



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

BUDGET & TREASURY

***201920 MTREF***

***FINAL DRAFT***

***BUDGET***

ANNUAL BUDGET OF  
**HARRY GWALA**  
**DISTRICT**  
**MUNICIPALITY**

2019/20 TO 2021/22  
MEDIUM TERM REVENUE AND EXPENDITURE  
FRAMEWORK BUDGET

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## Abbreviations and Acronyms

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

# 1 Part 1 – Annual Budget

## 1.1 MAYOR’S REPORT

### PURPOSE

On behalf of the Executive Committee of Council, I am hereby tabling the 2019/20 Medium term Revenue and Expenditure framework final draft budget for consideration and approval by council.

### BACKGROUND

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.

### DISCUSSION:

In order for a Municipality to comply with section (i) section 16 (2) prescribes that 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 and appropriate expenditure for the budget year under the different votes of the Municipality.*

### BUDGET SUMMARY:

The 2019/2020 Total Revenue is R 751, 2m broken down as follows;

- |   |           |
|---|-----------|
| • Government Grants and Subsidies – Capital     | R 275, 8m |
| • Government Grants and Subsidies – Operational | R 366m    |
| • Own Revenue                                   | R 109, 4m |

Allocated as follows;

- |                      |           |
|----------------------|-----------|
| • Operational budget | R 469m    |
| • Capital budget     | R 282, 3m |



2019/2020 Consolidated Total Revenue is R 751, 9m broken down as follows;

• Government Grants and Subsidies – Capital	R 275, 8m
• Government Grants and Subsidies – Operational	R 366m
• Own Revenue	R 110, 1m

Allocated as follows;

• Operational budget	R 469, 8m
• Capital budget	R 282, 3m

The staff salaries budget has been budgeted at R195, 5m, representing 42% of the operational budget. Councilor's allowances have been budgeted at R7, 5m. The staff salaries budget for the consolidated has been budgeted at R203, 3million representing 44% of the total operating expenditure. Harry Gwala Development Agency Board members have been budgeted at R 400 000.

### Local government equitable share

The equitable share for 2019/2020 financial year as gazetted from the Division of Revenue Bill is as follows:

✓ Equitable share	R 345 309 000
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For 2019/20 Final Budget capital projects amounting to R 282 399 044 have been planned under the following categories;

PROJECT TYPE	AMOUNT
<b>Water</b>	R 223 564 998
<b>Sanitation</b>	R 52 273 502
<b>Other Assets</b>	R 6 560 544
<b>TOTAL</b>	<b>R 282 399 044</b>

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:

<b>Umzimkhulu</b>	R	92 950 877	33%	Has a huge Backlogs and high population
<b>NDZ</b>	R	69 930 191	25%	Huge Backlogs, Merger & Bulwer Dam
<b>Ubuhlebezwe</b>	R	80 780 793	29%	Huge Backlogs and Water Augmentation

<b>Kokstad</b>	R	32 176 640	11%	Few Backlogs
<b>Internal</b>	R	6 560 544	2%	No Backlogs

Doctor Nkosazana Dlamini Zuma municipality infrastructure budget allocation includes an amount of R20million 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 15m towards LED projects in 2019/20 and a total of R37million 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). 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	2019/20	2020/21	2021/22
<b>SPORT DEVELOPMENT</b>	R 4 200 000,00	R 4 426 800,00	R 4 665 847,20
<b>RURAL HORSE RIDING - GAMES (SUMMER CUP)</b>	R 750 000,00	R 790 500,00	R 833 187,00
<b>DISABLED PROGRAMMES</b>	R 260 000,00	R 274 040,00	R 288 838,16
<b>YOUTH DEV PROGRAMMES</b>	R 200 000,00	R 210 800,00	R 222 183,20
<b>BURSARIES-COMMUNITY</b>	R 150 000,00	R 158 100,00	R 166 637,40
<b>MEDICAL BURSARIES</b>	R 150 000,00	R 158 100,00	R 166 637,40
<b>WOMENS EMPOWERMENT PROGRAMME</b>	R 300 000,00	R 316 200,00	R 333 274,80
<b>MENS FORUM AND CAPACITY BUILDING</b>	R 200 000,00	R 210 800,00	R 222 183,20
<b>SENIOR CITIZENS PROGRAMMES</b>	R 240 000,00	R 252 960,00	R 266 619,84
<b>FINANCIAL ASSISTANCE &amp; SCHOOL CAMPAIGN</b>	R 140 000,00	R 147 560,00	R 155 528,24
<b>TO ATTEND UMKHOSI WOMHLANGA</b>	R 70 000,00	R 73 780,00	R 77 764,12
<b>HARRY GWALA DISTRICT MARATHON</b>	R 2 100 000,00	R 2 240 400,00	R 2 388 381,60
<b>RELIGIOUS FORUMS</b>	R 200 000,00	R 210 800,00	R 222 183,20
<b>TOTAL</b>	<b>R 8 960 000</b>	<b>R 9 470 840</b>	<b>R 10 009 265</b>

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 31 May 2019 the Council of Harry Gwala District Municipality met in the Council Chambers of Harry Gwala District Municipality council chamber to consider the final draft budget of the municipality for the financial year 2019/20. 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 draft budget of the municipality for the financial year 2019/20 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 2019:

- 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 2019 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, approves and adopts with effect from 01 July the final draft 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, 79, 80, 85, 86, 93 and 94 were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/20 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 2019/20 MTREF process; and

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

- The 2019/20 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 2019/20 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 2019/20 Medium-term Revenue and Expenditure Framework:

**Table 1 Overview of the 2019/20 MTREF – Parent Municipality**

<b>R thousand</b>	<b>Adjustments Budget 2019/20</b>	<b>Budget Year 2019/20</b>	<b>Budget Year + 1 2020/21</b>	<b>Budget Year +2 2021/22</b>
<b>Total Operating Revenue</b>	R 483 542 000	R 475 451 000	R 496 063 000	R 535 522 000
<b>Total Operating Expenditure</b>	R 474 216 656	R 469 030 451	R 491 789 580	R 531 020 228

<b>(Surplus)/ Deficit for the year</b>	<b>R 9 326 000</b>	<b>R 6 421 000</b>	<b>R 4 273 000</b>	<b>R 4 502 000</b>
<b>Total Capital Expenditure</b>	R 328 992 311	R 282 399 044	R 309 637 228	R 366 078 485

Total operating revenue for the Parent municipality has been increased by 2% per cent or R7, 7million for the 2019/20 financial year when compared to the 2018/19 Adjustments Budget. For the two outer years, operational revenue will increase by 6 % and 8 % per cent respectively, equating to a total revenue growth of R69, 4m over the MTREF when compared to the 2019/20 financial year.

Total operating expenditure for the 2019/20 financial year has been appropriated at R469, 8million. When compared to the 2018/19 Adjustments Budget, operational expenditure has increased by 1% per cent in the 2019/20 budget. The operating surplus for the 2019/20 decreased from R 31, 7million in 2018/19 financial year to R 5, 5million in 2019/20 and increased for the outer years to R 8, 7million. The non-cash item in 2019/20 financial year is funded and our budget is zero balanced. The amount for depreciation in 2019/20 financial year is at R38, 2m and provision for bad debts is at R25, 3million.

The capital budget of R282, 3million for 2019/20 is 14% per cent less when compared to the 2019/20 Adjustment Budget. The decrease is due to various grants gazzetted or received for the 2019/20 financial year and it is going to cause poor service delivery or increase backlog of water and sanitation within the district. The capital programme decreases from R328, 9million to R282, 3million in the 2019/20 financial year and R366million in 2021/22 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 2019/20 budget.

**Table 2 Consolidated Overview of the 2019/20 MTREF**

<b>R thousand</b>	<b>Adjustments Budget 2018/19</b>	<b>Budget Year 2019/20</b>	<b>Budget Year + 1 2020/21</b>	<b>Budget Year +2 2021/22</b>
<b>Total Operating Revenue</b>	R 464 235 000	R 475 451 000	R 499 290 000	R 538 922 000
<b>Total Operating Expenditure</b>	R 478 201 000	R 469 860 000	R 492 522 000	R 531 790 000
<b>(Surplus)/ Deficit for the year</b>	<b>R 31 774 000</b>	<b>R 5 591 000</b>	<b>R 6 767 000</b>	<b>R 7 133 000</b>
<b>Total Capital Expenditure</b>	R 328 992 000	R 282 399 044	R 309 637 000	R 366 078 000



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

Total operating revenue for the consolidated municipality has been increased by 2% per cent or R10, 7million for the 2019/20 financial year when compared to the 2018/19 Adjustments Budget. For the two outer years, operational revenue will increase by 6 % and 8 % per cent respectively, equating to a total revenue growth of R69, 7m over the MTREF when compared to the 2019/20 financial year.

Total operating expenditure for the 2019/20 financial year has been appropriated at R469, 8million. When compared to the 2018/19 Adjustments Budget, operational expenditure has increased by 2% per cent in the 2019/20 budget. The operating surplus for the 2019/20 increased from R 2,6million in 2018/19 financial year to R 6, 4million in 2019/20 and increased for the outer years to R 13, 9million. The non-cash item in 2019/20 financial year is funded and our budget is balanced to zero. The amount for depreciation in 2019/20 financial year is at R39, 8m and provision for bad debts is at R25, 3million.

The capital budget of R282, 3million for 2019/20 is 14% per cent less when compared to the 2019/20 Adjustment Budget. The decrease is due to various grants gazzetted or received for the 2019/20 financial year and it is going to cause poor service delivery or increase backlog of water and sanitation within the district. The capital programme decreases from R326, 9million to R282, 2million in the 2019/20 financial year and R309, 6million in 2020/21 financial year and increased again in 2021/22 financial year to R 366million. The capital budget is largely funded from the Government Grants and Subsidies in the MTREF.

