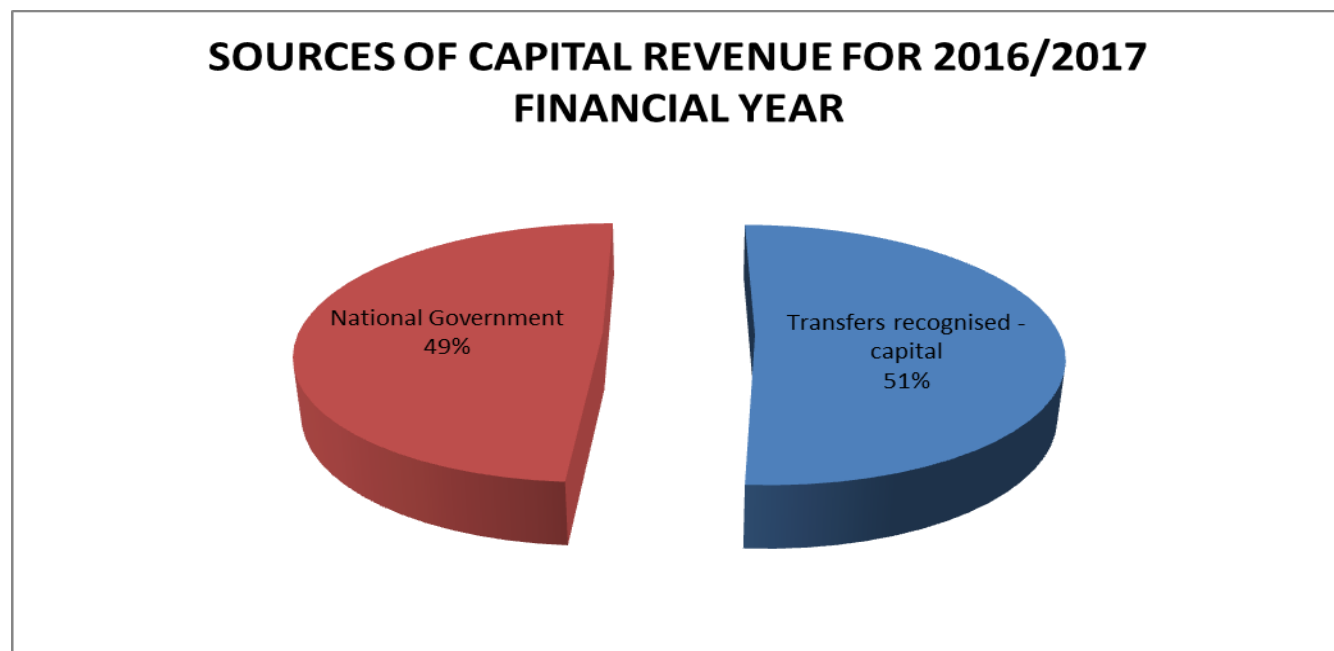


Figure 7 Sources of capital revenue for the 2016/17 financial year

Capital grants and receipts equates to 100 per cent of the total funding source which represents R343 million for the 2016/17 financial year and steadily increase to R401 million and decrease to R373million for 2018/19. Growth relating to an average receipts of 25 per cent over the medium-term.

The following table is a detailed analysis of the District's borrowing liability.

Table 37 MBRR Table SA 17 - Detail of borrowings

DC43 Harry Gwala - Supporting Table SA17 Borrowing

| Borrowing - Categorised by type R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Parent municipality | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | - | - | - | - | - | - | | | |
| Long-Term Loans (non-annuity) | 27 685 | 27 193 | 18 683 | 16 683 | 16 683 | 16 683 | 14 283 | 11 744 | 9 058 |
| Municipality sub-total | 27 685 | 27 193 | 18 683 | 16 683 | 16 683 | 16 683 | 14 283 | 11 744 | 9 058 |
| Total Borrowing | 27 685 | 27 193 | 18 683 | 16 683 | 16 683 | 16 683 | 14 283 | 11 744 | 9 058 |

The following graph illustrates the declining in outstanding borrowing for the 2012/13 to 2018/19 period.

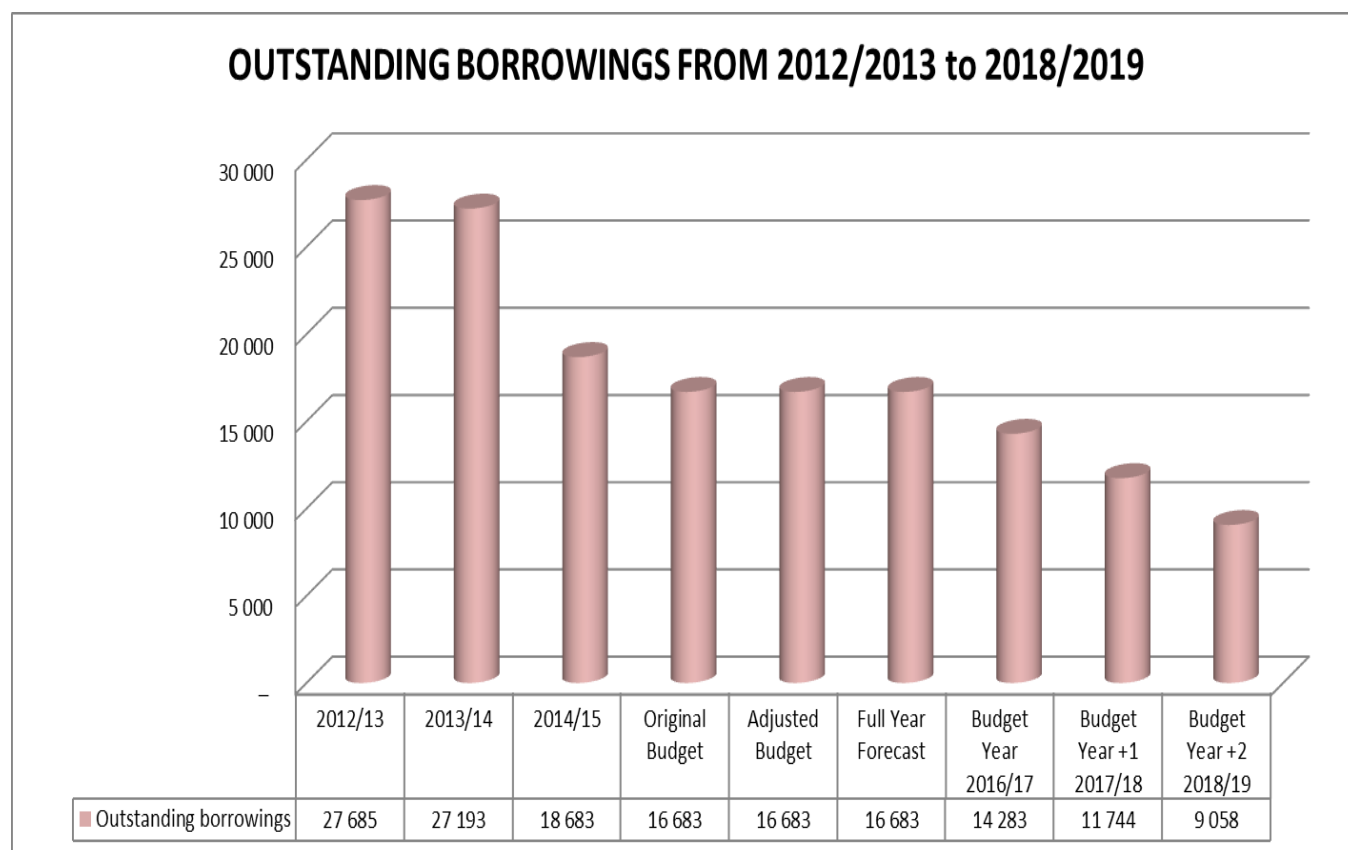


Figure 8 Growth in outstanding borrowing (long-term liabilities)

Table 38 MBRR Table SA 18 - Capital transfers and grant receipts

DC43 Harry Gwala - Supporting Table SA18 Transfers and grant receipts

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital Transfers and Grants | | | | | | | | | |
| National Government: | 170 707 | 232 486 | 252 033 | 270 790 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Municipal Infrastructure Grant (MIG) | 165 717 | 173 618 | 168 304 | 189 324 | 183 324 | 183 324 | 186 290 | 203 643 | 215 962 |
| Regional Bulk Infrastructure | 396 | 37 429 | 58 200 | 30 000 | 14 000 | 14 000 | 60 000 | 100 000 | 38 718 |
| Energy Efficiency And Demand Side Management Grant | - | 5 000 | - | - | - | - | - | - | - |
| Municipal Water Infrastructure Grant | - | 13 700 | 22 800 | 43 500 | 43 500 | 43 500 | 86 118 | 98 000 | 118 400 |
| EPWP Grant | 4 594 | 2 739 | 2 729 | 3 466 | 3 466 | 3 466 | 3 364 | - | - |
| Rural Household Infrastructure Grant | - | - | - | 4 500 | - | - | - | - | - |
| Provincial Government: | 26 073 | 3 617 | - | 24 000 | 24 000 | 24 000 | - | - | - |
| Ubhlebezwe Grant | - | 3 000 | - | - | - | - | - | - | - |
| COGTA - Umzimkhulu Grant | - | 617 | - | - | - | - | - | - | - |
| Sihleza Maize Production Project (COGTA) | - | - | - | - | - | - | - | - | - |
| Massification (COGTA) | 20 800 | - | - | - | - | - | - | - | - |
| Fresh Produce Market Grant CoGTA | 3 200 | - | - | - | - | - | - | - | - |
| CoGTA - Ubhlebezwe Grant | 1 453 | - | - | - | - | - | - | - | - |
| ACIP - DWA | 620 | - | - | - | - | - | - | - | - |
| Department of Agriculture - Maize Mill Establishment | - | - | - | 24 000 | 24 000 | 24 000 | - | - | - |
| Total Capital Transfers and Grants | 196 780 | 236 103 | 252 033 | 294 790 | 268 290 | 268 290 | 335 772 | 401 643 | 373 080 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 415 061 | 456 710 | 515 857 | 597 113 | 581 193 | 581 193 | 623 831 | 707 539 | 702 439 |

Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

1. Clear separation of receipts and payments within each cash flow category;
2. Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
3. Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 39 MBRR Table A7 - Budget cash flow statement

DC43 Harry Gwala - Table A7 Consolidated Budgeted Cash Flows

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Property rates, penalties & collection charges | - | - | - | - | - | - | - | - | - |
| Service charges | 31 216 | 23 602 | 25 175 | 30 746 | 30 746 | 30 746 | 32 408 | 33 292 | 35 290 |
| Other revenue | 2 210 | 7 497 | - | 10 | 1 465 | 1 465 | 310 | 328 | 348 |
| Government - operating | 230 154 | 287 901 | 296 037 | 302 323 | 308 503 | 308 503 | 288 059 | 305 896 | 329 359 |
| Government - capital | 208 653 | 200 816 | 239 956 | 298 290 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Interest | 3 001 | 3 426 | 3 669 | 7 714 | 8 594 | 8 594 | 3 700 | 3 920 | 4 153 |
| Payments | | | | | | | | | |
| Suppliers and employees | (274 639) | (323 536) | (308 275) | (340 356) | (331 254) | (331 254) | (329 288) | (342 972) | (366 833) |
| Finance charges | (3 792) | (3 514) | (3 712) | (2 233) | (1 139) | (1 139) | (1 951) | (1 622) | (1 256) |
| Transfers and Grants | | | | | | | - | - | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 196 802 | 196 191 | 252 851 | 296 494 | 261 205 | 261 205 | 329 010 | 400 487 | 374 140 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Decrease (increase) other non-current receivables | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | |
| Capital assets | (163 200) | (188 304) | (244 057) | (248 610) | (276 912) | (276 912) | (313 188) | (367 748) | (342 272) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (163 200) | (188 304) | (244 057) | (248 610) | (276 912) | (276 912) | (313 188) | (367 748) | (342 272) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Short term loans | (1 784) | - | - | | | | - | - | - |
| Increase (decrease) in consumer deposits | - | - | - | 151 | 151 | 151 | 178 | 200 | 226 |
| Payments | | | | | | | | | |
| Repayment of borrowing | (3 282) | (5 953) | (6 689) | (3 835) | (2 845) | (2 845) | (3 000) | (3 330) | (3 697) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (5 066) | (5 953) | (6 689) | (3 684) | (2 694) | (2 694) | (2 822) | (3 130) | (3 471) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 28 537 | 1 934 | 2 105 | 44 200 | (18 401) | (18 401) | 13 000 | 29 608 | 28 397 |
| Cash/cash equivalents at the year begin: | 3 539 | 32 076 | 34 010 | 36 115 | 36 115 | 36 115 | 19 877 | 32 877 | 62 485 |
| Cash/cash equivalents at the year end: | 32 076 | 34 010 | 36 115 | 80 315 | 17 715 | 17 715 | 32 877 | 62 485 | 90 882 |

The above table shows that the consolidated cash and cash equivalents were largely increasing between the 2012/13 and 2015/16 financial year moving from an opening cash balance of R3, 5m to R36 million and decrease in 2016/17 then after continue improving from 2017/18 MTREF. With the 2015/16 adjustments budget various cost efficiencies and savings had to be realised to ensure the District could meet its operational expenditure commitments. In addition, the District undertook an extensive debt collection process but it was not that successful. These interventions have translated into a deficit for the District and it is projected that cash and cash equivalents on hand showed a surplus of R12million by the financial year end. For the 2016/17 MTREF the budget has been prepared to continue ensuring high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R32 million by 2016/17 and steadily increasing to R90 million by 2018/19.

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected).

It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 40 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

DC43 Harry Gwala - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash and investments available | | | | | | | | | | |
| Cash/cash equivalents at the year end | 32 076 | 34 010 | 36 115 | 80 315 | 17 715 | 17 715 | - | 32 877 | 62 485 | 90 882 |
| Other current investments > 90 days | (0) | (4 536) | (4 689) | (22 103) | (2 338) | (2 338) | 15 376 | 2 931 | 2 032 | 2 720 |
| Non current assets - Investments | - | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | 32 076 | 29 474 | 31 426 | 58 212 | 15 376 | 15 376 | 15 376 | 35 807 | 64 517 | 93 602 |
| Application of cash and investments | | | | | | | | | | |
| Unspent conditional transfers | 41 681 | 19 772 | 15 865 | 12 692 | 12 692 | 12 692 | 12 692 | 3 234 | 2 524 | 2 350 |
| Statutory requirements | - | - | - | - | - | - | - | (9 500) | (11 300) | (14 620) |
| Other working capital requirements | 49 411 | 57 932 | 32 845 | 19 082 | 26 175 | 26 175 | 84 794 | 25 938 | 29 704 | 41 284 |
| Other provisions | - | - | 7 293 | 14 334 | 14 334 | 14 334 | - | 3 804 | 4 250 | 4 749 |
| Long term investments committed | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | - | - | - | - | - | - | - | - | - | - |
| Total Application of cash and investments: | 91 092 | 77 704 | 56 004 | 46 108 | 53 201 | 53 201 | 97 486 | 23 476 | 25 178 | 33 763 |
| Surplus(shortfall) | (59 016) | (48 229) | (24 578) | 12 104 | (37 825) | (37 825) | (82 109) | 12 331 | 39 339 | 59 838 |

From the above table it can be seen that the cash and investments available total R32. 8million in the 2016/17 financial year and progressively increase to R90 million by 2018/19, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.