## **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 80 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 2019/20 MTREF (classified by main revenue source):

**Table 3 Summary of revenue classified by main revenue source**

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	29 017	23 021	33 485	44 755	58 703	58 703	25 637	62 635	66 831	71 309
Service charges - sanitation revenue	13 910	9 499	15 551	18 711	24 137	24 137	10 705	25 757	27 485	29 330
Interest earned - external investments	3 364	6 067	9 700	6 946	9 945	9 945	6 447	11 314	12 836	14 568
Interest earned - outstanding debtors	8 664	12 349	11 363	9 540	9 112	9 112	6 490	9 658	10 238	10 852
Transfers and subsidies	296 087	305 354	297 934	321 592	361 595	361 595	190 855	365 306	381 076	411 995
Other revenue	2 230	1 269	752	12	743	743	49	781	823	867
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>353 272</b>	<b>357 559</b>	<b>368 784</b>	<b>401 555</b>	<b>464 235</b>	<b>464 235</b>	<b>240 183</b>	<b>475 451</b>	<b>499 290</b>	<b>538 922</b>

**Table 4 Percentage growth in revenue by main revenue source**

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

Description	Current Year		2019/20 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	–		–		–		–	
Service charges - electricity revenue	–		–		–		–	
Service charges - water revenue	58 703	13%	62 635	13%	66 831	13%	71 309	13%
Service charges - sanitation revenue	24 137	5%	25 757	5%	27 485	6%	29 330	5%
Interest earned - external investments	9 945	2%	11 314	2%	12 836	3%	14 568	3%
Interest earned - outstanding debtors	9 112	2%	9 658	2%	10 238	2%	10 852	2%
Transfers and subsidies	361 595	78%	365 306	77%	381 076	76%	411 995	76%
Other revenue	743	0%	781	0%	823	0%	867	0%
Gains on disposal of PPE	–		–		–		–	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>464 235</b>	<b>100%</b>	<b>475 451</b>	<b>100%</b>	<b>499 290</b>	<b>100%</b>	<b>538 922</b>	<b>100%</b>
Total Revenue From Service Charges	82 841	18%	88 392	19%	94 317	19%	100 640	19%

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 18% of the total revenue mix. In the 2018/19 financial year, revenue from service charges totaled R 82, 8m or 18% per cent. This increases to R88, 3m, then increase to R94, 3m, R100, 6m 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 19% 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 2019/2020 financial year totaling to R 781k and 2020/2021 increased by 5 per cent R 823k in monetary and increase to R 867k in the outer years.

Operating grants and transfers totals R366m in the 2019/20 financial year and increases to R381m 2020/21 and increases again to R411, 9m in 2021/22. Note that the year-on-year growth on the operational grants for the 2019/20 financial year is 1% per cent and then flattens out to 6 % and 8 % 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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	-		(17 048)	(17 048)	(17 048)	(18 412)	(19 885)	(20 879)
Current year receipts	280 041	244 016	303 218	323 818	367 629	367 629	366 004	381 076	411 995
<b>Conditions met - transferred to revenue</b>	<b>280 041</b>	<b>244 016</b>	<b>303 218</b>	<b>306 770</b>	<b>350 581</b>	<b>350 581</b>	<b>347 592</b>	<b>361 191</b>	<b>391 116</b>
Conditions still to be met - transferred to liabilities	-	-	(850)	(17 048)	(17 048)	(17 048)	(18 412)	(19 885)	(20 879)
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	-	-	-	(5 270)	(5 270)	(5 270)	-	-	-
Current year receipts	1 100	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>1 100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	(5 270)	(5 270)	(5 270)	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	-	0	10 800	10 800	10 800	11 664	12 597	13 227
Current year receipts	-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	0	10 800	10 800	10 800	11 664	12 597	13 227
<b>Total operating transfers and grants revenue</b>	<b>281 141</b>	<b>244 016</b>	<b>303 218</b>	<b>306 770</b>	<b>350 581</b>	<b>350 581</b>	<b>347 592</b>	<b>361 191</b>	<b>391 116</b>
<b>Total operating transfers and grants - CTBM</b>	<b>281 141</b>	<b>244 016</b>	<b>303 218</b>	<b>(11 518)</b>	<b>(11 518)</b>	<b>(11 518)</b>	<b>(6 748)</b>	<b>(7 288)</b>	<b>(7 652)</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	239 011	299 101	387 544	(45 585)	(45 585)	(45 585)	(49 231)	(53 170)	(55 828)
Current year receipts	266 400	309 101	387 544	341 982	341 245	312 210	275 839	302 870	358 946
<b>Conditions met - transferred to revenue</b>	<b>505 411</b>	<b>608 201</b>	<b>834 817</b>	<b>341 982</b>	<b>341 245</b>	<b>312 210</b>	<b>275 839</b>	<b>302 870</b>	<b>358 946</b>
Conditions still to be met - transferred to liabilities	-	-	(59 729)	(45 585)	(45 585)	(45 585)	(49 231)	(53 170)	(55 828)
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	10 000	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>10 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	-	(649)	(701)	(701)	(701)	(757)	(817)	(858)
Current year receipts	-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	(242)	(701)	(701)	(701)	(757)	(817)	(858)
<b>Total capital transfers and grants revenue</b>	<b>505 411</b>	<b>618 201</b>	<b>835 224</b>	<b>341 982</b>	<b>341 245</b>	<b>312 210</b>	<b>275 839</b>	<b>302 870</b>	<b>358 946</b>
<b>Total capital transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>(59 972)</b>	<b>(46 285)</b>	<b>(46 285)</b>	<b>(46 285)</b>	<b>(49 988)</b>	<b>(53 987)</b>	<b>(56 687)</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>786 552</b>	<b>862 218</b>	<b>1 138 442</b>	<b>648 752</b>	<b>691 826</b>	<b>662 791</b>	<b>623 430</b>	<b>664 061</b>	<b>750 062</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>281 141</b>	<b>244 016</b>	<b>243 246</b>	<b>(57 804)</b>	<b>(57 804)</b>	<b>(57 804)</b>	<b>(56 736)</b>	<b>(61 275)</b>	<b>(64 339)</b>

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 7, 67% are more than the mentioned inflation target of 3 to 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 2019.

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 2019, 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 2019 for water is proposed. This is based on input cost of 7, 67% 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

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

Table 6 Proposed Water Tariffs

**Residential**

Consumption in KL	2018/19		2019/20		Increase/Decrease	
0-6	R	8.11	R	8.59	<b>R</b>	<b>0.48</b>
7 - 20	R	13.51	R	9.10	<b>-R</b>	<b>4.41</b>
21-40	R	15.74	R	16.68	<b>R</b>	<b>0.94</b>
41-100	R	26.10	R	27.66	<b>R</b>	<b>1.56</b>
101-200	R	29.70	R	31.48	<b>R</b>	<b>1.78</b>
201+	R	32.04	R	33.96	<b>R</b>	<b>1.92</b>

Unmetered flat rate per month	<b>R 79.51</b>	<b>R 84.28</b>	<b>R 4.77</b>
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### Commercial & Industrial

Commercial & Industrial						
Consumption Increments in R per KL	2018/19		2019/20		Increase	
0-100	R	11.71	R	12.41	<b>R</b>	<b>0.70</b>
101-200	R	15.74	R	16.68	<b>R</b>	<b>0.94</b>
201-300	R	26.10	R	27.67	<b>R</b>	<b>1.57</b>
301-400	R	27.91	R	29.58	<b>R</b>	<b>1.67</b>
401-500	R	29.70	R	31.48	<b>R</b>	<b>1.78</b>
500+	R	31.51	R	33.40	<b>R</b>	<b>1.89</b>

	Public Service & Government Institutions			Educational Institutions			Agricultural			Geriatric Institutions, Religious organisations, NPO & recreational facilities.		
Consumption Increments in R per KL	2018/19	2019/20	Increase	2018/19	2019/20	Increase	2018/19	2019/20	Increase	2018/19	2019/20	Increase
0-6	R 11.71	R 12.41	<b>R 0.70</b>	R 11.74	R 12.41	<b>R 0.67</b>	R 11.71	R 12.41	<b>R 0.70</b>	R 11.71	R 12.41	<b>R 0.70</b>
7-100	R 11.71	R 12.41	<b>R 0.70</b>	R 11.74	R 12.41	<b>R 0.67</b>	R 11.71	R 12.41	<b>R 0.70</b>	R 11.71	R 12.41	<b>R 0.70</b>
101-200	R 15.74	R 16.68	<b>R 0.94</b>	R 15.74	R 16.68	<b>R 0.94</b>	R 15.74	R 16.68	<b>R 0.94</b>	R 15.74	R 16.68	<b>R 0.94</b>
201-300	R 26.10	R 27.67	<b>R 1.57</b>				R 26.10	R 27.67	<b>R 1.57</b>	R 26.10	R 27.67	<b>R 1.57</b>
301-400	R 27.91	R 29.58	<b>R 1.67</b>				R 27.91	R 29.58	<b>R 1.67</b>	R 27.91	R 29.58	<b>R 1.67</b>
401-500	R 29.70	R 31.48	<b>R 1.78</b>				R 29.70	R 31.48	<b>R 1.78</b>	R 29.70	R 31.48	<b>R 1.78</b>
500+	R 31.51	R 33.40	<b>R 1.89</b>				R 31.51	R 33.40	<b>R 1.89</b>	R 31.51	R 33.40	<b>R 1.89</b>

Road tanker Delivery				Static tank hire per day		
Road Tanker Delivery of Water	2018/19	2019/20	Increase	2018/19	2019/20	Increase
<b>2500 l</b>	R1,980.45	R2,099.27	R118.82	R180.04	R190.84	R10.80
<b>5000 l</b>	R2,700.62	R2,862.65	R162.03	R450.10	R477.10	R27.00
<b>7500 l</b>	R3,150.72	R3,339.76	R189.04	R630.14	R667.94	R37.80
<b>10 000 l</b>	R3,780.87	R4,007.72	R226.85	R900.21	R954.22	R54.01
<b>Del. Charge</b>	R360.08	R 381.68	R21.60	R360.08	R381.68	R21.60



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

<b>Deposit per meter</b>				<b>New water meter</b>			<b>Disconnection and Reconnection</b>		
<b>Misc. water related tariffs given in pipe diameter</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Increase</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Increase</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Increase</b>
15 mm	R1, 080.25	R1,145.07	R64.82	R1 080.25	R1,145.07	R64.82	R540.12	R572.53	R32.41
20 mm	R1,350.30	R1,431.32	R81.02	R1,530.35	R1,622.17	R91.82	R720.16	R763.37	R43.21
50 mm	R1,800.41	R1,908.43	R108.02	R1,890.42	R2,003.85	R113.43	R1,350.30	R1,431.32	R81.02
100 mm	R2,700.62	R2,862.66	R162.04	R3,150.72	R3,339.76	R189.04	R1,800.41	R1,908.43	R108.02
110 mm +	R3,600.62	R3,816.65	R216.03	R4,501.03	R4,771.09	R270.06	R2,250.21	R2,385.55	R135.34

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

<b>Domestic (Metered)</b>					
<b>Consumption Increments in R per Kl</b>	<b>2018/19</b>		<b>2019/20</b>		<b>Increase</b>
<b>0-6</b>	R	8.11	R	8.59	<b>R 0.48</b>
<b>7-20</b>	R	13.51	R	9.10	<b>-R 4.41</b>
<b>21-40</b>	R	15.74	R	16.68	<b>R 0.94</b>
<b>41-100</b>	R	26.10	R	27.66	<b>R 1.56</b>
<b>101-200</b>	R	29.70	R	31.48	<b>R 1.78</b>
<b>201 +</b>	R	32.04	R	33.96	<b>R 1.92</b>
<b>Flat rate</b>		<b>R 79.51</b>		<b>R84.28</b>	<b>R 4.77</b>

The tariff structure of the 2019/20 financial year has been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R33.96 per kiloliter for consumption in excess of 201kl per 30 day period. As from 2019/20 financial year not all domestic consumers benefited the free 6kl, only the indigent domestic consumers received free basic services. Demand notice fee to consumers, borehole flat rate and raw water flat rate have increased by 6 per cent compared to the previous year's tariffs.