There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the District to meet its creditor obligations.

The 2016/17 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the District will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

Figure 9 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 41 MBRR SA10 – Funding compliance measurement

DC43 Harry Gwala Supporting Table SA10 Funding measurement

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Funding measures | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 32 076 | 34 010 | 36 115 | 80 315 | 17 715 | 17 715 | - | 32 877 | 62 485 | 90 882 |
| Cash + investments at the yr end less applications - R'000 | (59 016) | (48 229) | (24 578) | 12 104 | (37 825) | (37 825) | (82 109) | 12 331 | 39 339 | 59 838 |
| Cash year end/monthly employee/supplier payments | 1,9 | 1,7 | 1,7 | 3,7 | 0,7 | 0,7 | - | 1,4 | 2,6 | 3,5 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 160 589 | 121 412 | 174 928 | 270 707 | 181 831 | 181 831 | 181 831 | 303 258 | 379 318 | 351 669 |
| Service charge rev % change - macro CPIX target exclusive | N.A. | 16,7% | 7,3% | (5,1%) | (6,0%) | (6,0%) | (6,0%) | 2,3% | (0,0%) | 0,0% |
| Cash receipts % of Ratepayer & Other revenue | 79,4% | 55,1% | 39,2% | 48,6% | 49,5% | 49,5% | 0,0% | 47,0% | 45,5% | 45,6% |
| Debt impairment expense as a % of total billable revenue | 37,7% | 47,5% | 21,6% | 44,2% | 44,2% | 44,2% | 44,2% | 43,0% | 43,0% | 43,0% |
| Capital payments % of capital expenditure | 100,1% | 100,1% | 92,2% | 81,1% | 99,6% | 99,6% | 0,0% | 89,4% | 89,2% | 89,2% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Grants % of Govt. legislated/gazetted allocations | | | | | | | | | | |
| Current consumer debtors % change - incr(decr) | N.A. | 0,1% | (81,5%) | 187,7% | 277,8% | 0,0% | 0,0% | (50,3%) | (18,3%) | (35,6%) |
| Long term receivables % change - incr(decr) | N.A. | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| R&M % of Property Plant & Equipment | 5,4% | 5,1% | 4,6% | 4,5% | 4,7% | 4,7% | 5,6% | 4,6% | 4,9% | 5,2% |
| Asset renewal % of capital budget | 5,5% | 3,5% | 0,6% | 2,3% | 2,5% | 2,5% | 0,0% | 1,4% | 1,2% | 5,2% |

Cash/cash equivalent position

The District's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 MTREF show R32, 8 million, R62, 4 million and R90, 8million for each respective financial year.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the District to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection. Notably, the ratio has been falling significantly for the period 2012/13 to 2015/16, moving from 0.2 to 2.5, this ratio improved from 4.0 to 5.4 in the 2018/19 MTREF.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2016/17 MTREF the indicative outcome is a deficit of R31 million, R22 million and R21 million mainly due of increase in debt impairment as a conservative approach to estimating the collection levels and the other major reason contributing to the deficit is a depreciation and asset impairment budget of R 57m in 2016/2017 and increasing to R65m in 2018/2019.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 0 per cent for the respective financial year of the 2016/17 MTREF. Considering tariff increase in relation to revenue generated from rates and services charges is 6 per cent. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 60.2 for the each

of the respective financial years. Given that the assumed collection rate was based on a 70 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 32.9 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The District has budgeted for all transfers.

Consumer debtors change (Current and Non-current)

The purpose of this measure is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the District's policy of settling debtor's accounts within 30 days.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the District's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b.

3.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 42 MBRR SA19 - Expenditure on transfers and grant programmes

DC43 Harry Gwala - Supporting Table SA19 Expenditure on transfers and grant programme

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | |
| EXPENDITURE: | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | 217 200 | 220 310 | 263 074 | 248 723 | 259 223 | 259 223 | 277 232 | 294 548 | 317 363 |
| Local Government Equitable Share | 203 556 | 216 056 | 230 622 | 241 033 | 241 033 | 241 033 | 260 069 | 284 205 | 308 451 |
| Finance Management | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 000 |
| Municipal Systems Improvement | 1 000 | 890 | 934 | 940 | 940 | 940 | 1 041 | 1 637 | - |
| Municipal Infrastructure Grant (PMU) | - | - | 18 724 | 3 460 | 9 460 | 9 460 | 4 777 | 5 222 | 5 537 |
| Water Services Operating Subsidy | 9 618 | - | - | - | - | - | - | - | - |
| Rural Transport Services and Infrastructure Grant | 1 776 | 1 814 | 2 044 | 2 040 | 2 040 | 2 040 | 2 095 | 2 234 | 2 375 |
| Water Services Operating Subsidy | - | 300 | - | - | - | - | - | - | - |
| Rural Household Infrastructure Grant | - | - | 4 500 | - | 4 500 | 4 500 | - | - | - |
| Energy Efficiency and Demand Management Grant | - | - | 5 000 | - | - | - | 8 000 | - | - |
| Provincial Government: | 881 | 297 | 250 | 53 600 | 53 600 | 53 600 | 10 827 | 11 348 | 11 996 |
| Infrastructure Sport Facilities | - | 253 | - | - | - | - | - | - | - |
| Development Planning Shared Services | - | - | 250 | - | - | - | - | - | - |
| LG Seta | 381 | 44 | - | - | - | - | - | - | - |
| Community Development Project | 100 | - | - | - | - | - | - | - | - |
| District Growth Development Summit | 400 | - | - | - | - | - | - | - | - |
| Accredited Councillors Training | - | - | - | 1 100 | 1 100 | 1 100 | 400 | 400 | 500 |
| Tourism route | - | - | - | - | - | - | - | - | - |
| DHET (GRANT) | - | - | - | 44 000 | 44 000 | 44 000 | 10 427 | 10 948 | 11 496 |
| EDTA | - | - | - | 3 600 | 3 600 | 3 600 | - | - | - |
| DBSA GRANT | - | - | - | 500 | 500 | 500 | - | - | - |
| | | | | 4 400 | 4 400 | 4 400 | | | |
| Total operating expenditure of Transfers and Grants: | 218 081 | 220 607 | 263 324 | 302 323 | 312 823 | 312 823 | 288 059 | 305 896 | 329 359 |
| Capital expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | 170 707 | 232 486 | 267 611 | 270 790 | 244 290 | 244 290 | 335 772 | 401 643 | 373 080 |
| Municipal Infrastructure Grant (MIG) | 165 717 | 173 618 | 183 882 | 189 324 | 183 324 | 183 324 | 186 290 | 203 643 | 215 962 |
| Regional Bulk Infrastructure | 396 | 37 429 | 58 200 | 30 000 | 14 000 | 14 000 | 60 000 | 100 000 | 38 718 |
| Neighbourhood Development Partnership | - | - | - | - | - | - | - | - | - |
| Energy Efficiency And Demand Side Management Grant | - | 5 000 | - | - | - | - | - | - | - |
| Municipal Water Infrastructure Grant | - | 13 700 | 22 800 | 43 500 | 43 500 | 43 500 | 86 118 | 98 000 | 118 400 |
| EPWP Grant | 4 594 | 2 739 | 2 729 | 3 466 | 3 466 | 3 466 | 3 364 | - | - |
| Rural Household Infrastructure Grant | - | - | - | 4 500 | - | - | - | - | - |
| Provincial Government: | 26 073 | 3 617 | - | - | - | - | - | - | - |
| Disaster Management Grant | - | 3 000 | - | - | - | - | - | - | - |
| Ubuhlebezwe Grant | - | 617 | - | - | - | - | - | - | - |
| SIHLEZA Maize Production Project (COGTA) | 20 800 | - | - | - | - | - | - | - | - |
| Massification (COGTA) | 3 200 | - | - | - | - | - | - | - | - |
| Fresh Produce Market Grant CoGTA | 1 453 | - | - | - | - | - | - | - | - |
| CoGTA - Ubuhlebezwe Grant | 620 | - | - | - | - | - | - | - | - |
| Other grant providers: | - | - | - | 24 000 | 24 000 | 24 000 | - | - | - |
| <i>[insert description]</i> | | | | 24 000 | 24 000 | 24 000 | | | |
| Total capital expenditure of Transfers and Grants | 199 980 | 236 103 | 267 611 | 294 790 | 268 290 | 268 290 | 335 772 | 401 643 | 373 080 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | 418 061 | 456 710 | 530 935 | 597 113 | 581 113 | 581 113 | 623 831 | 707 539 | 702 439 |

Table 43 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

DC43 Harry Gwala - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | |
| Operating transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | 213 042 | 305 567 | 312 418 | 301 223 | 307 403 | 307 403 | 287 659 | 305 496 | 328 859 |
| Conditions met - transferred to revenue | 213 042 | 305 567 | 312 418 | 301 223 | 307 403 | 307 403 | 287 659 | 305 496 | 328 859 |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | 1 081 | 297 | 750 | 1 100 | 1 100 | 1 100 | 400 | 400 | 500 |
| Conditions met - transferred to revenue | 1 081 | 297 | 750 | 1 100 | 1 100 | 1 100 | 400 | 400 | 500 |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Total operating transfers and grants revenue | 214 123 | 305 864 | 313 168 | 302 323 | 308 503 | 308 503 | 288 059 | 305 896 | 329 359 |
| Total operating transfers and grants - CTBM | - | - | - | - | - | - | - | - | - |
| Capital transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | 136 033 | 180 634 | 257 533 | 298 290 | 271 790 | 271 790 | 335 772 | 401 643 | 373 080 |
| Conditions met - transferred to revenue | 136 033 | 180 634 | 257 533 | 298 290 | 271 790 | 271 790 | 335 772 | 401 643 | 373 080 |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | 26 073 | 3 617 | | | | | | | |
| Conditions met - transferred to revenue | 26 073 | 3 617 | - | - | - | - | - | - | - |
| Total capital transfers and grants revenue | 162 106 | 184 251 | 257 533 | 298 290 | 271 790 | 271 790 | 335 772 | 401 643 | 373 080 |
| TOTAL TRANSFERS AND GRANTS REVENUE | 376 229 | 490 115 | 570 702 | 600 613 | 580 293 | 580 293 | 623 831 | 707 539 | 702 439 |

Councilor and employee benefits

Table 44 MBRR SA22 - Summary of councilor and staff benefits

DC43 Harry Gwala - Supporting Table SA22 Summary councilor and staff benefits

| Summary of Employee and Councillor remuneration R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| | A | B | C | D | E | F | G | H | I |
| <u>Councillors (Political Office Bearers plus Other)</u> | | | | | | | | | |
| Basic Salaries and Wages | 3 134 | 3 559 | 4 513 | 4 964 | 4 964 | 4 964 | 5 361 | 5 790 | 6 253 |
| Pension and UIF Contributions | 233 | 265 | 336 | 369 | 369 | 369 | 399 | 431 | 465 |
| Medical Aid Contributions | 55 | 62 | 79 | 87 | 87 | 87 | 94 | 101 | 110 |
| Motor Vehicle Allowance | 688 | 782 | 991 | 1 090 | 1 090 | 1 090 | 1 178 | 1 272 | 1 374 |
| Cellphone Allowance | 151 | 172 | 218 | 239 | 239 | 239 | 259 | 279 | 302 |
| Other benefits and allowances | 360 | 409 | 519 | 570 | 570 | 570 | 616 | 665 | 719 |
| Sub Total - Councillors | 4 622 | 5 249 | 6 655 | 7 321 | 7 321 | 7 321 | 7 906 | 8 539 | 9 222 |
| % increase | | 13,6% | 26,8% | 10,0% | - | - | 8,0% | 8,0% | 8,0% |
| <u>Senior Managers of the Municipality</u> | | | | | | | | | |
| Basic Salaries and Wages | 3 330 | 4 201 | 4 401 | 4 793 | 4 793 | 4 793 | 5 267 | 5 688 | 6 144 |
| Pension and UIF Contributions | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Medical Aid Contributions | 4 | 4 | 5 | 5 | 5 | 5 | 6 | 6 | 7 |
| Overtime | - | - | - | - | - | - | - | - | - |
| Performance Bonus | 460 | 580 | 608 | - | - | - | 727 | 786 | 848 |
| Motor Vehicle Allowance | 2 082 | 2 626 | 2 751 | 2 996 | 2 996 | 2 996 | 3 293 | 3 556 | 3 841 |
| Cellphone Allowance | 97 | 123 | 129 | 140 | 140 | 140 | 154 | 167 | 180 |
| Other benefits and allowances | 3 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 |
| Sub Total - Senior Managers of Municipality | 5 978 | 7 541 | 7 900 | 7 942 | 7 942 | 7 942 | 9 455 | 10 212 | 11 028 |
| % increase | | 26,1% | 4,8% | 0,5% | - | - | 19,1% | 8,0% | 8,0% |
| <u>Other Municipal Staff</u> | | | | | | | | | |
| Basic Salaries and Wages | 52 914 | 73 262 | 79 364 | 85 180 | 87 180 | 87 180 | 96 330 | 103 657 | 111 551 |
| Pension and UIF Contributions | 8 947 | 11 286 | 11 823 | 12 877 | 12 877 | 12 877 | 14 151 | 15 283 | 16 506 |
| Medical Aid Contributions | 1 236 | 1 559 | 1 634 | 1 779 | 1 779 | 1 779 | 1 955 | 2 112 | 2 281 |
| Overtime | 1 105 | 1 394 | 1 460 | 1 590 | 1 590 | 1 590 | 1 747 | 1 887 | 2 038 |
| Performance Bonus | 4 903 | 6 185 | 6 479 | 7 057 | 7 057 | 7 057 | 7 755 | 8 375 | 9 045 |
| Motor Vehicle Allowance | 2 254 | 2 843 | 2 978 | 3 244 | 3 244 | 3 244 | 3 564 | 3 850 | 4 158 |
| Cellphone Allowance | 384 | 485 | 508 | 553 | 553 | 553 | 608 | 657 | 709 |
| Housing Allowances | 33 | 42 | 44 | 48 | 48 | 48 | 53 | 57 | 62 |
| Other benefits and allowances | 1 474 | 1 859 | 1 948 | 2 121 | 2 121 | 2 121 | 2 331 | 2 518 | 2 719 |
| Sub Total - Other Municipal Staff | 73 250 | 98 915 | 106 238 | 114 449 | 116 449 | 116 449 | 128 495 | 138 395 | 149 069 |
| % increase | | 35,0% | 7,4% | 7,7% | 1,7% | - | 10,3% | 7,7% | 7,7% |
| Total Parent Municipality | 83 850 | 111 705 | 120 793 | 129 711 | 131 711 | 131 711 | 145 856 | 157 145 | 169 319 |
| | | 33,2% | 8,1% | 7,4% | 1,5% | - | 10,7% | 7,7% | 7,7% |
| TOTAL SALARY, ALLOWANCES & BENEFITS | 83 850 | 111 705 | 120 793 | 129 711 | 131 711 | 131 711 | 145 856 | 157 145 | 169 319 |
| % increase | | 33,2% | 8,1% | 7,4% | 1,5% | - | 10,7% | 7,7% | 7,7% |
| TOTAL MANAGERS AND STAFF | 79 228 | 106 456 | 114 138 | 122 391 | 124 391 | 124 391 | 137 950 | 148 607 | 160 097 |