### **Sanitation and Impact of Tariff Increases**

A tariff increase of 6 per cent for sanitation from 1 July 19 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 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 R77, 2million for the 2019/20 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				Sceptic tank clearance on site			Disposal into municipal reticulation system		
Static sanitation system given per load	2018/19	2019/20	Increase	2018/19	2019/20	Increase	2018/19	2019/20	Increase
<b>Per load</b>	R378.09	R400.78	R22.69	R1170.27	R1240.49	R70.22	R378.09	R400.78	R22.69
<b>Transport per km</b>	R11.71	R12.41	R0.70	R11.71	R12.41	R0.70			

New connections

Disconnect/Reconnection IRO credit control

Misc. sanitation related tariffs given in service pipe diameter	2018/19	2019/20	Increase	2018/19	2019/20	Increase
Up to 600 mm	R 3,600.82	R3816.87	<b>R216.05</b>	R 900.21	R954.22	<b>R54.01</b>
600 mm -1200 mm	R 4,501.03	R4771.09	<b>R270.06</b>	R 1 350.30	R1431.32	<b>R81.02</b>
1200 mm +	R 6, 301.43	R6679.51	<b>R378.08</b>	R 1 800.41	R1908.43	<b>R108.02</b>

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	2018/19	2019/20	Increase
<b>New Connections</b>			
Up to 600 mm	R 3,600.82	R3816.87	<b>R216.05</b>
Up to 1 200 mm	R 4,501.03	R4771.09	<b>R270.06</b>
1 201 mm +	R 6, 301.43	R6679.51	<b>R378.08</b>
<b>Disconnect / Connect</b>			
Up to 600 mm	R 900.21	R954.22	<b>R54.01</b>
Up to 1 200 mm	R 1 350.30	R1431.32	<b>R81.02</b>
1 200 mm +	R 1 800.41	R1908.43	<b>R108.02</b>

Sanitation costs given in terms of water consumption	2018/19	2019/20	Increase
Water borne systems			
0-200 KI	R6.30	R6.68	R0.38
201 KI +	R8.11	R8.60	R0.49
Shayamoya, Bhongweni and Fairview			
0-200 KI			
200 KI +			
Unmetered / flat rate per month	R64.28	R65.65	R1.37

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	2018/19	2019/20	Increase
1 Site	R10,442.38	R11,068.92	R626.54
2-5 Sites	R6,301.43	R6,679.52	R378.09
6-10 Sites	R3,600.82	R3,816.87	R216.05
11-20 + Sites	R2,160.49	R2,290.12	R129.63
Clearance certificate	R166.70	R176.70	R10.00

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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Rand/cent</b>										
<b>Monthly Account for Household - 'Middle Income Range'</b>										
<b>Rates and services charges:</b>										
Water: Basic levy	2,95	2,95	3,45	4,02	4,02	4,02	-	4,29	4,58	4,90
Water: Consumption	236,30	236,30	275,62	321,48	321,48	321,48	-	343,34	366,69	391,62
Sanitation	106,16	106,16	123,82	144,43	144,43	144,43	-	154,25	164,74	175,94
Refuse removal	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	<b>345,41</b>	<b>345,41</b>	<b>402,89</b>	<b>469,93</b>	<b>469,93</b>	<b>469,93</b>	<b>6,8%</b>	<b>501,88</b>	<b>536,01</b>	<b>572,46</b>
VAT on Services										
<b>Total large household bill:</b>	<b>345,41</b>	<b>345,41</b>	<b>402,89</b>	<b>469,93</b>	<b>469,93</b>	<b>469,93</b>	<b>6,8%</b>	<b>501,88</b>	<b>536,01</b>	<b>572,46</b>
<b>% increase/-decrease</b>			<b>16,6%</b>	<b>16,6%</b>				<b>6,8%</b>	<b>6,8%</b>	<b>6,8%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>										
<b>Rates and services charges:</b>										
Water: Basic levy	2,96	2,96	3,45	4,02	4,02	4,02	-	4,30	4,59	4,90
Water: Consumption	196,92	196,92	229,68	267,90	267,90	267,90	-	286,12	305,58	326,35
Sanitation	88,46	88,46	103,18	120,34	120,34	120,34	-	128,53	137,27	146,60
Refuse removal	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	<b>288,33</b>	<b>288,33</b>	<b>336,31</b>	<b>392,27</b>	<b>392,27</b>	<b>392,27</b>	<b>6,8%</b>	<b>418,94</b>	<b>447,43</b>	<b>477,86</b>
VAT on Services										
<b>Total small household bill:</b>	<b>288,33</b>	<b>288,33</b>	<b>336,31</b>	<b>392,27</b>	<b>392,27</b>	<b>392,27</b>	<b>6,8%</b>	<b>418,94</b>	<b>447,43</b>	<b>477,86</b>
<b>% increase/-decrease</b>			<b>16,6%</b>	<b>16,6%</b>				<b>6,8%</b>	<b>6,8%</b>	<b>6,8%</b>
<b>Total small household bill:</b>										
<b>% increase/-decrease</b>										

## 1.5 OPERATING EXPENDITURE FRAMEWORK

Harry Gwala District Municipality's expenditure framework for the 2019/20 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 2019/20 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 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Expenditure By Type</b>										
Employee related costs	131 525	152 266	158 996	162 678	188 491	188 491	116 087	203 380	218 433	234 679
Remuneration of councillors	6 038	5 452	5 964	6 848	7 013	7 013	4 290	7 574	8 180	8 834
Debt impairment	25 567	3 876	2 445	25 266	5 961	5 961	-	25 315	27 037	28 875
Depreciation & asset impairment	46 315	58 880	65 924	41 276	37 856	37 856	36 871	39 870	52 397	60 409
Finance charges	2 890	4 320	4 499	3 954	3 963	3 963	668	3 510	3 700	3 899
Bulk purchases	8 866	12 582	14 434	22 850	12 876	12 876	14 859	15 000	15 810	16 664
Other materials	-	-	-	14 615	21 290	21 290	16 631	17 213	16 035	16 901
Contracted services	69 226	112 406	151 772	75 453	157 887	157 887	51 830	98 491	94 212	99 437
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-
Other expenditure	190 662	108 317	105 921	48 754	42 864	42 864	30 722	59 506	56 719	62 092
Loss on disposal of PPE	1 529	(59)	(499)	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>482 618</b>	<b>458 040</b>	<b>509 456</b>	<b>401 695</b>	<b>478 201</b>	<b>478 201</b>	<b>271 957</b>	<b>469 860</b>	<b>492 522</b>	<b>531 790</b>

The budgeted allocation for employee related costs for the 2019/20 financial year totals R203, 3m, which equals 44% per cent of the total operating expenditure, parent employee related costs for the 2019/2020 financial year totals to R195, 3million which equals to 42% of the total operating expenditure. Based on the MFMA circular 94 the collective agreement regarding salaries/wages came into operation on the 01 July 2018 and shall remain in force until 30 June 2020. Year two is an average CPI and 1, 5 per cent and year three is an average CPI and 1, 25 per cent. For the 2019/20 financial year it's an average CPI which is 5, 2 and 1, 5 per cent totals to 6, 75% increase for salaries / wages. Harry Gwala District Municipality have been factored an increase of 8% because of the finalization of job evaluation process in the current financial year and there is a possibility that the municipality will have to back pay and at the same time increases the employees' salaries. An annual increase of 8 per cent has been included in the next 2020/21 MTREF. Harry Gwala District Municipality budgeted at 8% salary increase for 2019/2020 financial year 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 councilors** 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 75 per cent and the Debt Write-off Policy of the Municipality. The previous financial year collection rate was 76 per cent. For the 2019/20 financial year this amount equates to R25, 2m and R55, 9m for the outer years. 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. The provision is funded at the 2019/20 financial year and the outer years.
3. **Provision for depreciation and asset impairment** has been informed by the Municipality's Asset Management Policy, Asset register and proposed capital budget. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R41m for the 2019/20 financial and equates to 9% per cent of the total operating expenditure. Depreciation for the budget year represents an increase from the 2018/19 original 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 loans from DBSA was settled in June 2016 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 6% 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 2019/20 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2019/20 financial year, this group of expenditure totals R98, 4million showing a decrease of 34 % from 2018/19, it clearly demonstrate that the municipality implement cost constraint measures. For the two outer years growth has been limited to 1% 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 2019/20 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 increased by 77% per cent from the adjusted budget for 2018/19 and for the 2020/21 financial year it reduced to 5% and again increases by 9% for 2021/22 financial year, indicating that significant cost savings or containment measures have been already realised. Further details relating to contracted services and other expenditure can be seen in Table MBRR SA1.



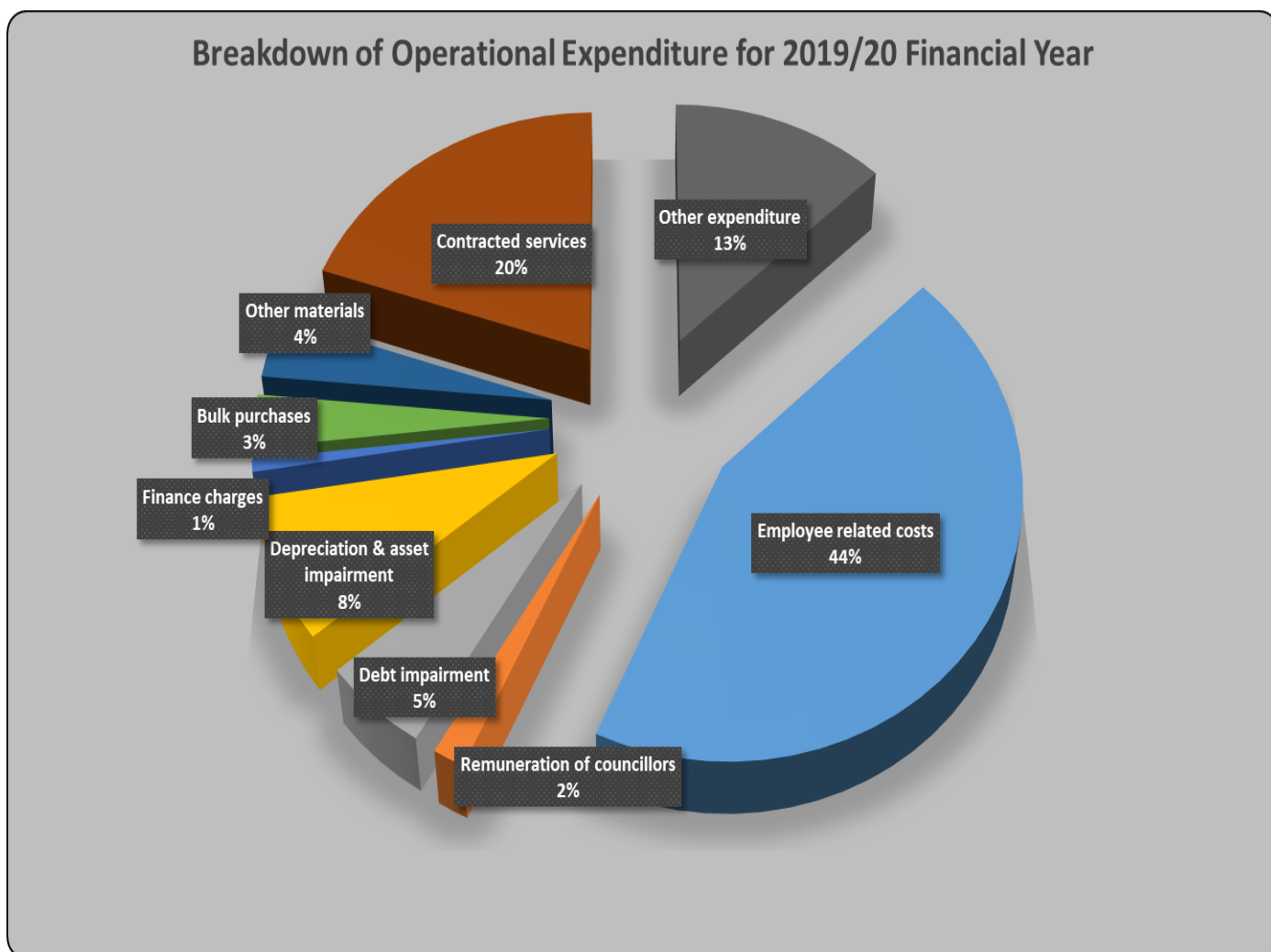


Figure 1 Main operational expenditure categories for the 2019/20 financial year

**Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the district’s current infrastructure, the 2019/20 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Repairs and Maintenance by Expenditure Item										
Employee related costs	37 937	42 909								
Other materials	17 064	22 036	8 268	5 000	15 857	15 857	8 857	10 500	8 959	9 443
Contracted Services	15 150	20 122	6 039	21 345	16 713	16 713	9 105	17 156	18 083	19 059
Other Expenditure	3 723	3 723								
<b>Total Repairs and Maintenance Expenditure</b>	<b>73 875</b>	<b>88 791</b>	<b>14 306</b>	<b>26 345</b>	<b>32 570</b>	<b>32 570</b>	<b>17 962</b>	<b>27 656</b>	<b>27 042</b>	<b>28 502</b>

During the compilation of the 2019/20 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 decreased by 1 per cent in the 2019/20 financial year, from R27, 6 million to R28, 5 million. During the 2018 Adjustment Budget this allocation was adjusted to R32, 5 million from the original budget of R 26, 3million taking into account the cash flow challenges faced by the Municipality. Notwithstanding this reduction, as part of the 2019/20 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2019/20 equates to R27, 6 million showing a reduction of 1 per cent in relation to the Adjustment Budget and grows at 6% in the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 7 per cent for the respective financial years of the MTREF. The above figures still need to be revised as the information is produced from the system and the mapping is still not aligned or mapped correctly as the table above does not have employee related costs and other expenditure. The figures will be corrected when the municipality is tabling the final budget.

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 Consolidated Asset Management

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>EXPENDITURE OTHER ITEMS</b>									
<u>Depreciation</u>	41 558	46 315	49 961	34 996	50 650	50 650	41 944	45 447	47 918
<u>Repairs and Maintenance by Asset Class</u>	<b>70 254</b>	<b>73 875</b>	<b>88 791</b>	<b>87 562</b>	<b>87 562</b>	<b>87 562</b>	<b>87 507</b>	<b>93 164</b>	<b>99 254</b>
<i>Water Supply Infrastructure</i>	40 716	48 590	58 400	57 171	57 171	57 171	57 116	63 193	67 146
<i>Sanitation Infrastructure</i>	27 990	21 600	26 202	26 202	26 202	26 202	26 202	25 839	27 682
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>68 706</b>	<b>70 190</b>	<b>84 602</b>	<b>83 373</b>	<b>83 373</b>	<b>83 373</b>	<b>83 318</b>	<b>89 032</b>	<b>94 828</b>
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	596	3 336	3 009	3 009	3 009	3 009	3 009	2 967	3 179
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>596</b>	<b>3 336</b>	<b>3 009</b>	<b>3 009</b>	<b>3 009</b>	<b>3 009</b>	<b>3 009</b>	<b>2 967</b>	<b>3 179</b>
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	357	150	180	180	180	180	180	178	190
Transport Assets	596	200	1 000	1 000	1 000	1 000	1 000	986	1 057
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>111 813</b>	<b>120 190</b>	<b>138 752</b>	<b>122 558</b>	<b>138 212</b>	<b>138 212</b>	<b>129 452</b>	<b>138 610</b>	<b>147 172</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	1,9%	5,2%	1,5%	1,3%	1,4%	1,4%	6,5%	6,3%	6,9%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	11,0%	27,3%	5,7%	14,3%	9,9%	9,9%	54,1%	48,7%	49,9%
<i>R&amp;M as a % of PPE</i>	4,7%	4,4%	4,9%	3,9%	4,0%	4,1%	3,6%	3,4%	3,2%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	5,0%	5,0%	5,0%	4,0%	4,0%	4,0%	5,0%	5,0%	4,0%

For the 2019/20 financial year, R27, 6million 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 decreasing 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 27 000 or more indigent households during the 2019/20 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 2019/20 Medium-term capital budget per vote

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

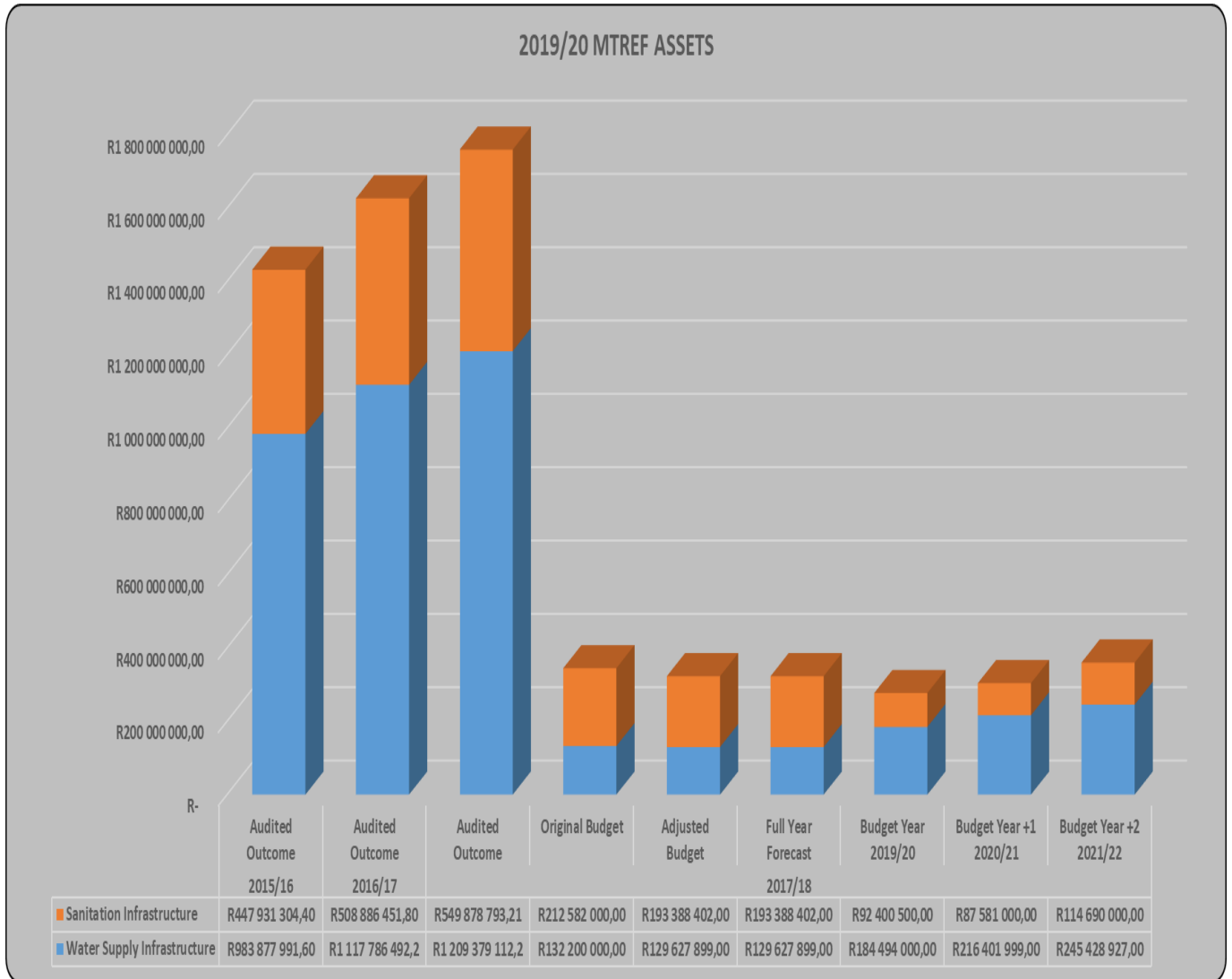
Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	536	6 956	6 153	-	6 603	6 603	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	1 511	300	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	241 744	177 304	349 297	344 482	322 389	322 389	156 737	276 895	303 983	360 119
Vote 07 - Summary Water Services	538	10 000	(4 400)	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>344 482</b>	<b>328 992</b>	<b>328 992</b>	<b>156 737</b>	<b>276 895</b>	<b>303 983</b>	<b>360 119</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	250	-	-	-	404	278	293
Vote 04 - Summary Corporate Services	-	-	-	497	-	-	-	1 000	1 054	1 111
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	-	-	-	4 260	-	-	-	4 101	4 322	4 555
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 505</b>	<b>5 654</b>	<b>5 960</b>
<b>Total Capital Expenditure - Vote</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>349 489</b>	<b>328 992</b>	<b>328 992</b>	<b>156 737</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>

For 2019/20 an amount of R282, 3million has been appropriated for the development of infrastructure which represents 97% of the total capital budget. In the outer years this amount totals R309, 6million, 98% and R366million, 98% respectively for each of the financial years.