Table 45 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior managers)

DC43 Harry Gwala - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

| Disclosure of Salaries, Allowances & Benefits 1. | No. | Salary | Contributions | Allowances | Performance Bonuses | In-kind benefits | Total Package |
|--|----------|-------------------|---------------|----------------|---------------------|------------------|-------------------|
| | | | 1. | | | | 2. |
| Rand per annum | | | | | | | |
| <u>Councillors</u> | | | | | | | |
| Speaker | | 677 194 | | | | | 677 194 |
| Chief Whip | | 338 455 | | | | | 338 455 |
| Executive Mayor | | 840 445 | | | | | 840 445 |
| Deputy Executive Mayor | | 677 194 | | | | | 677 194 |
| Executive Committee | | 2 956 539 | | | | | 2 956 539 |
| Total for all other councillors | | 1 764 085 | | | | | 1 764 085 |
| Total Councillors | - | 7 253 911 | - | - | - | - | 7 253 911 |
| <u>Senior Managers of the Municipality</u> | | | | | | | |
| Municipal Manager (MM) | | 1 362 500 | | | | | 1 362 500 |
| Chief Finance Officer | | 1 308 000 | | | | | 1 308 000 |
| Head: Corporate Services | | 1 199 000 | | | | | 1 199 000 |
| Head: Economic & Community Services | | 1 199 000 | | | | | 1 199 000 |
| Head: Infrastructure Services | | 1 199 000 | | | | | 1 199 000 |
| Head: Water Services | | 1 199 000 | | | | | 1 199 000 |
| Total Senior Managers of the Municipality | - | 7 466 500 | - | - | - | - | 7 466 500 |
| <u>A Heading for Each Entity</u> | | | | | | | |
| List each member of board by designation | | | | | | | |
| Dr I B MKHIZE - Chairman | | - | - | 162 344 | - | | 162 344 |
| V I MADE | | - | - | 143 885 | - | | 143 885 |
| P Z DUMA | | - | - | 65 947 | - | | 65 947 |
| VACANT | | - | - | 89 928 | - | | 89 928 |
| VACANT | | - | - | 132 368 | - | | 132 368 |
| Total for municipal entities | - | - | - | 594 472 | - | - | 594 472 |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | - | 14 720 411 | - | 594 472 | - | - | 15 314 883 |

Table 46 MBRR SA24 – Summary of personnel numbers

DC43 Harry Gwala - Supporting Table SA24 Summary of personnel numbers

| Summary of Personnel Numbers | 2014/15 | | | Current Year 2015/16 | | | Budget Year 2016/17 | | |
|---|------------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | 26 | – | 26 | 26 | – | 26 | 26 | – | 26 |
| Board Members of municipal entities | | | | | | | | | |
| Municipal employees | | | | | | | | | |
| Municipal Manager and Senior Managers | 6 | – | 6 | 6 | – | 6 | 6 | – | 6 |
| Other Managers | 16 | 16 | – | 16 | 16 | – | 16 | 16 | – |
| Professionals | 44 | 44 | – | 49 | 44 | – | 49 | 44 | – |
| <i>Finance</i> | 3 | 3 | – | 3 | 3 | – | 3 | 3 | – |
| <i>Spatial/town planning</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Information Technology</i> | 2 | 2 | – | 2 | 2 | – | 2 | 2 | – |
| <i>Roads</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Electricity</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Water</i> | 8 | 8 | – | 8 | 8 | – | 8 | 8 | – |
| <i>Sanitation</i> | 2 | 2 | – | 2 | 2 | – | 2 | 2 | – |
| <i>Refuse</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Other</i> | 25 | 25 | – | 30 | 25 | – | 30 | 25 | – |
| Technicians | 36 | 36 | – | 36 | 36 | – | 36 | 36 | – |
| <i>Finance</i> | 7 | 7 | – | 7 | 7 | – | 7 | 7 | – |
| <i>Spatial/town planning</i> | 4 | 4 | – | 4 | 4 | – | 4 | 4 | – |
| <i>Information Technology</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Roads</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Electricity</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Water</i> | 4 | 4 | – | 4 | 4 | – | 4 | 4 | – |
| <i>Sanitation</i> | 3 | 3 | – | 3 | 3 | – | 3 | 3 | – |
| <i>Refuse</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Other</i> | 13 | 13 | – | 13 | 13 | – | 13 | 13 | – |
| Clerks (Clerical and administrative) | 74 | 74 | – | 74 | 74 | – | 74 | 74 | – |
| Service and sales workers | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Skilled agricultural and fishery workers | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Craft and related trades | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Plant and Machine Operators | 95 | 95 | – | 95 | 95 | – | 95 | 95 | – |
| Elementary Occupations | 39 | 39 | – | 45 | 39 | – | 45 | 39 | – |
| TOTAL PERSONNEL NUMBERS | 339 | 308 | 32 | 350 | 308 | 32 | 350 | 308 | 32 |
| % increase | | | | 3,2% | – | – | – | – | – |
| Total municipal employees headcount | 356 | 310 | 62 | 356 | 310 | 62 | 357 | 311 | 62 |
| Finance personnel headcount | 45 | 45 | – | 45 | 45 | – | 46 | 46 | – |
| Human Resources personnel headcount | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |

3.8 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 47 MBRR SA25 - Budgeted monthly revenue and expenditure

DC43 Harry Gwala - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue By Source | | | | | | | | | | | | | | | |
| Property rates | | | | | | | | | | | | | - | - | - |
| Property rates - penalties & collection charges | | | | | | | | | | | | | - | - | - |
| Service charges - electricity revenue | | | | | | | | | | | | | - | - | - |
| Service charges - water revenue | 3 151 | 3 587 | 3 569 | 3 760 | 3 906 | 3 307 | 3 855 | 4 210 | 3 660 | 3 978 | 1 734 | 1 998 | 40 714 | 43 157 | 45 746 |
| Service charges - sanitation revenue | 1 351 | 1 462 | 1 480 | 1 593 | 1 655 | 1 435 | 1 563 | 1 636 | 1 436 | 1 549 | 1 131 | 1 159 | 17 449 | 18 496 | 19 605 |
| Service charges - refuse revenue | | | | | | | | | | | | | - | - | - |
| Service charges - other | 232 | 185 | 227 | 169 | 206 | 151 | 301 | 185 | 174 | 301 | 132 | 127 | 2 391 | 2 534 | 2 686 |
| Rental of facilities and equipment | | | | | | | | | | | | | - | - | - |
| Interest earned - external investments | 464 | 216 | 240 | 248 | 468 | 480 | 148 | 223 | 501 | 303 | 159 | 250 | 3 700 | 3 920 | 4 153 |
| Interest earned - outstanding debtors | 654 | 676 | 660 | 677 | 668 | 691 | 711 | 760 | 781 | 804 | 354 | 1 062 | 8 500 | 9 000 | 9 500 |
| Dividends received | | | | | | | | | | | | | - | - | - |
| Fines | | | | | | | | | | | | | - | - | - |
| Licences and permits | | | | | | | | | | | | | - | - | - |
| Agency services | | | | | | | | | | | | | - | - | - |
| Transfers recognised - operational | 111 671 | - | - | - | 92 355 | - | - | - | 73 605 | - | - | 10 427 | 288 059 | 305 696 | 329 359 |
| Other revenue | 79 | 63 | 47 | 57 | 39 | 53 | 69 | 51 | 47 | 15 | 51 | 44 | 614 | 651 | 690 |
| Gains on disposal of PPE | | | | | | | | | | | | | - | - | - |
| Total Revenue (excluding capital transfers and | 117 602 | 6 190 | 6 223 | 6 504 | 99 297 | 6 117 | 6 647 | 7 065 | 80 203 | 6 950 | 3 561 | 15 068 | 361 426 | 383 654 | 411 740 |
| Expenditure By Type | | | | | | | | | | | | | | | |
| Employee related costs | 10 443 | 10 443 | 10 443 | 10 443 | 10 443 | 10 443 | 10 443 | 10 443 | 10 443 | 10 443 | 10 443 | 23 079 | 137 950 | 148 607 | 160 097 |
| Remuneration of councillors | 659 | 659 | 659 | 659 | 659 | 659 | 659 | 659 | 659 | 659 | 659 | 659 | 7 906 | 8 539 | 9 222 |
| Debt impairment | 2 116 | 2 116 | 2 116 | 2 116 | 2 116 | 2 116 | 2 116 | 2 116 | 2 116 | 2 116 | 2 116 | 2 766 | 26 044 | 27 600 | 29 249 |
| Depreciation & asset impairment | 2 656 | 2 656 | 2 656 | 2 656 | 2 656 | 2 656 | 2 656 | 2 656 | 2 656 | 2 656 | 2 656 | 2 656 | 31 874 | 33 786 | 35 812 |
| Finance charges | - | - | - | - | - | 1 200 | - | - | - | - | - | 751 | 1 951 | 1 622 | 1 256 |
| Bulk purchases | 256 | 266 | 295 | 457 | 191 | 256 | 285 | 196 | 466 | 280 | 758 | 7 003 | 10 709 | 11 641 | 12 654 |
| Other materials | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Contracted services | 3 744 | 3 744 | 3 744 | 3 744 | 3 744 | 3 744 | 3 744 | 3 744 | 3 744 | 3 744 | 3 744 | 3 744 | 44 923 | 46 016 | 50 272 |
| Transfers and grants | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other expenditure | 10 285 | 8 240 | 8 259 | 8 362 | 10 244 | 8 577 | 8 253 | 8 196 | 10 420 | 8 249 | 8 555 | 34 945 | 132 584 | 128 169 | 134 588 |
| Loss on disposal of PPE | | | | | | | | | | | | | - | - | - |
| Total Expenditure | 30 159 | 28 124 | 28 171 | 28 437 | 30 053 | 29 650 | 28 155 | 28 010 | 30 503 | 28 146 | 28 930 | 75 603 | 393 941 | 405 979 | 433 151 |
| Surplus/(Deficit) | 87 443 | (21 935) | (21 948) | (21 933) | 69 244 | (23 533) | (21 509) | (20 944) | 49 700 | (21 196) | (25 369) | (60 535) | (32 515) | (22 325) | (21 410) |
| Transfers recognised - capital | 153 357 | - | 77 155 | - | 18 070 | - | 3 415 | - | 83 776 | - | - | - | 335 772 | 401 643 | 373 080 |
| Contributions recognised - capital | | | | | | | | | | | | | - | - | - |
| Contributed assets | | | | | | | | | | | | | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 240 800 | (21 935) | 55 207 | (21 933) | 87 314 | (23 533) | (18 093) | (20 944) | 133 475 | (21 196) | (25 369) | (60 535) | 303 258 | 379 318 | 351 669 |
| Surplus/(Deficit) | 240 800 | (21 935) | 55 207 | (21 933) | 87 314 | (23 533) | (18 093) | (20 944) | 133 475 | (21 196) | (25 369) | (60 535) | 303 258 | 379 318 | 351 669 |

Table 48 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

DC43 Harry Gwala - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|---------------|-----------------|----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue by Vote | | | | | | | | | | | | | | | |
| Vote 1 - Council | | | | | | | | | | | | | - | - | - |
| Vote 2 - Municipal Manager | | | | | | | | | | | | | - | - | - |
| Vote 3 - Budget & Treasury Office | 109 490 | - | - | - | 91 553 | - | - | - | 72 966 | - | - | 964 | 274 973 | 300 452 | 323 572 |
| Vote 4 - Corporate Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Social & Development Planning | - | - | - | - | 400 | - | - | - | - | - | - | 10 632 | 11 032 | 11 564 | 12 222 |
| Vote 6 - Infrastructure Services | 113 886 | 23 571 | - | 18 770 | 97 555 | - | 15 477 | 4 383 | 64 874 | - | - | 12 128 | 350 644 | 409 099 | 380 992 |
| Vote 7 - Water Services | 4 860 | 5 211 | 5 199 | 5 494 | 5 682 | 4 935 | 5 580 | 6 016 | 5 331 | 5 751 | 2 935 | 3 555 | 60 550 | 64 183 | 68 034 |
| Total Revenue by Vote | 228 236 | 28 782 | 5 199 | 24 265 | 195 190 | 4 935 | 21 057 | 10 399 | 143 171 | 5 751 | 2 935 | 27 279 | 697 199 | 785 297 | 784 820 |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - Council | 532 | 579 | 940 | 956 | 1 242 | 988 | 939 | 930 | 1 269 | 938 | 1 343 | 1 726 | 12 382 | 13 274 | 14 232 |
| Vote 2 - Municipal Manager | 724 | 787 | 1 278 | 1 300 | 1 690 | 1 344 | 1 277 | 1 265 | 1 726 | 1 276 | 1 827 | 2 348 | 16 841 | 16 947 | 18 131 |
| Vote 3 - Budget & Treasury Office | 2 771 | 3 015 | 4 896 | 4 978 | 6 471 | 5 148 | 4 891 | 4 846 | 6 611 | 4 888 | 6 997 | 8 520 | 64 031 | 68 156 | 70 015 |
| Vote 4 - Corporate Services | 2 164 | 2 354 | 3 822 | 3 886 | 5 052 | 4 019 | 3 818 | 3 783 | 5 161 | 3 816 | 5 463 | 7 022 | 50 362 | 53 620 | 57 095 |
| Vote 5 - Social & Development Planning | 2 532 | 2 755 | 4 473 | 4 548 | 5 912 | 4 704 | 4 469 | 4 427 | 6 040 | 4 466 | 6 393 | 19 755 | 70 474 | 74 312 | 78 500 |
| Vote 6 - Infrastructure Services | 1 159 | 1 261 | 2 048 | 2 082 | 2 707 | 2 153 | 2 046 | 2 027 | 2 765 | 2 045 | 2 927 | 11 762 | 34 982 | 28 967 | 30 924 |
| Vote 7 - Water Services | 5 944 | 6 466 | 10 500 | 10 676 | 13 879 | 11 041 | 10 489 | 10 393 | 14 178 | 10 483 | 15 007 | 25 814 | 144 869 | 150 704 | 164 253 |
| Total Expenditure by Vote | 15 825 | 17 216 | 27 957 | 28 426 | 36 953 | 29 397 | 27 929 | 27 671 | 37 750 | 27 912 | 39 957 | 76 947 | 393 941 | 405 979 | 433 151 |
| Surplus/(Deficit) before assoc. | 212 410 | 11 566 | (22 758) | (4 162) | 158 237 | (24 462) | (6 871) | (17 272) | 105 421 | (22 161) | (37 023) | (49 668) | 303 258 | 379 318 | 351 669 |
| Taxation | | | | | | | | | | | | | - | - | - |
| Attributable to minorities | | | | | | | | | | | | | - | - | - |
| Share of surplus/ (deficit) of associate | | | | | | | | | | | | | - | - | - |
| Surplus/(Deficit) | 212 410 | 11 566 | (22 758) | (4 162) | 158 237 | (24 462) | (6 871) | (17 272) | 105 421 | (22 161) | (37 023) | (49 668) | 303 258 | 379 318 | 351 669 |