Total new assets represent 97 per cent or R282, 3million of the total capital budget while asset renewal equates to 1% per cent or R6million. 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 R28 million in 2018/19 and escalates to R77, 4million by 2020/21. This concomitant operational expenditure is expected to escalate to R37, 8 million by 2019/20. It needs to be noted that as part of the 2019/20 MTREF, this expenditure has been factored into the two outer years of the operational budget.

## **1.7 ANNUAL BUDGET TABLES – CONSOLIDATED BUDGET**

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 2019/20 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 Consolidated Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	42 927	32 520	49 036	63 466	82 841	82 841	36 342	88 392	94 317	100 640
Investment revenue	3 364	6 067	9 700	6 946	9 945	9 945	6 447	11 314	12 836	14 568
Transfers recognised - operational	296 087	305 354	297 934	321 592	361 595	361 595	190 855	365 306	381 076	411 995
Other own revenue	10 894	13 618	12 115	9 552	9 854	9 854	6 539	10 440	11 061	11 719
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>353 272</b>	<b>357 559</b>	<b>368 784</b>	<b>401 555</b>	<b>464 235</b>	<b>464 235</b>	<b>240 183</b>	<b>475 451</b>	<b>499 290</b>	<b>538 922</b>
Employee costs	131 525	152 266	158 996	162 678	188 491	188 491	116 087	203 380	218 433	234 679
Remuneration of councillors	6 038	5 452	5 964	6 848	7 013	7 013	4 290	7 574	8 180	8 834
Depreciation & asset impairment	46 315	58 880	65 924	41 276	37 856	37 856	36 871	39 870	52 397	60 409
Finance charges	2 890	4 320	4 499	3 954	3 963	3 963	668	3 510	3 700	3 899
Materials and bulk purchases	8 866	12 582	14 434	37 465	34 165	34 165	31 490	32 213	31 845	33 565
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	286 984	224 540	259 639	149 473	206 712	206 712	82 552	183 313	177 968	190 404
<b>Total Expenditure</b>	<b>482 618</b>	<b>458 040</b>	<b>509 456</b>	<b>401 695</b>	<b>478 201</b>	<b>478 201</b>	<b>271 957</b>	<b>469 860</b>	<b>492 522</b>	<b>531 790</b>
<b>Surplus/(Deficit)</b>	<b>(129 346)</b>	<b>(100 481)</b>	<b>(140 671)</b>	<b>(139)</b>	<b>(13 966)</b>	<b>(13 966)</b>	<b>(31 774)</b>	<b>5 591</b>	<b>6 767</b>	<b>7 133</b>
Transfers and subsidies - capital (monetary allocations) (National / Contributions recognised - capital & contributed assets	250 992	267 683	343 397	349 213	342 016	342 016	485	275 839	302 870	358 946
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>121 646</b>	<b>167 202</b>	<b>202 726</b>	<b>349 074</b>	<b>328 050</b>	<b>328 050</b>	<b>(31 289)</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>121 646</b>	<b>167 202</b>	<b>202 726</b>	<b>349 074</b>	<b>328 050</b>	<b>328 050</b>	<b>(31 289)</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>349 789</b>	<b>328 992</b>	<b>328 992</b>	<b>159 066</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>
Transfers recognised - capital	241 744	187 304	343 397	187 820	322 839	322 839	73 178	275 839	302 870	358 946
Internally generated funds	1 073	8 467	7 953	161 970	6 153	6 153	85 888	6 561	6 767	7 133
<b>Total sources of capital funds</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>349 789</b>	<b>328 992</b>	<b>328 992</b>	<b>159 066</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>
<b>Financial position</b>										
Total current assets	69 183	88 521	212 302	100 031	119 455	119 455	145 381	207 794	266 536	336 597
Total non current assets	1 688 643	1 815 153	1 966 802	2 298 440	2 275 551	2 275 551	2 065 770	2 386 802	2 582 543	2 752 630
Total current liabilities	234 630	207 476	256 075	222 742	222 742	222 742	378 535	240 562	259 807	272 797
Total non current liabilities	37 193	47 162	38 973	64 488	64 488	64 488	39 041	69 648	75 219	78 980
Community wealth/Equity	1 486 003	1 649 036	1 884 055	2 111 240	2 107 775	2 107 775	1 793 576	2 284 386	2 514 053	2 737 449

## DC43 Harry Gwala - Table A1 Consolidated Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>										
<b>Cash flows</b>										
Net cash from (used) operating	230 220	206 387	300 125	361 933	282 306	282 306	280 806	295 470	332 849	394 500
Net cash from (used) investing	(243 026)	(177 595)	(220 517)	(341 982)	(345 874)	(345 874)	(364 374)	(275 839)	(276 162)	(326 406)
Net cash from (used) financing	(3 819)	(5 259)	(10 296)	(3 130)	(3 130)	(3 130)	(3 130)	(3 896)	(4 323)	(2 338)
Cash/cash equivalents at the year end	19 490	43 023	112 336	27 257	45 638	45 638	25 638	128 072	180 436	246 192
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	19 490	43 023	144 587	26 214	45 638	45 638	69 753	128 072	180 436	246 192
Application of cash and investments	226 496	180 469	175 859	154 991	146 974	146 974	254 477	160 200	172 994	181 620
Balance - surplus (shortfall)	(207 006)	(137 446)	(31 271)	(128 776)	(101 336)	(101 336)	(184 723)	(32 129)	7 442	64 572
<b>Asset management</b>										
Asset register summary (WDV)	-	-	1 554 000	1 408 247	1 385 358	1 385 358	1 385 358	1 425 393	1 544 222	1 662 392
Depreciation	46 315	58 880	65 924	41 276	36 871	36 871	36 871	36 871	39 870	52 397
Renewal and Upgrading of Existing Assets	12 656	2 850	220 128	267 632	245 914	245 914	245 914	90 501	102 581	95 366
Repairs and Maintenance	73 875	88 791	87 562	26 345	32 570	32 570	32 570	27 656	27 042	28 502
<b>Free services</b>										
Cost of Free Basic Services provided	4 384	4 647	4 926	-	-	-	6 189	6 189	6 561	6 954
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	32	32	33	32	32	32	30	30	29	31
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 place 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 2019/20 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 2019/20 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 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	292 227	317 863	307 943	399 753	407 243	407 243	367 364	396 429	429 140
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	292 227	317 863	307 943	399 753	407 243	407 243	367 364	396 429	429 140
Internal audit	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	240	240	341	308	3 635	3 635	698	733	770
Planning and development	240	240	341	308	3 635	3 635	698	733	770
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	311 797	307 139	403 897	351 731	395 373	395 373	383 227	404 998	467 959
Energy sources	-	-	-	-	-	-	-	-	-
Water management	311 797	307 139	403 897	351 731	381 537	381 537	357 470	377 512	438 628
Waste water management	-	-	-	-	13 836	13 836	25 757	27 485	29 330
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>604 264</b>	<b>625 242</b>	<b>712 181</b>	<b>751 792</b>	<b>806 251</b>	<b>806 251</b>	<b>751 289</b>	<b>802 160</b>	<b>897 868</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	174 125	174 759	152 958	190 758	205 292	205 292	217 070	229 271	244 165
Executive and council	25 100	26 916	21 783	24 926	20 370	20 370	25 381	26 005	27 155
Finance and administration	149 025	147 842	131 175	161 261	180 351	180 351	187 376	198 914	212 615
Internal audit	-	-	-	4 571	4 571	4 571	4 312	4 352	4 395
<b>Community and public safety</b>	-	-	-	9 270	9 270	9 270	11 180	12 023	12 930
Community and social services	-	-	-	9 270	9 270	9 270	11 180	12 023	12 930
<b>Economic and environmental services</b>	32 117	34 483	41 777	70 057	77 194	77 194	127 514	139 308	155 340
Planning and development	32 117	34 483	41 777	70 057	77 194	77 194	127 514	139 308	155 340
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	276 376	248 799	314 721	131 610	186 444	186 444	114 097	111 920	119 355
Energy sources	-	-	10 790	7 850	15 031	15 031	-	-	-
Water management	276 376	248 799	303 930	122 256	179 721	179 721	113 510	111 287	118 671
Waste water management	-	-	-	1 504	(8 308)	(8 308)	587	633	684
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>482 618</b>	<b>458 040</b>	<b>509 456</b>	<b>401 695</b>	<b>478 201</b>	<b>478 201</b>	<b>469 860</b>	<b>492 522</b>	<b>531 790</b>
<b>Surplus/(Deficit) for the year</b>	<b>121 646</b>	<b>167 202</b>	<b>202 726</b>	<b>350 097</b>	<b>328 050</b>	<b>328 050</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>