Table 49 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

DC43 Harry Gwala - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (standard classification)

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|---------------|-----------------|----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 109 490 | - | - | - | 91 553 | - | - | - | 72 966 | - | - | 964 | 274 973 | 300 452 | 323 572 |
| Executive and council | | | | | | | | | | | | | - | - | - |
| Budget and treasury office | 109 490 | - | - | - | 91 553 | - | - | - | 72 966 | | | 964 | 274 973 | 300 452 | 323 572 |
| Corporate services | | | | | | | | | | | | | - | - | - |
| <i>Economic and environmental services</i> | - | - | - | - | 400 | - | - | - | - | - | - | 10 632 | 11 032 | 11 564 | 12 222 |
| Planning and development | | | | | 400 | | | | | | | 10 632 | 11 032 | 11 564 | 12 222 |
| <i>Trading services</i> | 118 746 | 28 782 | 5 199 | 24 265 | 103 237 | 4 935 | 21 057 | 10 399 | 70 205 | 5 751 | 2 935 | 15 683 | 411 194 | 473 282 | 449 026 |
| Electricity | | | | | | | | | | | | | - | - | - |
| Water | 4 860 | 5 211 | 5 199 | 5 494 | 5 682 | 4 935 | 5 580 | 6 016 | 5 331 | 5 751 | 2 935 | 3 555 | 60 550 | 64 183 | 68 034 |
| Waste water management | 113 886 | 23 571 | - | 18 770 | 97 555 | - | 15 477 | 4 383 | 64 874 | - | - | 12 128 | 350 644 | 409 099 | 380 992 |
| Total Revenue - Standard | 228 236 | 28 782 | 5 199 | 24 265 | 195 190 | 4 935 | 21 057 | 10 399 | 143 171 | 5 751 | 2 935 | 27 279 | 697 199 | 785 297 | 784 820 |
| | | 28 782 | 5 199 | 24 265 | 195 590 | 4 935 | 21 057 | 10 399 | 143 171 | 5 751 | 2 935 | | | | |
| Expenditure - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 6 190 | 6 735 | 10 936 | 11 120 | 14 455 | 11 499 | 10 925 | 10 824 | 14 767 | 10 919 | 15 630 | 19 616 | 143 616 | 151 997 | 159 474 |
| Executive and council | 1 256 | 1 366 | 2 218 | 2 255 | 2 932 | 2 332 | 2 216 | 2 195 | 2 995 | 2 214 | 3 170 | 4 075 | 29 224 | 30 221 | 32 363 |
| Budget and treasury office | 2 771 | 3 015 | 4 896 | 4 978 | 6 471 | 5 148 | 4 891 | 4 846 | 6 611 | 4 888 | 6 997 | 8 520 | 64 031 | 68 156 | 70 015 |
| Corporate services | 2 164 | 2 354 | 3 822 | 3 886 | 5 052 | 4 019 | 3 818 | 3 783 | 5 161 | 3 816 | 5 463 | 7 022 | 50 362 | 53 620 | 57 095 |
| <i>Economic and environmental services</i> | 2 532 | 2 755 | 4 473 | 4 548 | 5 912 | 4 704 | 4 469 | 4 427 | 6 040 | 4 466 | 6 393 | 19 755 | 70 474 | 74 312 | 78 500 |
| Planning and development | 2 532 | 2 755 | 4 473 | 4 548 | 5 912 | 4 704 | 4 469 | 4 427 | 6 040 | 4 466 | 6 393 | 19 755 | 70 474 | 74 312 | 78 500 |
| <i>Trading services</i> | 7 103 | 7 727 | 12 548 | 12 758 | 16 585 | 13 194 | 12 535 | 12 419 | 16 943 | 12 528 | 17 934 | 37 576 | 179 851 | 179 670 | 195 177 |
| Electricity | | | | | | | | | | | | | - | - | - |
| Water | 5 944 | 6 466 | 10 500 | 10 676 | 13 879 | 11 041 | 10 489 | 10 393 | 14 178 | 10 483 | 15 007 | 27 289 | 146 344 | 146 490 | 156 283 |
| Waste water management | 1 159 | 1 261 | 2 048 | 2 082 | 2 707 | 2 153 | 2 046 | 2 027 | 2 765 | 2 045 | 2 927 | 10 287 | 33 506 | 33 180 | 38 894 |
| Total Expenditure - Standard | 15 825 | 17 216 | 27 957 | 28 426 | 36 953 | 29 397 | 27 929 | 27 671 | 37 750 | 27 912 | 39 957 | 76 947 | 393 941 | 405 979 | 433 151 |
| Surplus/(Deficit) before assoc. | 212 410 | 11 566 | (22 758) | (4 162) | 158 237 | (24 462) | (6 871) | (17 272) | 105 421 | (22 161) | (37 023) | (49 668) | 303 258 | 379 318 | 351 669 |
| Surplus/(Deficit) | 212 410 | 11 566 | (22 758) | (4 162) | 158 237 | (24 462) | (6 871) | (17 272) | 105 421 | (22 161) | (37 023) | (49 668) | 303 258 | 379 318 | 351 669 |

Table 50 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

DC43 Harry Gwala - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
| | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Multi-year expenditure to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - Council | | | | | | | | | | | | | - | - | - |
| Vote 2 - Municipal Manager | | | | | | | | | | | | | - | - | - |
| Vote 3 - Budget & Treasury Office | | | | | | | | | | | | | - | - | - |
| Vote 4 - Corporate Services | 199 | 216 | 351 | 357 | 464 | 369 | 351 | 347 | 474 | 350 | 502 | 645 | 4 624 | 2 776 | 2 937 |
| Vote 5 - Social & Development Planning | 48 | 52 | 85 | 86 | 112 | 89 | 85 | 84 | 114 | 85 | 121 | 2 401 | 3 362 | 3 588 | 3 109 |
| Vote 6 - Infrastructure Services | 14 834 | 16 137 | 26 205 | 26 645 | 34 637 | 27 555 | 26 179 | 25 937 | 35 385 | 26 163 | 37 453 | 40 141 | 337 272 | 403 233 | 374 765 |
| Vote 7 - Water Services | 217 | 236 | 383 | 389 | 506 | 402 | 382 | 379 | 517 | 382 | 547 | 703 | 5 042 | 2 544 | 2 697 |
| Capital multi-year expenditure sub-total | 15 297 | 16 641 | 27 024 | 27 477 | 35 719 | 28 416 | 26 996 | 26 747 | 36 490 | 26 980 | 38 623 | 43 889 | 350 299 | 412 141 | 383 507 |
| Total Capital Expenditure | 15 297 | 16 641 | 27 024 | 27 477 | 35 719 | 28 416 | 26 996 | 26 747 | 36 490 | 26 980 | 38 623 | 43 889 | 350 299 | 412 141 | 383 507 |

Table 51 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

DC43 Harry Gwala - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (standard classification)

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
| | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital Expenditure - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 199 | 216 | 351 | 357 | 464 | 369 | 351 | 347 | 474 | 350 | 502 | 645 | 4 624 | 2 776 | 2 937 |
| Executive and council | | | | | | | | | | | | | – | – | – |
| Budget and treasury office | | | | | | | | | | | | | – | – | – |
| Corporate services | 199 | 216 | 351 | 357 | 464 | 369 | 351 | 347 | 474 | 350 | 502 | 645 | 4 624 | 2 776 | 2 937 |
| <i>Economic and environmental services</i> | 48 | 52 | 85 | 86 | 112 | 89 | 85 | 84 | 114 | 85 | 121 | 2 401 | 3 362 | 3 588 | 3 109 |
| Planning and development | 48 | 52 | 85 | 86 | 112 | 89 | 85 | 84 | 114 | 85 | 121 | 2 401 | 3 362 | 3 588 | 3 109 |
| <i>Trading services</i> | 15 050 | 16 373 | 26 588 | 27 034 | 35 143 | 27 958 | 26 561 | 26 316 | 35 901 | 26 545 | 38 000 | 40 844 | 342 314 | 405 777 | 377 462 |
| Electricity | | | | | | | | | | | | | – | – | – |
| Water | 217 | 236 | 383 | 389 | 506 | 402 | 382 | 379 | 517 | 382 | 547 | 703 | 5 042 | 2 544 | 2 697 |
| Waste water management | 14 834 | 16 137 | 26 205 | 26 645 | 34 637 | 27 555 | 26 179 | 25 937 | 35 385 | 26 163 | 37 453 | 40 141 | 337 272 | 403 233 | 374 765 |
| Total Capital Expenditure - Standard | 15 297 | 16 641 | 27 024 | 27 477 | 35 719 | 28 416 | 26 996 | 26 747 | 36 490 | 26 980 | 38 623 | 43 889 | 350 299 | 412 141 | 383 507 |
| Funded by: | | | | | | | | | | | | | | | |
| National Government | 14 769 | 16 067 | 26 092 | 26 529 | 34 487 | 27 435 | 26 065 | 25 824 | 35 231 | 26 049 | 37 291 | 39 932 | 335 772 | 401 643 | 373 080 |
| Transfers recognised - capital | 14 769 | 16 067 | 26 092 | 26 529 | 34 487 | 27 435 | 26 065 | 25 824 | 35 231 | 26 049 | 37 291 | 39 932 | 335 772 | 401 643 | 373 080 |
| Internally generated funds | 528 | 574 | 932 | 948 | 1 232 | 980 | 931 | 923 | 1 259 | 931 | 1 332 | 3 957 | 14 527 | 10 497 | 10 428 |
| Total Capital Funding | 15 297 | 16 641 | 27 024 | 27 477 | 35 719 | 28 416 | 26 996 | 26 747 | 36 490 | 26 980 | 38 623 | 43 889 | 350 299 | 412 141 | 383 507 |

Table 52 MBRR SA30 - Budgeted monthly cash flow

DC43 Harry Gwala - Supporting Table SA30 Consolidated budgeted monthly cash flow

| MONTHLY CASH FLOWS | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | | |
|--|---------------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|---|---------------------|------------------------|------------------------|
| | R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash Receipts By Source | | | | | | | | | | | | | | | | |
| Service charges - water revenue | 2 187 | 1 470 | 2 105 | 1 063 | 2 167 | 1 697 | 1 827 | 3 517 | 1 762 | 1 795 | 2 332 | 1 063 | 22 985 | 23 305 | 24 703 | |
| Service charges - sanitation revenue | 937 | 630 | 631 | 456 | 500 | 727 | 783 | 1 507 | 755 | 769 | 1 000 | 727 | 9 422 | 9 988 | 10 587 | |
| Interest earned - external investments | 603 | 216 | 298 | 310 | 585 | 21 | 185 | 279 | 299 | 275 | 158 | 471 | 3 700 | 3 920 | 4 153 | |
| Agency services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfer receipts - operational | 113 007 | - | - | - | 90 016 | - | - | - | 66 609 | - | - | 18 427 | 288 059 | 305 896 | 329 359 | |
| Other revenue | 17 | 38 | 21 | 44 | 18 | 30 | 22 | 16 | 25 | 23 | 9 | 46 | 310 | 328 | 348 | |
| Cash Receipts by Source | 116 751 | 2 355 | 3 055 | 1 873 | 93 286 | 2 476 | 2 816 | 5 320 | 69 450 | 2 862 | 3 498 | 20 735 | 324 476 | 343 437 | 369 150 | |
| Other Cash Flows by Source | | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 101 865 | 35 725 | - | 26 878 | 89 570 | - | 25 063 | 12 510 | 44 161 | - | - | - | 335 772 | 401 643 | 373 080 | |
| Increase (decrease) in consumer deposits | 18 | 19 | 20 | 15 | 10 | 28 | 8 | 6 | 9 | 8 | 10 | 28 | 178 | 200 | 226 | |
| Total Cash Receipts by Source | 218 634 | 38 098 | 3 075 | 28 765 | 182 866 | 2 504 | 27 887 | 17 836 | 113 621 | 2 870 | 3 508 | 20 763 | 660 427 | 745 280 | 742 455 | |
| Cash Payments by Type | | | | | | | | | | | | | | | | |
| Employee related costs | 10 443 | 10 443 | 10 547 | 10 658 | 10 658 | 10 879 | 10 995 | 9 876 | 10 995 | 10 100 | 10 785 | 21 571 | 137 950 | 148 607 | 160 097 | |
| Remuneration of councillors | 510 | 510 | 658 | 658 | 658 | 697 | 697 | 720 | 720 | 720 | 720 | 639 | 7 906 | 8 539 | 9 222 | |
| Finance charges | - | - | - | - | - | 1 390 | - | - | - | - | - | 561 | 1 951 | 1 622 | 1 256 | |
| Bulk purchases - Water & Sewer | 348 | 362 | 378 | 299 | 429 | 379 | 414 | 375 | 345 | 289 | 206 | 6 886 | 10 709 | 11 641 | 12 654 | |
| Contracted services | 3 986 | 3 744 | 3 685 | 4 465 | 4 600 | 4 865 | 5 156 | 2 928 | 2 684 | 2 948 | 3 999 | 1 864 | 44 923 | 46 016 | 50 272 | |
| Other expenditure | 8 784 | 8 784 | 8 784 | 8 784 | 8 784 | 8 784 | 8 784 | 8 784 | 8 784 | 8 784 | 8 784 | 31 181 | 127 800 | 128 169 | 134 588 | |
| Cash Payments by Type | 24 070 | 23 842 | 24 052 | 24 863 | 25 128 | 26 994 | 26 045 | 22 682 | 23 527 | 22 841 | 24 493 | 62 703 | 331 239 | 344 593 | 368 090 | |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | | |
| Capital assets | 38 541 | 19 800 | 27 620 | 19 869 | 26 186 | 29 940 | 19 841 | 28 850 | 38 676 | 25 478 | 28 839 | 9 549 | 313 188 | 367 748 | 342 272 | |
| Repayment of borrowing | - | - | - | - | - | 1 453 | - | - | - | - | - | 1 547 | 3 000 | 3 330 | 3 697 | |
| Other Cash Flows/Payments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Cash Payments by Type | 62 611 | 43 642 | 51 671 | 44 732 | 51 314 | 58 387 | 45 886 | 51 531 | 62 203 | 48 319 | 53 332 | 73 798 | 647 427 | 715 672 | 714 058 | |
| NET INCREASE/(DECREASE) IN CASH HELD | 156 023 | (5 543) | (48 597) | (15 967) | 131 552 | (55 883) | (18 000) | (33 695) | 51 418 | (45 449) | (49 824) | (53 035) | 13 000 | 29 608 | 28 397 | |
| Cash/cash equivalents at the month/year begin: | 19 877 | 175 900 | 170 356 | 121 760 | 105 793 | 237 345 | 181 462 | 163 462 | 129 767 | 181 185 | 135 736 | 85 912 | 19 877 | 32 877 | 62 485 | |
| Cash/cash equivalents at the month/year end: | 175 900 | 170 356 | 121 760 | 105 793 | 237 345 | 181 462 | 163 462 | 129 767 | 181 185 | 135 736 | 85 912 | 32 877 | 32 877 | 62 485 | 90 882 | |