### 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 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>									
<b>Revenue by Vote</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	292 227	317 863	295 978	336 288	343 777	343 777	367 364	396 429	429 140
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	240	240	341	-	3 635	3 635	698	733	770
Vote 06 - Summary Infrastructure Services	279 425	279 384	344 337	351 731	381 537	381 537	294 835	310 681	367 319
Vote 07 - Summary Water Services	32 372	27 756	71 524	63 466	77 302	77 302	88 392	94 317	100 640
<b>Total Revenue by Vote</b>	<b>604 264</b>	<b>625 242</b>	<b>712 181</b>	<b>751 484</b>	<b>806 251</b>	<b>806 251</b>	<b>751 289</b>	<b>802 160</b>	<b>897 868</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 01 - Summary Council	10 909	11 698	9 184	15 620	9 611	9 611	12 758	13 644	14 594
Vote 02 - Summary Municipal Manager	14 191	15 218	12 599	13 878	15 330	15 330	16 936	16 713	16 956
Vote 03 - Summary Budget And Treasury Office	73 711	86 272	70 508	66 802	62 932	62 932	79 072	84 095	90 032
Vote 04 - Summary Corporate Services	75 314	61 571	60 668	48 332	71 292	71 292	64 937	68 302	72 679
Vote 05 - Summary Social Services & Development Planning	32 117	34 483	41 777	51 538	58 675	58 675	64 294	69 726	76 405
Vote 06 - Summary Infrastructure Services	86 716	91 596	85 902	35 639	118 785	118 785	81 532	81 605	91 866
Vote 07 - Summary Water Services	189 660	157 202	228 818	169 887	141 575	141 575	150 332	158 438	169 259
<b>Total Expenditure by Vote</b>	<b>482 618</b>	<b>458 040</b>	<b>509 456</b>	<b>401 695</b>	<b>478 201</b>	<b>478 201</b>	<b>469 860</b>	<b>492 522</b>	<b>531 790</b>
<b>Surplus/(Deficit) for the year</b>	<b>121 646</b>	<b>167 202</b>	<b>202 726</b>	<b>349 789</b>	<b>328 050</b>	<b>328 050</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>

### 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 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue by Vote</b>									
Vote 06 - Summary Infrastructure Services	279 425	279 384	344 337	351 731	381 537	381 537	294 835	310 681	367 319
Vote 07 - Summary Water Services	32 372	27 756	71 524	63 466	77 302	77 302	88 392	94 317	100 640
<b>Total Revenue by Vote</b>	<b>311 797</b>	<b>307 139</b>	<b>415 861</b>	<b>415 197</b>	<b>458 839</b>	<b>458 839</b>	<b>383 227</b>	<b>404 998</b>	<b>467 959</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 06 - Summary Infrastructure Services	86 716	91 596	85 902	35 639	118 785	118 785	81 532	81 605	91 866
Vote 07 - Summary Water Services	189 660	157 202	228 818	169 887	141 575	141 575	150 332	158 438	169 259
<b>Total Expenditure by Vote</b>	<b>276 376</b>	<b>248 799</b>	<b>314 721</b>	<b>205 526</b>	<b>260 361</b>	<b>260 361</b>	<b>231 863</b>	<b>240 044</b>	<b>261 124</b>
<b>Surplus/(Deficit) for the year</b>	<b>35 421</b>	<b>58 340</b>	<b>101 141</b>	<b>209 671</b>	<b>198 478</b>	<b>198 478</b>	<b>151 364</b>	<b>164 954</b>	<b>206 834</b>

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 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	29 017	23 021	33 485	44 755	58 703	58 703	25 637	62 635	66 831	71 309
Service charges - sanitation revenue	13 910	9 499	15 551	18 711	24 137	24 137	10 705	25 757	27 485	29 330
Rental of facilities and equipment										
Interest earned - external investments	3 364	6 067	9 700	6 946	9 945	9 945	6 447	11 314	12 836	14 568
Interest earned - outstanding debtors	8 664	12 349	11 363	9 540	9 112	9 112	6 490	9 658	10 238	10 852
Agency services										
Transfers and subsidies	296 087	305 354	297 934	321 592	361 595	361 595	190 855	365 306	381 076	411 995
Other revenue	2 230	1 269	752	12	743	743	49	781	823	867
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>353 272</b>	<b>357 559</b>	<b>368 784</b>	<b>401 555</b>	<b>464 235</b>	<b>464 235</b>	<b>240 183</b>	<b>475 451</b>	<b>499 290</b>	<b>538 922</b>
<b>Expenditure By Type</b>										
Employee related costs	131 525	152 266	158 996	162 678	188 491	188 491	116 087	203 380	218 433	234 679
Remuneration of councillors	6 038	5 452	5 964	6 848	7 013	7 013	4 290	7 574	8 180	8 834
Debt impairment	25 567	3 876	2 445	25 266	5 961	5 961	-	25 315	27 037	28 875
Depreciation & asset impairment	46 315	58 880	65 924	41 276	37 856	37 856	36 871	39 870	52 397	60 409
Finance charges	2 890	4 320	4 499	3 954	3 963	3 963	668	3 510	3 700	3 899
Bulk purchases	8 866	12 582	14 434	22 850	12 876	12 876	14 859	15 000	15 810	16 664
Other materials	-	-	-	14 615	21 290	21 290	16 631	17 213	16 035	16 901
Contracted services	69 226	112 406	151 772	75 453	157 887	157 887	51 830	98 491	94 212	99 437
Other expenditure	190 662	108 317	105 921	48 754	42 864	42 864	30 722	59 506	56 719	62 092
Loss on disposal of PPE	1 529	(59)	(499)	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>482 618</b>	<b>458 040</b>	<b>509 456</b>	<b>401 695</b>	<b>478 201</b>	<b>478 201</b>	<b>271 957</b>	<b>469 860</b>	<b>492 522</b>	<b>531 790</b>
<b>Surplus/(Deficit)</b>	<b>(129 346)</b>	<b>(100 481)</b>	<b>(140 671)</b>	<b>(139)</b>	<b>(13 966)</b>	<b>(13 966)</b>	<b>(31 774)</b>	<b>5 591</b>	<b>6 767</b>	<b>7 133</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	250 992	267 683	343 397	349 213	342 016	342 016	485	275 839	302 870	358 946
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>121 646</b>	<b>167 202</b>	<b>202 726</b>	<b>349 074</b>	<b>328 050</b>	<b>328 050</b>	<b>(31 289)</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>	<b>121 646</b>	<b>167 202</b>	<b>202 726</b>	<b>349 074</b>	<b>328 050</b>	<b>328 050</b>	<b>(31 289)</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>121 646</b>	<b>167 202</b>	<b>202 726</b>	<b>349 074</b>	<b>328 050</b>	<b>328 050</b>	<b>(31 289)</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>121 646</b>	<b>167 202</b>	<b>202 726</b>	<b>349 074</b>	<b>328 050</b>	<b>328 050</b>	<b>(31 289)</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>

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

Total operating revenue is R475, 4million in 2019/20 and escalates to R538, 9million by 2021/22. This represents an increase of 2 per cent for the 2019/20 financial year and an increase of 6 per cent for the 2020/21 and 8 per cent in 2021/22 financial year.

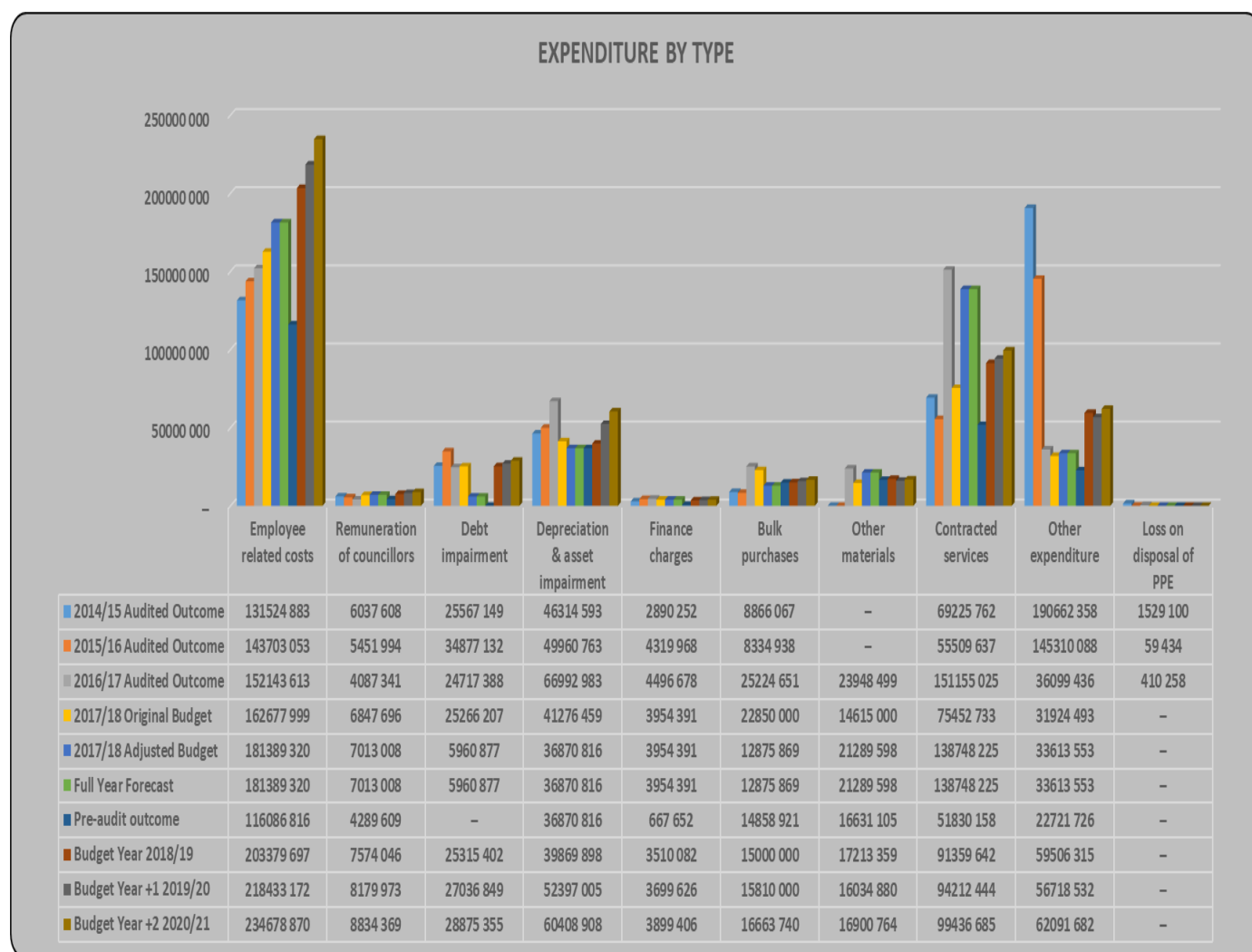
Services charges relating to water and sanitation constitutes the biggest component of the own revenue basket of the district totaling R88, 3million for the 2019/20 financial year reflecting 19 per cent of the total revenue base and increasing to R100, 6million by 2020/21. For the 2019/20 financial year services

charges amount to 7 per cent of the total revenue and 7 per cent in 2020/2021 then 7 percentage in 2021/2022 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 1 per cent in 2019/2020 and grow rapidly by 6 per cent in 2020/2021 and 8 per cent in the 2021/2022 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, functional classification and funding