3.9 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS

Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Table 53 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

DC43 Harry Gwala - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)

| Description | Vote 6 - Infrastructure Services | Vote 7 - Water Services |
|--|----------------------------------|-------------------------|
| R thousand | | |
| Revenue By Source | | |
| Service charges - water revenue | – | 40 714 |
| Service charges - sanitation revenue | – | 17 449 |
| Service charges - other | – | – |
| Rental of facilities and equipment | – | – |
| Interest earned - outstanding debtors | – | 8 500 |
| Total Revenue (excluding capital transfers and contributions) | – | 66 663 |
| Expenditure By Type | | |
| Employee related costs | 10 568 | 52 681 |
| Depreciation & asset impairment | 1 620 | 28 309 |
| Bulk purchases | – | 10 709 |
| Contracted services | 4 151 | 19 321 |
| Other expenditure | 8 900 | 41 885 |
| Total Expenditure | 25 239 | 152 905 |
| Surplus/(Deficit) | (25 239) | (86 243) |
| Transfers recognised - capital | 335 772 | |
| Surplus/(Deficit) after capital transfers & contributions | 310 533 | (86 243) |

Table 54 Water Services Department – Performance objectives and indicators

DC43 Harry Gwala - Supporting Table SA7 Measureable performance objectives

| Description | Unit of measurement | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Function 1 - Waste Water Infrastructure | | | | | | | | | | |
| <i>Sub-function 1 - Water</i> | | 20,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Reduction in water backlogs | Total number of HH with access to water | 6435,0% | 6893,0% | 6755,0% | 6755,0% | 6755,0% | 6755,0% | 6755,0% | 6755,0% | 6755,0% |
| | | | | | | | | | | |
| <i>Sub-function 2 - Sanitation</i> | Number of household with new access to VIP sanitation | 1844,0% | 1956,0% | 1941,0% | 1941,0% | 1941,0% | 1941,0% | 1941,0% | 1941,0% | 1941,0% |
| | | | | | | | | | | |
| <i>Sub-function 3 - Electricity</i> | No of hh with electricity connection in the water scheme | 1956,0% | 2043,0% | 1941,0% | 1941,0% | 1941,0% | 1941,0% | 1941,0% | 1941,0% | 1941,0% |
| <i>Sub-function 4 - Roads</i> | No of KM or road provided | 95,0% | 100,0% | 98,0% | 98,0% | 98,0% | 98,0% | 98,0% | 98,0% | 98,0% |
| <i>Provision of new access roads</i> | | | | | | | | | | |
| Sub-function 5 - Electricity | Frequency of building maintenance | 9000,0% | 9500,0% | 9800,0% | 9800,0% | 9800,0% | 9800,0% | 9800,0% | 9800,0% | 9800,0% |
| Vote6 - Water Services | | | | | | | | | | |
| Function 1 - Water | | | | | | | | | | |
| Sub-function 1 - Water & Sanitation infrastructure Planning & Design | Water Feasibility Studies, Business Plans Approved | 10,0% | 10,0% | 8,0% | 8,0% | 8,0% | 8,0% | 8,0% | 8,0% | 8,0% |
| <i>To ensure the effective management of all water Infrastructure</i> | Sanitation Feasibility Studies, Business Plans Approved | 5,0% | 4,0% | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% | 5,0% |
| Sub-function 2 - Water & Sanitation Services Operations and Maintenance | % Reduction in water losses Minimum Night Flows in main supply areas | 95,0% | 100,0% | 98,0% | 98,0% | 98,0% | 98,0% | 98,0% | 98,0% | 98,0% |
| <i>To render effective water & sanitation services</i> | % reduction in the number of sewer overflows | 95,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| | % Progress made towards Blue drop and Green drop Status DWA | 50,0% | 50,0% | 50,0% | 50,0% | 50,0% | 50,0% | 50,0% | 50,0% | 50,0% |

There are 2 unfilled positions in the top management structure of the Water Services Department. The top management structure consists of 2 Executive Director (Water and Infrastructure services), three directors and 7 professional engineers. As part of the performance objectives for the 2015/16 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R88 million, R114 million and R139 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water and charges for sanitation of which budget appropriation for the 2016/17 financial year is R58 million and increases to R61 million by 2017/18 and has been informed by a collection rate of 70 per cent and distribution losses of 40 per cent in the outer years.

The reduction of distribution losses is considered a priority and hence the departmental objectives. There has been a huge concerted effort in the 2015/16 in trying to minimize the water losses with initiatives such as the water meter and infrastructure audits. The enhancement of the ongoing Water Demand Management & Conservation initiatives are expected to also have a positive impact in minimizing water losses in the medium to long term.

3.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the District's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

3.11 CAPITAL EXPENDITURE DETAILS

The following three tables present details of the District's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 55 MBRR SA 34a - Capital expenditure on new assets by asset class

DC43 Harry Gwala - Supporting Table SA34a Capital expenditure on new assets by asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 134 258 | 202 535 | 331 085 | 260 490 | 232 188 | 232 188 | 331 272 | 397 173 | 353 641 |
| Infrastructure - Road transport | - | - | - | - | - | - | 500 | 530 | 562 |
| <i>Roads, Pavements & Bridges</i> | - | - | - | - | - | - | 500 | 530 | 562 |
| Infrastructure - Electricity | - | 4 971 | 1 830 | - | - | - | - | - | - |
| <i>Generation</i> | - | - | - | - | - | - | - | - | - |
| <i>Transmission & Reticulation</i> | - | 4 971 | 1 830 | - | - | - | - | - | - |
| Infrastructure - Water | 114 180 | 121 050 | 249 750 | 231 990 | 203 688 | 203 688 | 297 107 | 334 045 | 297 655 |
| <i>Dams & Reservoirs</i> | - | - | 28 200 | - | - | - | - | - | - |
| <i>Water purification</i> | - | - | 3 000 | - | - | - | - | - | - |
| <i>Reticulation</i> | 114 180 | 121 050 | 218 550 | 231 990 | 203 688 | 203 688 | 297 107 | 334 045 | 297 655 |
| Infrastructure - Sanitation | 20 078 | 76 515 | 79 504 | 28 500 | 28 500 | 28 500 | 33 666 | 62 598 | 55 424 |
| <i>Reticulation</i> | - | - | 73 561 | - | - | - | - | - | - |
| <i>Sewerage purification</i> | 20 078 | 76 515 | 5 943 | 28 500 | 28 500 | 28 500 | 33 666 | 62 598 | 55 424 |
| Community | 8 704 | - | - | - | - | - | - | - | - |
| Other | 8 704 | - | - | - | - | - | - | - | - |
| Other assets | 10 416 | 8 605 | 19 262 | 9 950 | 9 950 | 9 950 | 10 533 | 6 710 | 6 548 |
| General vehicles | 5 403 | 1 000 | 1 100 | - | - | - | 4 642 | - | - |
| Plant & equipment | 695 | - | 6 025 | 4 600 | 4 600 | 4 600 | 2 600 | 2 755 | 2 919 |
| Computers - hardware/equipment | - | - | 1 380 | - | - | - | - | - | - |
| Furniture and other office equipment | 734 | 921 | 2 179 | 1 450 | 1 450 | 1 450 | 1 791 | 1 895 | 2 006 |
| Other Buildings | 3 584 | 4 500 | 8 578 | 600 | 600 | 600 | - | - | - |
| Other | - | 2 184 | - | 3 300 | 3 300 | 3 300 | 1 500 | 2 060 | 1 624 |
| Intangibles | 756 | 200 | 200 | 1 100 | 1 100 | 1 100 | 1 250 | 1 005 | 1 063 |
| Computers - software & programming | 756 | 200 | 200 | 1 100 | 1 100 | 1 100 | 1 250 | 1 005 | 1 063 |
| Total Capital Expenditure on new assets | 154 134 | 211 341 | 350 547 | 271 540 | 243 238 | 243 238 | 343 054 | 404 888 | 361 252 |
| Specialised vehicles | - | - | - | - | - | - | - | - | - |
| Refuse | | | | | | | | | |
| Fire | | | | | | | | | |
| Conservancy | | | | | | | | | |
| Ambulances | | | | | | | | | |

Table 56 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

DC43 Harry Gwala - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 8 901 | 6 525 | 4 580 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |
| Infrastructure - Water | 1 136 | 6 525 | 4 580 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |
| <i>Reticulation</i> | 1 136 | 6 525 | 4 580 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |
| Infrastructure - Sanitation | 7 765 | - | - | - | - | - | - | - | - |
| <i>Sewerage purification</i> | 7 765 | - | - | - | - | - | - | - | - |
| Total Capital Expenditure on renewal of existing assets | 8 901 | 6 525 | 4 580 | 7 000 | 7 000 | 7 000 | 5 000 | 5 000 | 20 000 |

Table 57 MBRR SA34c - Repairs and maintenance expenditure by asset class

DC43 Harry Gwala - Supporting Table SA34c Repairs and maintenance expenditure by asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 61 148 | 64 817 | 68 706 | 70 190 | 70 190 | 70 190 | 84 362 | 108 413 | 132 464 |
| Infrastructure - Road transport | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | 36 237 | 38 412 | 40 716 | 48 590 | 48 590 | 48 590 | 58 400 | 75 050 | 91 700 |
| <i>Dams & Reservoirs</i> | - | - | - | - | - | - | - | - | - |
| <i>Water purification</i> | 36 237 | 38 412 | 40 716 | 48 590 | 48 590 | 48 590 | 58 400 | 75 050 | 91 700 |
| Infrastructure - Sanitation | 24 911 | 26 405 | 27 990 | 21 600 | 21 600 | 21 600 | 25 961 | 33 363 | 40 764 |
| <i>Reticulation</i> | - | - | - | - | - | - | - | - | - |
| <i>Sewerage purification</i> | 24 911 | 26 405 | 27 990 | 21 600 | 21 600 | 21 600 | 25 961 | 33 363 | 40 764 |
| Community | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | 1 548 | 3 686 | 3 686 | 3 686 | 4 430 | 5 693 | 6 956 |
| General vehicles | - | - | 596 | 200 | 200 | 200 | 240 | 309 | 377 |
| Computers - hardware/equipment | - | - | 357 | 150 | 150 | 150 | 180 | 232 | 283 |
| Other Buildings | - | - | 596 | 3 336 | 3 336 | 3 336 | 4 009 | 5 152 | 6 295 |
| Total Repairs and Maintenance Expenditure | 61 148 | 64 817 | 70 254 | 73 875 | 73 875 | 73 875 | 88 791 | 114 105 | 139 419 |

Table 58 MBRR SA35 - Future financial implications of the capital budget

DC43 Harry Gwala - Supporting Table SA35 Future financial implications of the capital budget

| Vote Description R thousand | 2016/17 Medium Term Revenue & Expenditure Framework | | | Forecasts | | | |
|---|---|---------------------------|---------------------------|---------------------|---------------------|---------------------|------------------|
| | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 | Forecast 2019/20 | Forecast 2020/21 | Forecast 2021/22 | Present value |
| Capital expenditure | | | | | | | |
| Vote 4 - Corporate Services | 4 624 | 2 776 | 2 937 | 3 093 | 3 260 | 3 314 | 3 513 |
| Vote 5 - Social & Development Planning | 1 117 | 1 335 | 854 | 1 267 | 1 706 | 1 907 | 2 021 |
| Vote 6 - Infrastructure Services | 345 272 | 403 233 | 374 765 | 404 795 | 436 778 | 437 759 | 464 025 |
| Vote 7 - Water Services | 5 042 | 2 544 | 2 697 | 3 109 | 3 548 | 3 749 | 3 974 |
| Total Capital Expenditure | 356 054 | 409 888 | 381 252 | 412 264 | 445 292 | 446 729 | 473 533 |
| Future operational costs by vote | | | | | | | |
| Vote 4 - Corporate Services | 211 | 213 | 241 | 244 | 248 | 251 | 266 |
| Vote 5 - Social & Development Planning | 583 | - | - | - | - | - | - |
| Vote 6 - Infrastructure Services | 562 | 562 | 635 | 676 | 720 | 755 | 800 |
| Vote 7 - Water Services | 23 700 | 32 740 | 36 960 | 39 363 | 41 921 | 43 560 | 46 174 |
| Total future operational costs | 25 056 | 33 516 | 37 836 | 40 283 | 42 889 | 44 566 | 47 240 |
| Future revenue by source | | | | | | | |
| Service charges - water revenue | 3 170 | 3 478 | 3 999 | 4 599 | 5 289 | 5 380 | 5 703 |
| Service charges - sanitation revenue | 1 423 | 1 485 | 1 714 | 1 971 | 2 267 | 2 385 | 2 528 |
| Total future revenue | 4 593 | 4 963 | 5 713 | 6 570 | 7 556 | 7 765 | 8 231 |
| Net Financial Implications | 376 517 | 438 441 | 413 375 | 445 977 | 480 625 | 483 530 | 512 542 |

Table 59 MBRR SA36 - Detailed capital budget per municipal vote

DC43 Harry Gwala - Supporting Table SA36 Detailed capital budget

| Municipal Vote/Capital project R thousand | Program/Project description | Individually Approved (Yes/No) 6 | Asset Class 3 | Prior year outcomes | | 2016/17 Medium Term Revenue & Expenditure Framework | | | Project information | |
|--|--|--|------------------------------|---------------------|----------------------|---|------------------------|------------------------|---------------------|----------------|
| | | | | Audited Outcome | Current Year 2015/16 | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 | Ward location | New or renewal |
| Parent municipality: <i>List all capital projects grouped by Municipal Vote</i> | | | | | | | | | | |
| INFRASTRUCTURE SERVICES | Bulwer Nkelabantwana & Nkumba Water Supply | Yes | Infrastructure - Water | 31 685 | 8 000 | 28 240 | 36 949 | 32 413 | | NEW |
| INFRASTRUCTURE SERVICES | Greater Khillimoni (Ward 1) | Yes | Infrastructure - Water | 41 028 | 20 437 | 36 907 | 42 676 | 47 413 | | NEW |
| INFRASTRUCTURE SERVICES | Khukhulela Water_(Sdm) | Yes | Infrastructure - Water | 27 517 | 5 000 | 24 178 | 33 093 | - | | NEW |
| INFRASTRUCTURE SERVICES | Kwanomandlovu Water Project_(Sdm) | Yes | Infrastructure - Water | 37 569 | 10 000 | 24 178 | 36 949 | - | | NEW |
| INFRASTRUCTURE SERVICES | Mangwaneni Water Supply | Yes | Infrastructure - Water | 2 686 | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Mbululweni Water Supply | Yes | Infrastructure - Water | 3 000 | 10 266 | 29 178 | 41 949 | 32 413 | | NEW |
| INFRASTRUCTURE SERVICES | Ingwe Household Sanitation Project | Yes | Infrastructure - Sanitation | 7 000 | 2 000 | 27 178 | 30 449 | - | | NEW |
| INFRASTRUCTURE SERVICES | Bulwer Donnbrook Water Supply Scheme Project | Yes | Infrastructure - Water | - | - | - | 36 949 | 37 413 | | NEW |
| INFRASTRUCTURE SERVICES | Eradication Of Water Backlogs In Kokstad | Yes | Infrastructure - Water | 214 | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Horseshoe Sanitation Project-New | Yes | Infrastructure - Sanitation | 3 552 | 10 000 | 29 178 | 52 626 | 30 539 | | NEW |
| INFRASTRUCTURE SERVICES | Makhoba Housing Project (W&S) | Yes | Infrastructure - Sanitation | 4 171 | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Pak kies Water Ext Ph2 | Yes | Infrastructure - Water | 3 856 | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Enhlanhleni Water Project | Yes | Infrastructure - Water | 1 000 | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Underberg Bulk Water Supply Upgrade Phase 2 | Yes | Infrastructure - Water | 4 580 | 7 000 | 24 178 | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Chibini Water Supply | Yes | Infrastructure - Water | 1 363 | 9 000 | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Ixopo Mariathal Water Supply | Yes | Infrastructure - Water | 4 240 | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Ncakubana Water Project | Yes | Infrastructure - Water | 5 832 | 4 500 | 13 010 | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Thubalethu Water Supply | Yes | Infrastructure - Water | 8 692 | 9 655 | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Ufafa Water Supply | Yes | Infrastructure - Water | 13 399 | 14 469 | 23 369 | 20 000 | - | | NEW |
| INFRASTRUCTURE SERVICES | Umkhunya Water Projects | Yes | Infrastructure - Water | 9 800 | 12 896 | 12 896 | 15 222 | 47 950 | | NEW |
| INFRASTRUCTURE SERVICES | Eradication Of Sanitation Backlog In Ubuhlebezwe | Yes | Infrastructure - Sanitation | 8 000 | 1 500 | 5 666 | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Umzimkhulu Sewer Emergency Intervention | Yes | Infrastructure - Sanitation | 7 000 | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Minqumeni Water Supply | Yes | Infrastructure - Water | 20 648 | 19 000 | 20 000 | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Eradication Of Sanitation Backlog In UMZIMKHULU | Yes | Infrastructure - Sanitation | 8 955 | 500 | 5 000 | 8 000 | 39 413 | | NEW |
| INFRASTRUCTURE SERVICES | Greater Summerfield | Yes | Infrastructure - Water | 10 000 | 18 069 | 12 029 | 15 952 | 47 413 | | RENEWAL |
| INFRASTRUCTURE SERVICES | Umzimkhulu Bulk Water Supply | Yes | Infrastructure - Water | 1 772 | - | - | - | - | | RENEWAL |
| INFRASTRUCTURE SERVICES | Kwatsbaka (Machumini Ext) Water Supply | Yes | Infrastructure - Water | 1 487 | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | KwaMeyi / Teerkloof | Yes | Infrastructure - Water | 12 000 | 23 065 | 10 490 | - | - | | RENEWAL |
| INFRASTRUCTURE SERVICES | Paninkukhu Water | Yes | Infrastructure - Water | 6 000 | 30 810 | 4 050 | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Mqatsheeni Stepmore Water Project | Yes | Infrastructure - Water | 9 000 | - | 10 000 | - | - | | NEW |
| INFRASTRUCTURE SERVICES | ENERGY EFFICIENCY | Yes | Infrastructure - Electricity | 3 415 | - | 8 000 | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Rudimentary Programme | Yes | Infrastructure - Water | 2 729 | 3 466 | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Bulwer Donnbrook Water Supply Scheme Project | Yes | Infrastructure - Water | 28 200 | 30 000 | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Eradication Of Sanitation Backlog In UMZIMKHULU | Yes | Infrastructure - Sanitation | 4 500 | 4 500 | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | CONSTRUCTION OF DISASTER CENTRE | Yes | Infrastructure - Other | 7 252 | - | - | - | - | | RENEWAL |
| INFRASTRUCTURE SERVICES | CAMERAS & OTHER ACCESSORIES | Yes | Other Assets | 150 | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Highfats Town Bulk Water Supply Scheme | Yes | Infrastructure - Water | - | - | 2 990 | 10 000 | 5 000 | | NEW |

DC43 Harry Gwala - Supporting Table SA36 Detailed capital budget

| Municipal Vote/Capital project R thousand | Program/Project description | Individually Approved (Yes/No) 6 | Asset Class 3 | Prior year outcomes | | 2016/17 Medium Term Revenue & Expenditure Framework | | | Project information | |
|--|--|--|--------------------------------------|---------------------|----------------------|---|------------------------|------------------------|---------------------|----------------|
| | | | | Audited Outcome | Current Year 2015/16 | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 | Ward location | New or renewal |
| Parent municipality: | | | | | | | | | | |
| <i>List all capital projects grouped by Municipal Vote</i> | | | | | | | | | | |
| INFRASTRUCTURE SERVICES | Bulwer Nkelabantwana & Nkumba Water Supply | Yes | Infrastructure - Water | 31 685 | 8 000 | 28 240 | 36 949 | 32 413 | | NEW |
| INFRASTRUCTURE SERVICES | Franklin Bulk Water & Sewerage Upgrade | Yes | Infrastructure - Sanitation | - | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Highflats Town Bulk Water Supply Scheme | Yes | Infrastructure - Water | - | - | 2 990 | 10 000 | 5 000 | | NEW |
| INFRASTRUCTURE SERVICES | DONNYBROOK BULK SEWER UPGRADE | | | - | - | - | - | 10 000 | | NEW |
| INFRASTRUCTURE SERVICES | CREIGHTON WATER SUPPLY | | | - | - | - | - | 10 000 | | NEW |
| INFRASTRUCTURE SERVICES | BULWER DAM WATER INTERVENTION | | | - | - | - | - | 10 000 | | NEW |
| INFRASTRUCTURE SERVICES | GREATER KOKSTAD EMERGENCY SEWER INTERVENTION & RECTIFICATION | | | - | 10 000 | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | GREATER PANINKUKHU BULK WATER | | | - | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | GREATER KOKSTAD WATER CONSERVATION AND DEMAND MNGT | | | - | - | - | 8 000 | 5 000 | | NEW |
| INFRASTRUCTURE SERVICES | Underberg Waste Water | | | - | - | - | 15 421 | 20 298 | | NEW |
| INFRASTRUCTURE SERVICES | IXOPO HOPEWELL WATER SUPPLY SCHEME | | | - | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Santombe Water Supply | | | - | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Umsizikhulu Bulk Water Supply (Clysdale Water Reticulation) | | | - | 1 000 | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Tarrsvalley water project | | | - | 3 157 | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Tonjeni water project | | | - | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Ixopo Hopewell water supply | | | - | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Ibisi Housing Bulk Sewer Services | | | - | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Ibisi water project | | | - | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Ncwadi water supply | | | - | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Emazabekeni/Nokweja water supply | | | - | - | - | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Ndawana Water Supply | | | - | 2 500 | - | - | - | | |
| COPORATE SERVICES | Computers | | Computers - software & programming | 300 | 300 | 317 | 335 | 354 | | NEW |
| COPORATE SERVICES | New Furniture | | Furniture and other office equipment | 225 | 500 | 528 | 558 | 590 | | NEW |
| COPORATE SERVICES | NEW PROJECTOR & MICROPHONES | | Other | 80 | 50 | 30 | 32 | 34 | | NEW |
| COPORATE SERVICES | Office Equipment | | Furniture and other office equipment | 304 | 300 | 200 | 212 | 224 | | NEW |
| COPORATE SERVICES | VEHICLE (Mayor) | | General vehicles | 1 100 | - | - | - | - | | NEW |
| COPORATE SERVICES | SERVER & DESKTOP BACKUP | | Computers - hardware/equipment | 1 000 | 900 | 950 | 1 005 | 1 063 | | RENEWAL |
| COPORATE SERVICES | DEVELOPMENT OF STAFF COMPOUNDS | | Buildings | 600 | 600 | 600 | 635 | 672 | | NEW |
| COPORATE SERVICES | CASH SAFE | | Other | 100 | - | - | - | - | | NEW |
| COPORATE SERVICES | PROCUREMENT OF ADDITIONAL DMICS EQUIPMENT | | Furniture and other office equipment | 825 | - | 317 | 335 | 354 | | NEW |
| COPORATE SERVICES | Office Alterations | | Other | 1 500 | - | - | - | - | | RENEWAL |

Table 59 MBRR 36: Detailed capital budget per municipal vote (continued)

DC43 Harry Gwala - Supporting Table SA36 Detailed capital budget

| Municipal Vote/Capital project R thousand | Program/Project description | Individually Approved (Yes/No) 6 | Asset Class 3 | Prior year outcomes | | 2016/17 Medium Term Revenue & Expenditure Framework | | | Project information | |
|--|--|--|---|---------------------|----------------------|---|------------------------|------------------------|---------------------|----------------|
| | | | | Audited Outcome | Current Year 2015/16 | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 | Ward location | New or renewal |
| Parent municipality: | | | | | | | | | | |
| <i>List all capital projects grouped by Municipal Vote</i> | | | | | | | | | | |
| SOCIAL ECONOMIC DEVELOPMENT PLANNING | FURNITURE FOR THE DISASTER CENTER | | <i>Furniture and other office equipment</i> | 1 500 | 500 | - | - | - | | NEW |
| | PROCUREMENT OF ADDITIONAL DMICS EQUIPMEN | | | - | 300 | - | - | - | | |
| WATER SERVICES | INSTALLATION OF CALL CENTRE SYSTEM | | <i>Other</i> | 200 | 200 | - | - | - | | NEW |
| WATER SERVICES | INSTALLATION OF BULK WATER METERS | | <i>Other</i> | 4 000 | 2 500 | 1 500 | 1 590 | 1 685 | | NEW |
| WATER SERVICES | INSTALLATION OF STANDBY GENERATORS | | <i>Other</i> | 1 000 | 800 | 500 | 530 | 562 | | NEW |
| | WATER QUALITY TESTING EQUIPMENT | | | | 800 | 400 | 424 | 449 | | |
| FINANCE | COMPUTER SOFTWARE MUN FIN SYSTEMS - MSIG | | <i>OTHER</i> | - | - | | | | | |
| Parent Capital expenditure | | | | | | 356 054 | 409 888 | 381 252 | | |

Table 60 MBRR SA37 - Projects delayed from previous financial year

| DC43 Harry Gwala - Supporting Table SA37 Projects delayed from previous financial year/s | | | | | | | | | |
|--|--|------------------------|----------------------|----------------------------------|----------------------|--------------------|---|------------------------|------------------------|
| Municipal Vote/Capital project | Project name | Asset Class 3 | Asset Sub-Class 3 | Previous target year to complete | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
| | | | | | Original Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | Year | | | | | |
| Parent municipality: | | | | | | | | | |
| List all capital projects grouped by Municipal Vote | | Examples | Examples | | | | | | |
| Infrastructure | Greater Khilimoni (Ward 1) | Infrastructure - Water | Reticulation | | 20 437 | 20 437 | 36 907 | 42 676 | 47 413 |
| Infrastructure | Kw anomandlovu Water Project (Sdm) | Infrastructure - Water | Reticulation | | 10 000 | 10 000 | 24 178 | 36 949 | - |
| INFRASTRUCTURE SERVICES | Mbulweni Water Supply | Infrastructure - Water | Reticulation | | 10 266 | 10 266 | 29 178 | 41 949 | 32 413 |
| INFRASTRUCTURE SERVICES | Greater Summerfield | Infrastructure - Water | Reticulation | | 18 069 | 18 069 | 12 029 | 15 952 | 47 413 |
| | Bulwer Nkelabantwana & Nkumba Water Supply | Infrastructure - Water | Reticulation | | 8 000 | 8 000 | 28 240 | 36 949 | 32 413 |
| | | | | | | | | | |
| | | | | | | | | | |

3.12 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the district's website.

Internship programme

The district is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department and internal auditing. Their contracts started on the 01 August 2013 and their contract ends in July 2016 as required by National Treasury. Since the introduction of the Internship programme the district has successfully employed and trained 13 interns through this programme and a majority of them were appointed either in the district or other Institutions.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee has been established and is fully functional.

Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

MFMA Training

The MFMA training module in electronic format is presented at the district and training is ongoing.

Policies

The review of all budget related policies has taken place in terms of Regulation 7 of the MBRR.