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>										
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	536	6 956	6 153	-	6 603	6 603	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	1 511	300	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	241 744	177 304	349 297	344 482	322 389	322 389	156 737	276 895	303 983	360 119
Vote 07 - Summary Water Services	538	10 000	(4 400)	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>344 482</b>	<b>328 992</b>	<b>328 992</b>	<b>156 737</b>	<b>276 895</b>	<b>303 983</b>	<b>360 119</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	250	-	-	-	404	278	293
Vote 04 - Summary Corporate Services	-	-	-	497	-	-	-	1 000	1 054	1 111
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	-	-	-	4 260	-	-	-	4 101	4 322	4 555
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 505</b>	<b>5 654</b>	<b>5 960</b>
<b>Total Capital Expenditure - Vote</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>349 489</b>	<b>328 992</b>	<b>328 992</b>	<b>156 737</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	<b>536</b>	<b>6 956</b>	<b>7 653</b>	<b>747</b>	<b>6 603</b>	<b>6 603</b>	<b>-</b>	<b>1 404</b>	<b>1 332</b>	<b>1 404</b>
Executive and council	-	-	-	-	-	-	-	-	-	-
Finance and administration	536	6 956	7 653	747	6 603	6 603	-	1 404	1 332	1 404
Internal audit	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>-</b>	<b>1 511</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development	-	1 511	300	-	-	-	-	-	-	-
<b>Trading services</b>	<b>242 282</b>	<b>187 304</b>	<b>343 397</b>	<b>349 042</b>	<b>322 389</b>	<b>322 389</b>	<b>159 066</b>	<b>280 995</b>	<b>308 305</b>	<b>364 674</b>
Energy sources	-	-	-	-	-	-	-	-	-	-
Water management	538	10 000	343 397	349 042	322 389	322 389	159 066	280 995	308 305	364 674
Waste water management	241 744	177 304	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>349 789</b>	<b>328 992</b>	<b>328 992</b>	<b>159 066</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>
<b>Funded by:</b>										
National Government	241 744	187 304	343 397	187 820	322 839	322 839	73 178	275 839	302 870	358 946
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>241 744</b>	<b>187 304</b>	<b>343 397</b>	<b>187 820</b>	<b>322 839</b>	<b>322 839</b>	<b>73 178</b>	<b>275 839</b>	<b>302 870</b>	<b>358 946</b>
<b>Internally generated funds</b>	<b>1 073</b>	<b>8 467</b>	<b>7 953</b>	<b>161 970</b>	<b>6 153</b>	<b>6 153</b>	<b>85 888</b>	<b>6 561</b>	<b>6 767</b>	<b>7 133</b>
<b>Total Capital Funding</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>349 789</b>	<b>328 992</b>	<b>328 992</b>	<b>159 066</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>

**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 2019/20 R282, 2million has been allocated of the total R276, 8million infrastructural budget, which totals 98 per cent. This capital budget increase to R309, 6million in 2020/21 and then increase to R366 million in 2021/22.

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 2019/20 capital transfers totals R275, 8million and R302, 8million by 2020/21 and then in 2021/2022 increase to R358, 9million. 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 Consolidated Budgeted Financial Position

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	19 490	43 023	112 336	22 666	42 090	42 090	41 097	124 239	176 297	241 846
Call investment deposits	–	–	32 252	3 549	3 549	3 549	28 656	3 833	4 139	4 346
Consumer debtors	25 219	22 779	21 971	30 994	30 994	30 994	36 313	33 474	36 151	37 959
Other debtors	24 282	22 539	45 573	42 629	42 629	42 629	39 144	46 039	49 722	52 208
Current portion of long-term receivables	–	–	–	–	–	–	–	–	–	–
Inventry	192	180	171	194	194	194	171	210	227	238
<b>Total current assets</b>	<b>69 183</b>	<b>88 521</b>	<b>212 302</b>	<b>100 031</b>	<b>119 455</b>	<b>119 455</b>	<b>145 381</b>	<b>207 794</b>	<b>266 536</b>	<b>336 597</b>
<b>Non current assets</b>										
Investment in Associate										
Property, plant and equipment	1 687 521	1 812 853	1 965 090	2 297 711	2 274 822	2 274 822	2 064 493	2 386 015	2 581 694	2 751 738
Intangible	1 122	2 300	1 712	728	728	728	1 277	787	850	892
Other non-current assets	–	–	0	–	–	–	0	–	–	–
<b>Total non current assets</b>	<b>1 688 643</b>	<b>1 815 153</b>	<b>1 966 802</b>	<b>2 298 440</b>	<b>2 275 551</b>	<b>2 275 551</b>	<b>2 065 770</b>	<b>2 386 802</b>	<b>2 582 543</b>	<b>2 752 630</b>
<b>TOTAL ASSETS</b>	<b>1 757 825</b>	<b>1 903 674</b>	<b>2 179 104</b>	<b>2 398 471</b>	<b>2 395 006</b>	<b>2 395 006</b>	<b>2 211 151</b>	<b>2 594 595</b>	<b>2 849 079</b>	<b>3 089 227</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Borrowing	7 580	5 793	6 159	–	–	–	(4 021)	–	–	–
Consumer deposits	1 346	1 441	1 606	1 557	1 557	1 557	1 700	1 681	1 816	1 907
Trade and other payables	225 104	199 674	247 578	209 323	209 323	209 323	371 282	220 377	238 007	249 907
Provisions	599	568	732	11 863	11 863	11 863	9 574	18 504	19 984	20 983
<b>Total current liabilities</b>	<b>234 630</b>	<b>207 476</b>	<b>256 075</b>	<b>222 742</b>	<b>222 742</b>	<b>222 742</b>	<b>378 535</b>	<b>240 562</b>	<b>259 807</b>	<b>272 797</b>
<b>Non current liabilities</b>										
Borrowing	17 255	12 353	8 657	41 252	41 252	41 252	16 091	44 552	48 116	50 522
Provisions	19 938	34 809	30 317	23 236	23 236	23 236	22 949	25 095	27 103	28 458
<b>Total non current liabilities</b>	<b>37 193</b>	<b>47 162</b>	<b>38 973</b>	<b>64 488</b>	<b>64 488</b>	<b>64 488</b>	<b>39 041</b>	<b>69 648</b>	<b>75 219</b>	<b>78 980</b>
<b>TOTAL LIABILITIES</b>	<b>271 823</b>	<b>254 638</b>	<b>295 049</b>	<b>287 231</b>	<b>287 231</b>	<b>287 231</b>	<b>417 576</b>	<b>310 209</b>	<b>335 026</b>	<b>351 777</b>
<b>NET ASSETS</b>	<b>1 486 003</b>	<b>1 649 036</b>	<b>1 884 055</b>	<b>2 111 240</b>	<b>2 107 775</b>	<b>2 107 775</b>	<b>1 793 576</b>	<b>2 284 386</b>	<b>2 514 053</b>	<b>2 737 449</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	1 486 003	1 649 036	1 884 055	2 111 240	2 107 775	2 107 775	1 793 576	2 284 386	2 514 053	2 737 449
Reserves	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 486 003</b>	<b>1 649 036</b>	<b>1 884 055</b>	<b>2 111 240</b>	<b>2 107 775</b>	<b>2 107 775</b>	<b>1 793 576</b>	<b>2 284 386</b>	<b>2 514 053</b>	<b>2 737 449</b>

**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 Consolidated Budgeted Cash Flows

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates								-	-	-
Service charges	13 767	18 320	41 443	31 945	50 033	50 033	50 033	47 732	50 931	54 345
Other revenue	305	-	-	2 522	3 816	3 816	3 816	781	823	867
Government - operating	287 976	309 428	372 492	328 823	380 095	380 095	361 595	366 004	381 076	411 995
Government - capital	280 503	300 707	279 598	341 982	313 710	313 710	312 210	275 839	302 870	358 946
Interest	3 364	6 067	9 700	6 946	9 645	9 645	9 645	9 658	10 238	10 852
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees	(352 804)	(423 813)	(398 607)	(346 330)	(471 039)	(471 039)	(452 539)	(401 033)	(409 389)	(438 606)
Finance charges	(2 890)	(4 320)	(4 499)	(3 954)	(3 954)	(3 954)	(3 954)	(3 510)	(3 700)	(3 899)
Transfers and Grants	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>230 220</b>	<b>206 387</b>	<b>300 125</b>	<b>361 933</b>	<b>282 306</b>	<b>282 306</b>	<b>280 806</b>	<b>295 470</b>	<b>332 849</b>	<b>394 500</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	(436)	2 031						-	-	-
Decrease (Increase) in non-current debtors								-	-	-
<b>Payments</b>										
Capital assets	(242 590)	(179 627)	(220 517)	(341 982)	(345 874)	(345 874)	(364 374)	(275 839)	(276 162)	(326 406)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(243 026)</b>	<b>(177 595)</b>	<b>(220 517)</b>	<b>(341 982)</b>	<b>(345 874)</b>	<b>(345 874)</b>	<b>(364 374)</b>	<b>(275 839)</b>	<b>(276 162)</b>	<b>(326 406)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Increase (decrease) in consumer deposits				200	200	200	200	-	-	-
<b>Payments</b>										
Repayment of borrowing	(3 819)	(5 259)	(10 296)	(3 330)	(3 330)	(3 330)	(3 330)	(3 896)	(4 323)	(2 338)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 819)</b>	<b>(5 259)</b>	<b>(10 296)</b>	<b>(3 130)</b>	<b>(3 130)</b>	<b>(3 130)</b>	<b>(3 130)</b>	<b>(3 896)</b>	<b>(4 323)</b>	<b>(2 338)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(16 624)</b>	<b>23 533</b>	<b>69 313</b>	<b>16 822</b>	<b>(66 697)</b>	<b>(66 697)</b>	<b>(86 697)</b>	<b>15 736</b>	<b>52 364</b>	<b>65 756</b>
Cash/cash equivalents at the year begin:	36 114	19 490	43 023	10 435	112 336	112 336	112 336	112 336	128 072	180 436
Cash/cash equivalents at the year end:	19 490	43 023	112 336	27 257	45 638	45 638	25 638	128 072	180 436	246 192

**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 cash levels of Harry Gwala fell significantly over the 2018/19 original and adjusted period owing directly to an increase in cash for the 2019/20 financial year.

As part of the 2018/19 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalisation of spending priorities.

The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Cash and cash equivalents totals R135, 5million as at the end of the 2019/20 financial year and escalates to R213, 5million by 2021/22.

Repayment of borrowings totals R3, 8million in the 2019/2020 budget year. The municipality is left with one loan in 2019/2020 financial year which is ABSA loan as we settled or fully recovered DBSA loan.