3.13 OTHER SUPPORTING DOCUMENTS

Table 61 MBRR Table SA1 - Supporting detail to budgeted financial performance

DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| REVENUE ITEMS: | | | | | | | | | | |
| <u>Property rates</u> | | | | | | | | | | |
| <u>Service charges - water revenue</u> | | | | | | | | | | |
| Total Service charges - water revenue | 27 833 | 35 855 | 44 038 | 43 715 | 43 715 | 43 715 | 43 715 | 45 599 | 48 335 | 51 236 |
| <i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i> | - | - | 5 006 | 5 306 | 5 306 | 5 306 | 5 306 | 4 886 | 5 179 | 5 490 |
| Net Service charges - water revenue | 27 833 | 35 855 | 39 032 | 38 409 | 38 409 | 38 409 | 38 409 | 40 714 | 43 157 | 45 746 |
| <u>Service charges - sanitation revenue</u> | | | | | | | | | | |
| Total Service charges - sanitation revenue | 12 033 | 13 050 | 15 529 | 16 461 | 16 461 | 16 461 | 16 461 | 17 449 | 18 496 | 19 605 |
| <i>less Cost of Free Basis Services (free sanitation service to indigent households)</i> | - | - | - | - | - | - | - | - | - | - |
| Net Service charges - sanitation revenue | 12 033 | 13 050 | 15 529 | 16 461 | 16 461 | 16 461 | 16 461 | 17 449 | 18 496 | 19 605 |
| <u>Other Revenue by source</u> | | | | | | | | | | |
| Other revenue | 2 210 | 1 874 | 1 401 | 56 | 188 | 188 | 188 | 609 | 646 | 685 |
| Revenue Generated by the SDA | | | | | - | - | - | 5 | 5 | 6 |
| Revenue Generated by the SDA - Sale of Tender Documents | | | | 10 | 10 | 10 | 10 | | | |
| CLEARANCE CERTIFICATES | | | | 4 | 4 | 4 | 4 | | | |
| TENDER DOCUMENTS | | | | 570 | 570 | 570 | 570 | | | |
| CONSERVANCY TANKS | | | | 338 | 338 | 338 | 338 | | | |
| Total 'Other' Revenue | 2 210 | 1 874 | 1 401 | 978 | 1 110 | 1 110 | 1 110 | 614 | 651 | 690 |

Table 62 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| EXPENDITURE ITEMS: | | | | | | | | | | |
| Employee related costs | | | | | | | | | | |
| Basic Salaries and Wages | 56 244 | 77 463 | 85 704 | 92 532 | 94 532 | 94 532 | 94 532 | 104 181 | 112 136 | 120 709 |
| Pension and UIF Contributions | 8 949 | 11 289 | 9 413 | 9 884 | 9 884 | 9 884 | 9 884 | 10 677 | 11 531 | 12 453 |
| Medical Aid Contributions | 1 240 | 1 564 | 3 728 | 3 915 | 3 915 | 3 915 | 3 915 | 4 529 | 4 891 | 5 282 |
| Overtime | 1 105 | 1 394 | 8 353 | 8 772 | 8 772 | 8 772 | 8 772 | 9 840 | 10 628 | 11 478 |
| Performance Bonus | 5 363 | 6 765 | - | - | - | - | - | - | - | - |
| Motor Vehicle Allowance | 4 335 | 5 469 | 4 704 | 4 940 | 4 940 | 4 940 | 4 940 | 6 711 | 7 248 | 7 828 |
| Cellphone Allowance | 482 | 608 | 1 661 | 1 744 | 1 744 | 1 744 | 1 744 | 550 | 593 | 641 |
| Housing Allowances | 33 | 42 | 197 | 207 | 207 | 207 | 207 | 794 | 857 | 926 |
| Other benefits and allowances | 1 477 | 1 863 | 377 | 396 | 396 | 396 | 396 | 668 | 722 | 779 |
| sub-total | 79 228 | 106 456 | 114 138 | 122 391 | 124 391 | 124 391 | 124 391 | 137 950 | 148 607 | 160 097 |
| Less: Employees costs capitalised to PPE | | | | | | | | | | |
| Total Employee related costs | 79 228 | 106 456 | 114 138 | 122 391 | 124 391 | 124 391 | 124 391 | 137 950 | 148 607 | 160 097 |
| Depreciation & asset impairment | | | | | | | | | | |
| Depreciation of Property, Plant & Equipment | 28 992 | 37 166 | 40 859 | 30 300 | 30 600 | 30 600 | 30 600 | 31 874 | 33 786 | 35 812 |
| Total Depreciation & asset impairment | 28 992 | 37 166 | 40 859 | 30 300 | 30 600 | 30 600 | 30 600 | 31 874 | 33 786 | 35 812 |
| Bulk purchases | | | | | | | | | | |
| Electricity Bulk Purchases | - | - | - | - | - | - | - | - | - | - |
| Water Bulk Purchases | 9 710 | 9 487 | 8 947 | 8 706 | 9 852 | 9 852 | 9 852 | 10 709 | 11 641 | 12 654 |
| Total bulk purchases | 9 710 | 9 487 | 8 947 | 8 706 | 9 852 | 9 852 | 9 852 | 10 709 | 11 641 | 12 654 |
| Contracted services | | | | | | | | | | |
| Garding Services | - | - | 600 | - | - | - | - | 211 | 223 | 236 |
| Cleaning services | 128 | 292 | 200 | 300 | 300 | 300 | 300 | 317 | 335 | 354 |
| Security Services | 6 383 | 7 874 | 1 200 | 9 165 | 9 165 | 9 165 | 9 165 | 9 142 | 9 672 | 10 233 |
| EXTERNAL WATER QUALITY MONITORING | 1 174 | 1 267 | 2 000 | - | - | - | - | - | - | - |
| WSDP Review | - | 115 | - | - | - | - | - | - | - | - |
| Municipal Finance Support | 596 | - | - | - | - | - | - | - | - | - |
| VAT Consultant | 568 | 2 159 | 2 000 | 1 500 | 1 500 | 1 500 | 1 500 | 1 000 | 1 058 | 1 119 |
| RENTAL OF OFFICE EQUIPMENT | - | - | 500 | 600 | 600 | 600 | 600 | 633 | 670 | 709 |
| LEGAL SERVICES | 305 | 321 | - | 1 500 | 1 500 | 1 500 | 1 500 | 1 000 | 1 058 | 1 119 |
| RISK ASS. MAN STRATEGY AND AUDIT ASSIGNMENT | 280 | 100 | - | - | - | - | - | - | - | - |
| AUDIT COMMITTEE | - | - | 400 | - | - | - | - | 600 | 635 | 672 |
| ANNUAL FINANCIAL STATEMENTS (AFS)(ACCOUNTING SERVICES) | 1 237 | 1 899 | 1 300 | 3 000 | 3 000 | 3 000 | 3 000 | 3 165 | 3 349 | 3 543 |
| PMS/SDBIP REVIEW | 4 | 512 | 600 | 800 | 800 | 800 | 800 | 300 | 317 | 336 |
| Other | 6 955 | 5 416 | - | - | - | - | - | 10 500 | 9 609 | 11 753 |
| Eradication of Sanitation Backlog in Ubhulebezwe | - | - | - | 2 150 | 2 150 | 2 150 | 2 150 | 2 268 | 2 400 | 2 539 |
| Systems and Admin support | 1 195 | 3 705 | - | - | - | - | - | - | - | - |
| Refurbishment Projects | - | 3 214 | 46 535 | 13 000 | 34 341 | 34 341 | 34 341 | 15 788 | 16 691 | 17 659 |
| sub-total | 18 825 | 26 872 | 55 335 | 32 015 | 53 356 | 53 356 | 53 356 | 44 923 | 46 016 | 50 272 |
| Total contracted services | 18 825 | 26 872 | 55 335 | 32 015 | 53 356 | 53 356 | 53 356 | 44 923 | 46 016 | 50 272 |

DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| Other Expenditure By Type | | | | | | | | | | |
| Collection costs | 334 | - | 1 919 | 600 | 600 | 600 | 600 | 504 | 524 | 543 |
| Contributions to 'other' provisions | 2 463 | 1 818 | 463 | 1 398 | 1 398 | 1 398 | 1 398 | 1 175 | 1 221 | 1 265 |
| Consultant fees | - | - | - | 3 800 | 3 800 | 3 800 | 3 800 | 3 193 | 3 318 | 3 437 |
| Audit fees | 1 793 | 1 784 | 2 155 | 2 000 | 2 000 | 2 000 | 2 000 | 1 680 | 1 746 | 1 809 |
| General expenses | 157 803 | 41 295 | 29 146 | 22 302 | 20 737 | 20 737 | 20 737 | 25 841 | 25 355 | 27 817 |
| COMMUNITY PARTICIPATION | 3 649 | 4 228 | 4 270 | 12 843 | 12 843 | 12 843 | 12 843 | 10 790 | 11 214 | 11 616 |
| CONFERENCES AND SEMINARS | 884 | 1 042 | 659 | 832 | 832 | 832 | 832 | 699 | 726 | 752 |
| DISASTER MANAGEMENT | 1 120 | 698 | 47 | 800 | 800 | 800 | 800 | 672 | 699 | 724 |
| ELECTRICITY | - | - | 1 887 | 800 | 800 | 800 | 800 | 672 | 699 | 724 |
| FINANCE RELATED COSTS | 829 | - | 2 284 | 700 | 20 659 | 20 659 | 20 659 | 588 | 611 | 633 |
| HUMAN RESOURCE RELATED COSTS | - | - | 1 934 | 7 786 | 7 786 | 7 786 | 7 786 | 6 541 | 6 798 | 7 042 |
| IT RELATED COSTS | 84 | 44 | 513 | 3 552 | 3 552 | 3 552 | 3 552 | 2 985 | 3 102 | 3 213 |
| OPERATIONS & MAINTENANCE | - | - | 10 617 | 1 000 | 1 000 | 1 000 | 1 000 | 840 | 873 | 904 |
| PRINTING & STATIONARY | 1 436 | 727 | 874 | 990 | 990 | 990 | 990 | 832 | 864 | 895 |
| PROJECT PLANNING | 463 | - | 688 | 850 | 850 | 850 | 850 | 714 | 742 | 769 |
| PUBLIC RELATIONS | 390 | 672 | 2 468 | 850 | 850 | 850 | 850 | 714 | 742 | 769 |
| RURAL ROADS ASSETS INFRASTRUCTURE | - | - | 1 223 | 1 700 | 1 700 | 1 700 | 1 700 | 1 428 | 1 484 | 1 538 |
| SOCIAL & SPORTS | 762 | 885 | 7 707 | 1 000 | 1 000 | 1 000 | 1 000 | 840 | 873 | 904 |
| SUBSISTANCE & TRAVELLING | 1 117 | 905 | 788 | 1 500 | 1 500 | 1 500 | 1 500 | 1 260 | 1 310 | 1 357 |
| TELEPHONE & FAXES | 3 229 | 4 005 | 2 059 | 2 000 | 2 000 | 2 000 | 2 000 | 1 680 | 1 746 | 1 809 |
| WATER CONSERVATION & DEMAND MANAGEMENT | - | 348 | 1 051 | 600 | 600 | 600 | 600 | 504 | 524 | 543 |
| Impairment costs | 924 | 3 672 | 13 533 | 500 | 500 | 500 | 500 | 420 | 437 | 452 |
| Rain water Haversting | - | - | - | 4 000 | 4 000 | 4 000 | 4 000 | 3 361 | 3 493 | 3 618 |
| Department of Higher Education Grant Expenditure | | | | | | | | 10 427 | 10 948 | 11 496 |
| Water Services Operational Costs | | | | 24 077 | 24 077 | 24 077 | 24 077 | 20 229 | 21 023 | 21 777 |
| Repairs & Maintenance | | 23 539 | 22 625 | 14 150 | 14 150 | 14 150 | 14 150 | 11 889 | 12 355 | 12 798 |
| Expenditure on Grants | - | 77 951 | 59 210 | 7 505 | 7 505 | 7 505 | 7 505 | 14 306 | 6 553 | 6 788 |
| HGDA Projects & General Expenditure | 7 490 | 14 808 | 2 040 | 51 745 | 51 745 | 51 745 | 51 745 | 7 449 | 7 821 | 8 212 |
| HGDA Directors Remuneration | - | - | 545 | | | | | 350 | 368 | 386 |
| | | | | | | | | | | |
| Total 'Other' Expenditure | 184 770 | 178 422 | 170 704 | 169 879 | 188 274 | 188 274 | 188 274 | 132 584 | 128 169 | 134 588 |
| Repairs and Maintenance by Expenditure Item | | | | | | | | | | |
| Employee related costs | 29 493 | 29 493 | 35 127 | 37 937 | 37 937 | 37 937 | 37 937 | 45 597 | 58 597 | 71 596 |
| Other materials | 22 807 | 26 476 | 24 589 | 17 064 | 17 064 | 17 064 | 17 064 | 20 510 | 26 357 | 32 204 |
| Contracted Services | 5 899 | 5 899 | 7 025 | 15 150 | 15 150 | 15 150 | 15 150 | 18 209 | 23 400 | 28 591 |
| Other Expenditure | 2 949 | 2 949 | 3 513 | 3 723 | 3 723 | 3 723 | 3 723 | 4 475 | 5 751 | 7 027 |
| Total Repairs and Maintenance Expenditure | 61 148 | 64 817 | 70 254 | 73 875 | 73 875 | 73 875 | 73 875 | 88 791 | 114 105 | 139 419 |

Table 63 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

DC43 Harry Gwala - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)

| Description | Vote 1 - Council | Vote 2 - Municipal | Vote 3 - Budget & | Vote 4 - Corporate | Vote 5 - Social & | Vote 6 - Infrastructur | Vote 7 - Water | Total |
|--|------------------|--------------------|-------------------|--------------------|-------------------|------------------------|-----------------|-----------------|
| R thousand | | | | | | | | |
| Revenue By Source | | | | | | | | |
| Service charges - water revenue | - | - | - | - | - | - | 40 714 | 40 714 |
| Service charges - sanitation revenue | - | - | - | - | - | - | 17 449 | 17 449 |
| Service charges - other | - | - | 2 391 | - | - | - | - | 2 391 |
| Rental of facilities and equipment | - | - | - | - | - | - | - | - |
| Interest earned - external investments | - | - | 3 700 | - | - | - | - | 3 700 |
| Interest earned - outstanding debtors | - | - | - | - | - | - | 8 500 | 8 500 |
| Other revenue | - | - | - | 614 | - | - | - | 614 |
| Transfers recognised - operational | - | - | 287 659 | - | 400 | - | - | 288 059 |
| Gains on disposal of PPE | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | - | - | 293 750 | 614 | 400 | - | 66 663 | 361 426 |
| Expenditure By Type | | | | | | | | |
| Employee related costs | - | 8 449 | 16 074 | 15 255 | 34 924 | 10 568 | 52 681 | 137 950 |
| Remuneration of councillors | 7 906 | - | - | - | - | - | - | 7 906 |
| Debt impairment | - | - | 26 044 | - | - | - | - | 26 044 |
| Depreciation & asset impairment | - | 316 | 456 | 1 127 | 46 | 1 620 | 28 309 | 31 874 |
| Finance charges | - | - | 1 951 | - | - | - | - | 1 951 |
| Bulk purchases | - | - | - | - | - | - | 10 709 | 10 709 |
| Contracted services | - | 2 551 | 5 451 | 10 696 | 2 751 | 4 151 | 19 321 | 44 923 |
| Transfers and grants | - | - | - | - | - | - | - | - |
| Other expenditure | 3 862 | 3 185 | 14 235 | 14 078 | 46 438 | 8 900 | 41 885 | 132 584 |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - |
| Total Expenditure | 11 769 | 14 502 | 64 211 | 41 156 | 84 159 | 25 239 | 152 905 | 393 941 |
| Surplus/(Deficit) | (11 769) | (14 502) | 229 539 | (40 542) | (83 759) | (25 239) | (86 243) | (32 515) |
| Transfers recognised - capital | | | | | | 335 772 | | 335 772 |
| Surplus/(Deficit) after capital transfers & contributions | (11 769) | (14 502) | 229 539 | (40 542) | (83 759) | 310 533 | (86 243) | 303 258 |

Table 64 MBRR Table SA3 – Supporting detail to Statement of Financial Position

DC43 Harry Gwala - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| ASSETS | | | | | | | | | | |
| Call investment deposits | | | | | | | | | | |
| Call deposits < 90 days | | | | 4 413 | 4 413 | 4 413 | 4 413 | 2 931 | 2 032 | 2 720 |
| Other current investments > 90 days | | | | | | | | | | |
| Total Call investment deposits | - | - | - | 4 413 | 4 413 | 4 413 | 4 413 | 2 931 | 2 032 | 2 720 |
| Consumer debtors | | | | | | | | | | |
| Consumer debtors | 5 738 | 6 923 | 307 | 106 208 | 106 208 | 106 208 | 106 208 | 181 211 | 186 211 | 196 211 |
| Less: Provision for debt impairment | | | | (90 118) | | | | (133 133) | (150 051) | (178 583) |
| Total Consumer debtors | 5 738 | 6 923 | 307 | 16 091 | 106 208 | 106 208 | 106 208 | 48 078 | 36 160 | 17 628 |
| Debt impairment provision | | | | | | | | | | |
| Balance at the beginning of the year | | | | | | | | 122 739 | 133 133 | 150 051 |
| Contributions to the provision | | | | 71 748 | 71 748 | 71 748 | 71 748 | 25 394 | 26 917 | 28 533 |
| Bad debts written off | | | | 18 369 | 18 369 | 18 369 | 18 369 | (15 000) | (10 000) | |
| Balance at end of year | - | - | - | 90 118 | 90 118 | 90 118 | 90 118 | 133 133 | 150 051 | 178 583 |
| Property, plant and equipment (PPE) | | | | | | | | | | |
| PPE at cost/valuation (excl. finance leases) | 1 124 701 | 1 279 317 | 1 538 643 | 1 846 917 | 1 791 115 | 1 791 115 | 1 791 115 | 2 149 514 | 2 560 934 | 2 943 566 |
| Less: Accumulated depreciation | | | | 219 004 | 219 303 | 219 303 | 219 303 | 231 720 | 245 623 | 260 360 |
| Total Property, plant and equipment (PPE) | 1 124 701 | 1 279 317 | 1 538 643 | 1 627 913 | 1 571 812 | 1 571 812 | 1 571 812 | 1 917 794 | 2 315 311 | 2 683 206 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities - Borrowing | | | | | | | | | | |
| Short term loans (other than bank overdraft) | 1 718 | | | | | | | | | |
| Current portion of long-term liabilities | 3 297 | 3 415 | 3 266 | 3 592 | 3 592 | 3 592 | 3 592 | 3 330 | 3 697 | 4 102 |
| Total Current liabilities - Borrowing | 5 015 | 3 415 | 3 266 | 3 592 | 3 592 | 3 592 | 3 592 | 3 330 | 3 697 | 4 102 |
| Trade and other payables | | | | | | | | | | |
| Trade and other creditors | 86 107 | 88 397 | 37 263 | 32 794 | 84 794 | 84 794 | 84 794 | 54 536 | 52 355 | 55 874 |
| Unspent conditional transfers | 41 681 | 19 772 | 15 865 | 12 692 | 12 692 | 12 692 | 12 692 | 3 234 | 2 524 | 2 350 |
| Total Trade and other payables | 127 788 | 108 169 | 53 128 | 45 486 | 97 486 | 97 486 | 97 486 | 57 770 | 54 879 | 58 224 |
| Non current liabilities - Borrowing | | | | | | | | | | |
| Borrowing | 25 596 | 22 064 | 18 683 | 16 683 | 16 683 | 16 683 | 16 683 | 12 353 | 8 657 | 4 555 |
| Finance leases (including PPP asset element) | 2 104 | 5 130 | | | | | | | | |
| Total Non current liabilities - Borrowing | 27 700 | 27 193 | 18 683 | 16 683 | 16 683 | 16 683 | 16 683 | 12 353 | 8 657 | 4 555 |
| Provisions - non-current | | | | | | | | | | |
| Retirement benefits | 7 138 | 10 881 | 10 816 | 11 897 | 11 897 | 11 897 | 11 897 | 17 506 | 19 256 | 21 182 |
| Other | 2 230 | 3 047 | 2 437 | 2 437 | 2 437 | 2 437 | 2 437 | 2 591 | 2 970 | 3 279 |
| Total Provisions - non-current | 9 369 | 13 928 | 13 253 | 14 334 | 14 334 | 14 334 | 14 334 | 20 096 | 22 227 | 24 461 |
| CHANGES IN NET ASSETS | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | | | | | | | | | |
| Accumulated Surplus/(Deficit) - opening balance | 911 565 | 1 071 838 | 1 273 751 | 1 359 873 | 1 208 935 | 1 208 935 | 1 208 935 | 1 546 851 | 1 896 715 | 2 278 402 |
| GRAP adjustments | | | | | | | | | | |
| Restated balance | 911 565 | 1 071 838 | 1 273 751 | 1 359 873 | 1 208 935 | 1 208 935 | 1 208 935 | 1 546 851 | 1 896 715 | 2 278 402 |
| Surplus/(Deficit) | 160 589 | 121 412 | 174 928 | 270 707 | 181 831 | 181 831 | 181 831 | 303 258 | 379 318 | 351 669 |
| Other adjustments | (31 595) | 15 967 | 37 480 | - | 178 993 | 178 993 | 178 993 | 69 297 | 62 432 | 85 335 |
| Accumulated Surplus/(Deficit) | 1 040 559 | 1 209 217 | 1 486 158 | 1 630 580 | 1 569 760 | 1 569 760 | 1 569 760 | 1 919 406 | 2 338 465 | 2 715 407 |
| TOTAL COMMUNITY WEALTH/EQUITY | 1 040 559 | 1 209 217 | 1 486 158 | 1 630 580 | 1 569 760 | 1 569 760 | 1 569 760 | 1 919 406 | 2 338 465 | 2 715 407 |

Table 65 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

DC43 Harry Gwala - Supporting Table SA9 Social, economic and demographic statistics and assumptions

| Description of economic indicator | 2001 Census | 2007 Survey | 2011 Census | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-------------|-------------|-------------|------------|------------|------------|-------------------------|--|------------|------------|
| | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Demographics | | | | | | | | | | |
| Population | 457 | 500 | 558 | 571 | 584 | 597 | 610 | 623 | 637 | 651 |
| Females aged 5 - 14 | 40 | 74 | 82 | 84 | 86 | 88 | 90 | 92 | 93 | 93 |
| Males aged 5 - 14 | 41 | 63 | 70 | 72 | 73 | 75 | 77 | 78 | 79 | 80 |
| Females aged 15 - 34 | 54 | 92 | 103 | 105 | 108 | 110 | 112 | 115 | 126 | 137 |
| Males aged 15 - 34 | 48 | 78 | 88 | 90 | 92 | 94 | 96 | 98 | 16 | (66) |
| Unemployment | 114 | 125 | 139 | 143 | 146 | 149 | 153 | 156 | 157 | 158 |
| Monthly household income (no. of households) | | | | | | | | | | |
| No income | 64 824 | 71 012 | 77 500 | 80 964 | 82 753 | 84 542 | 86 332 | 88 121 | 89 131 | 90 141 |
| R1 - R1 600 | 108 648 | 119 020 | 129 895 | 135 700 | 138 699 | 141 698 | 144 696 | 147 695 | 148 595 | 149 495 |
| R1 601 - R3 200 | 169 546 | 185 730 | 202 701 | 211 760 | 216 440 | 221 120 | 225 799 | 230 479 | 232 379 | 234 279 |
| R3 201 - R6 400 | 38 917 | 42 632 | 39 623 | 48 607 | 49 681 | 50 755 | 51 829 | 52 903 | 54 702 | 56 501 |
| R6 401 - R12 800 | 33 142 | 36 306 | 12 144 | 41 394 | 42 309 | 43 224 | 44 139 | 45 053 | 47 323 | 49 593 |
| R12 801 - R25 600 | 25 656 | 28 105 | 2 620 | 32 043 | 32 752 | 33 460 | 34 168 | 34 876 | 35 925 | 36 974 |
| R25 601 - R51 200 | 10 157 | 11 127 | 3 002 | 12 686 | 12 967 | 13 247 | 13 527 | 13 808 | 14 709 | 15 610 |
| R52 201 - R102 400 | 2 191 | 2 400 | 1 092 | 2 737 | 2 797 | 2 858 | 2 918 | 2 979 | 3 088 | 3 197 |
| R102 401 - R204 800 | - | - | - | - | - | - | - | - | - | - |
| R204 801 - R409 600 | 2 511 | 2 750 | 2 836 | 3 136 | 3 205 | 3 275 | 3 344 | 3 413 | 3 621 | 3 829 |
| R409 601 - R819 200 | 913 | 1 000 | 1 183 | 1 140 | 1 166 | 1 191 | 1 216 | 1 241 | 1 332 | 1 423 |
| > R819 200 | | | | | | | | | | |
| Poverty profiles (no. of households) | | | | | | | | | | |
| < R2 060 per household per month | | | | | | | | | | |
| Insert description | 71 900 | 78 910 | 85 920 | | | | | | | |
| Household/demographics (000) | | | | | | | | | | |
| Number of people in municipal area | 456 506 | 500 082 | 508 900 | 570 | 583 | 595 | 608 | 621 | 643 | 666 |
| Number of poor people in municipal area | 342 380 | 375 762 | 389 000 | 480 | 510 | 539 | 569 | 598 | 689 | 780 |
| Number of households in municipal area | 103 264 | 105 659 | 110 800 | 120 | 123 | 126 | 128 | 131 | 142 | 154 |
| Number of poor households in municipal area | 71 900 | 78 910 | 85 920 | 101 | 107 | 113 | 119 | 126 | 133 | 139 |
| Definition of poor household (R per month) | <R800 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M |

DC43 Harry Gwala - Supporting Table SA9 Social, economic and demographic statistics and assumptions

| Description of economic indicator | 2001 Census | 2007 Survey | 2011 Census | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------|---|---------------|---------------|
| | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Housing statistics | | | | | | | | | | |
| Formal | 32 115 | 33 917 | 37 600 | 38 670 | 39 524 | 40 379 | 41 234 | 42 088 | 41 233 | 40 378 |
| Informal | 4 234 | 2 008 | 2 398 | 2 289 | 2 339 | 2 390 | 2 441 | 2 491 | 2 523 | 2 555 |
| Total number of households | 36 349 | 35 925 | 39 998 | 40 959 | 41 863 | 42 769 | 43 674 | 44 579 | 43 756 | 42 933 |
| Dwellings provided by municipality | | | | | | | | | | |
| Dwellings provided by province/s | | | | | | | | | | |
| Dwellings provided by private sector | | | | | | | | | | |
| Total new housing dwellings | - | - | - | - | - | - | - | - | - | - |
| Economic | | | | | | | | | | |
| Inflation/inflation outlook (CPIX) | | | | 5,3% | 5,5% | 5,7% | 5,9% | 6,1% | 6,2% | |
| Interest rate - borrowing | | | | 9,5% | 10,0% | 0,5% | 0,5% | 0,5% | 0,7% | |
| Interest rate - investment | | | | 7,5% | 8,0% | 8,5% | 9,0% | 9,5% | 9,9% | |
| Remuneration increases | | | | 7,3% | 7,5% | 7,7% | 7,9% | 8,1% | 8,3% | |
| Consumption growth (electricity) | | | | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | |
| Consumption growth (water) | | | | 2,2% | 2,2% | 2,2% | 2,2% | 2,2% | 2,3% | |
| Collection rates | | | | | | | | | | |
| Property tax/service charges | | | | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | |
| Rental of facilities & equipment | | | | 7,0% | 7,0% | 7,0% | 7,0% | 7,0% | 8,0% | |
| Interest - external investments | | | | 7,5% | 8,0% | 8,5% | 9,0% | 9,5% | 10,0% | |
| Interest - debtors | | | | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | |
| Revenue from agency services | | | | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | |

Table 66 MBRR SA32 – List of external mechanisms

| DC43 Harry Gwala - Supporting Table SA32 List of external mechanisms | | | | | |
|--|-----------|------------------------|-----------------------------|---|--------------------------------|
| External mechanism | Yrs/ Mths | Period of agreement 1. | Service provided | Expiry date of service delivery agreement or contract | Monetary value of agreement 2. |
| Name of organisation | | Number | | | R thousand |
| Umngeni Water | Yrs | Ongoing | Bulk Water Supply | Ongoing | 4 185 |
| Dwala Services | Yrs | 1 | Cleaning services | Ongoing | 317 |
| Isidingo | Yrs | 1 | Security Services | Ongoing | 9 142 |
| Umnotho | Yrs | 2 | ANNUAL FINANCIAL STATEMENTS | Ongoing | 3 165 |
| Francis | Yrs | 2 | Legal Services | Ongoing | 1 000 |
| | | | | | |
| | | | | | |

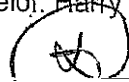
3.1 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I **Adelaide Nomnandi Dlamini**, Municipal Manager of Harry Gwala District Municipality hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Adelaide Nomnandi Dlamini

Municipal Manager of: Harry Gwala District Municipality (DC43)

Signature: _____



Date: 2016/05/27