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

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	19 490	43 023	112 336	27 257	45 638	45 638	25 638	128 072	180 436	246 192
Other current investments > 90 days	-	(0)	32 252	(1 042)	-	-	44 115	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>19 490</b>	<b>43 023</b>	<b>144 587</b>	<b>26 214</b>	<b>45 638</b>	<b>45 638</b>	<b>69 753</b>	<b>128 072</b>	<b>180 436</b>	<b>246 192</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	-	57 166	72 881	57 804	57 804	57 804	288 983	56 736	61 275	64 339
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	(18 102)	(42 834)	-	-	-	-	-	-	-
Other working capital requirements	212 161	124 514	128 921	97 187	89 170	89 170	(34 507)	103 464	111 719	117 282
Other provisions	14 334	16 891	16 891	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>226 496</b>	<b>180 469</b>	<b>175 859</b>	<b>154 991</b>	<b>146 974</b>	<b>146 974</b>	<b>254 477</b>	<b>160 200</b>	<b>172 994</b>	<b>181 620</b>
<b>Surplus(shortfall)</b>	<b>(207 006)</b>	<b>(137 446)</b>	<b>(31 271)</b>	<b>(128 776)</b>	<b>(101 336)</b>	<b>(101 336)</b>	<b>(184 723)</b>	<b>(32 129)</b>	<b>7 442</b>	<b>64 572</b>

**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.

From the table it can be seen that for the period 2019/20 the budget is sitting on a deficit then 2020/21 there is also a deficit of R32million and in 2021/22 the budget is sitting on a surplus of R64million.

Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2018/19 Adjusted Budget MTREF was not funded owing to the significant deficit.

As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

According to this schedule, The 2019/20 final budget is not funded.

Table 24 MBRR Table A9 - Asset Management

## DC43 Harry Gwala - Table A9 Consolidated Asset Management

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	230 161	192 921	347 452	82 157	80 987	80 987	191 759	207 056	270 712
<i>Water Supply Infrastructure</i>	190 611	157 242	280 553	78 800	78 753	78 753	166 394	185 402	224 419
<i>Sanitation Infrastructure</i>	28 500	28 847	58 143	-	-	-	21 500	17 581	42 000
<i>Information and Communication Infrastructure</i>	-	-	-	1 000	1 234	1 234	-	-	-
<b>Infrastructure</b>	<b>219 111</b>	<b>186 088</b>	<b>338 697</b>	<b>79 800</b>	<b>79 987</b>	<b>79 987</b>	<b>187 894</b>	<b>202 983</b>	<b>266 419</b>
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	3 900	1 500	200	-	-	-	-	-	-
Housing	-	-	902	500	200	200	211	223	235
<b>Other Assets</b>	<b>3 900</b>	<b>1 500</b>	<b>1 102</b>	<b>500</b>	<b>200</b>	<b>200</b>	<b>211</b>	<b>223</b>	<b>235</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Licences and Rights	1 100	950	2 100	-	-	-	-	-	-
<b>Intangible Assets</b>	<b>1 100</b>	<b>950</b>	<b>2 100</b>	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	1 400	1 476	1 555
Furniture and Office Equipment	1 450	783	1 210	1 607	550	550	1 831	1 930	2 034
Machinery and Equipment	4 600	2 600	3 043	250	250	250	422	445	469
Transport Assets	-	1 000	1 300	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	<b>12 656</b>	<b>2 850</b>	<b>220 128</b>	<b>267 632</b>	<b>245 914</b>	<b>245 914</b>	<b>90 501</b>	<b>102 581</b>	<b>95 366</b>
<i>Water Supply Infrastructure</i>	12 656	2 850	5 000	53 400	50 875	50 875	18 100	31 000	21 010
<i>Sanitation Infrastructure</i>	-	-	215 128	212 582	193 388	193 388	70 901	70 000	72 690
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>12 656</b>	<b>2 850</b>	<b>220 128</b>	<b>265 982</b>	<b>244 264</b>	<b>244 264</b>	<b>89 001</b>	<b>101 000</b>	<b>93 700</b>
<b>Machinery and Equipment</b>	-	-	-	150	150	150	-	-	-
<b>Transport Assets</b>	-	-	-	1 500	1 500	1 500	1 500	1 581	1 666
<b>Total Capital Expenditure</b>	<b>242 817</b>	<b>195 771</b>	<b>567 580</b>	<b>349 789</b>	<b>326 900</b>	<b>326 900</b>	<b>282 259</b>	<b>309 637</b>	<b>366 078</b>
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	203 267	160 092	285 553	132 200	129 628	129 628	184 494	216 402	245 429
<i>Sanitation Infrastructure</i>	28 500	28 847	273 271	212 582	193 388	193 388	92 401	87 581	114 690
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	1 000	1 234	1 234	-	-	-
<b>Infrastructure</b>	<b>231 767</b>	<b>188 938</b>	<b>558 825</b>	<b>345 782</b>	<b>324 250</b>	<b>324 250</b>	<b>276 895</b>	<b>303 983</b>	<b>360 119</b>
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	3 900	1 500	200	-	-	-	-	-	-
Housing	-	-	902	500	200	200	211	223	235
<b>Other Assets</b>	<b>3 900</b>	<b>1 500</b>	<b>1 102</b>	<b>500</b>	<b>200</b>	<b>200</b>	<b>211</b>	<b>223</b>	<b>235</b>
Licences and Rights	1 100	950	2 100	-	-	-	-	-	-
<b>Intangible Assets</b>	<b>1 100</b>	<b>950</b>	<b>2 100</b>	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	1 400	1 476	1 555
Furniture and Office Equipment	1 450	783	1 210	1 607	550	550	1 831	1 930	2 034
Machinery and Equipment	4 600	2 600	3 043	400	400	400	422	445	469
Transport Assets	-	1 000	1 300	1 500	1 500	1 500	1 500	1 581	1 666
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>242 817</b>	<b>195 771</b>	<b>567 580</b>	<b>349 789</b>	<b>326 900</b>	<b>326 900</b>	<b>282 259</b>	<b>309 637</b>	<b>366 078</b>

DC43 Harry Gwala - Table A9 Consolidated Asset Management

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>									
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	-	-	1 554 000	1 408 247	1 385 358	1 385 358	1 425 393	1 544 222	1 662 392
<i>Roads Infrastructure</i>	-	-	4 781	6 843	6 843	6 843	7 390	7 981	8 380
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	15 422	18 202	18 202	18 202	19 658	21 231	22 293
<i>Water Supply Infrastructure</i>	-	-	1 361 691	1 141 899	1 093 844	1 093 844	1 088 918	1 193 179	1 271 045
<i>Sanitation Infrastructure</i>	-	-	125 974	141 599	167 888	167 888	201 521	205 431	238 432
<i>Information and Communication Infrastructure</i>	-	-	444	957	957	957	1 034	1 116	1 172
<b>Infrastructure</b>	-	-	<b>1 508 312</b>	<b>1 309 500</b>	<b>1 287 735</b>	<b>1 287 735</b>	<b>1 318 520</b>	<b>1 428 939</b>	<b>1 541 323</b>
<b>Community Assets</b>	-	-	27 086	63 308	63 308	63 308	68 373	73 843	77 535
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	902	650	350	350	211	223	235
<b>Intangible Assets</b>	-	-	1 455	728	728	728	787	850	892
<b>Computer Equipment</b>	-	-	1 615	1 169	1 169	1 169	2 662	2 839	2 987
<b>Furniture and Office Equipment</b>	-	-	2 128	5 603	4 779	4 779	5 066	5 424	5 702
<b>Machinery and Equipment</b>	-	-	419	4 797	4 797	4 797	5 603	6 040	6 344
<b>Transport Assets</b>	-	-	12 083	22 491	22 491	22 491	24 171	26 065	27 375
<b>Land</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	-	-	<b>1 554 000</b>	<b>1 408 247</b>	<b>1 385 358</b>	<b>1 385 358</b>	<b>1 425 393</b>	<b>1 544 222</b>	<b>1 662 392</b>
<b>EXPENDITURE OTHER ITEMS</b>	-	-	81 299	67 621	69 440	69 440	67 526	79 439	88 911
<b>Depreciation</b>	-	-	66 993	41 276	36 871	36 871	39 870	52 397	60 409
<b>Repairs and Maintenance by Asset Class</b>	-	-	14 306	26 345	32 570	32 570	27 656	27 042	28 502
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	2 587	18 700	11 308	11 308	11 546	12 170	12 827
<i>Sanitation Infrastructure</i>	-	-	1 606	1 500	3 554	3 554	3 500	3 689	3 888
<b>Infrastructure</b>	-	-	<b>4 193</b>	<b>20 200</b>	<b>14 862</b>	<b>14 862</b>	<b>15 046</b>	<b>15 859</b>	<b>16 715</b>
<b>Community Facilities</b>	-	-	-	-	-	-	-	-	-
<b>Sport and Recreation Facilities</b>	-	-	119	95	102	102	110	116	122
<b>Community Assets</b>	-	-	<b>119</b>	<b>95</b>	<b>102</b>	<b>102</b>	<b>110</b>	<b>116</b>	<b>122</b>
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	-	-	1 727	1 000	1 699	1 699	1 500	1 581	1 666
<i>Housing</i>	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	<b>1 727</b>	<b>1 000</b>	<b>1 699</b>	<b>1 699</b>	<b>1 500</b>	<b>1 581</b>	<b>1 666</b>
<b>Computer Equipment</b>	-	-	79	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	-	8 189	5 000	15 857	15 857	10 500	8 959	9 443
<b>Transport Assets</b>	-	-	-	50	50	50	500	527	555
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	-	-	<b>81 299</b>	<b>67 621</b>	<b>69 440</b>	<b>69 440</b>	<b>67 526</b>	<b>79 439</b>	<b>88 911</b>
<b>Renewal and upgrading of Existing Assets as % of total capex</b>	5,2%	1,5%	38,8%	76,5%	75,2%	75,2%	32,1%	33,1%	26,1%
<b>Renewal and upgrading of Existing Assets as % of deprecn</b>	0,0%	0,0%	328,6%	648,4%	667,0%	667,0%	227,0%	195,8%	157,9%
<b>R&amp;M as a % of PPE</b>	0,0%	0,0%	0,7%	1,1%	1,4%	1,4%	1,2%	1,0%	1,0%
<b>Renewal and upgrading and R&amp;M as a % of PPE</b>	0,0%	0,0%	15,0%	21,0%	20,0%	20,0%	8,0%	8,0%	7,0%

## 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

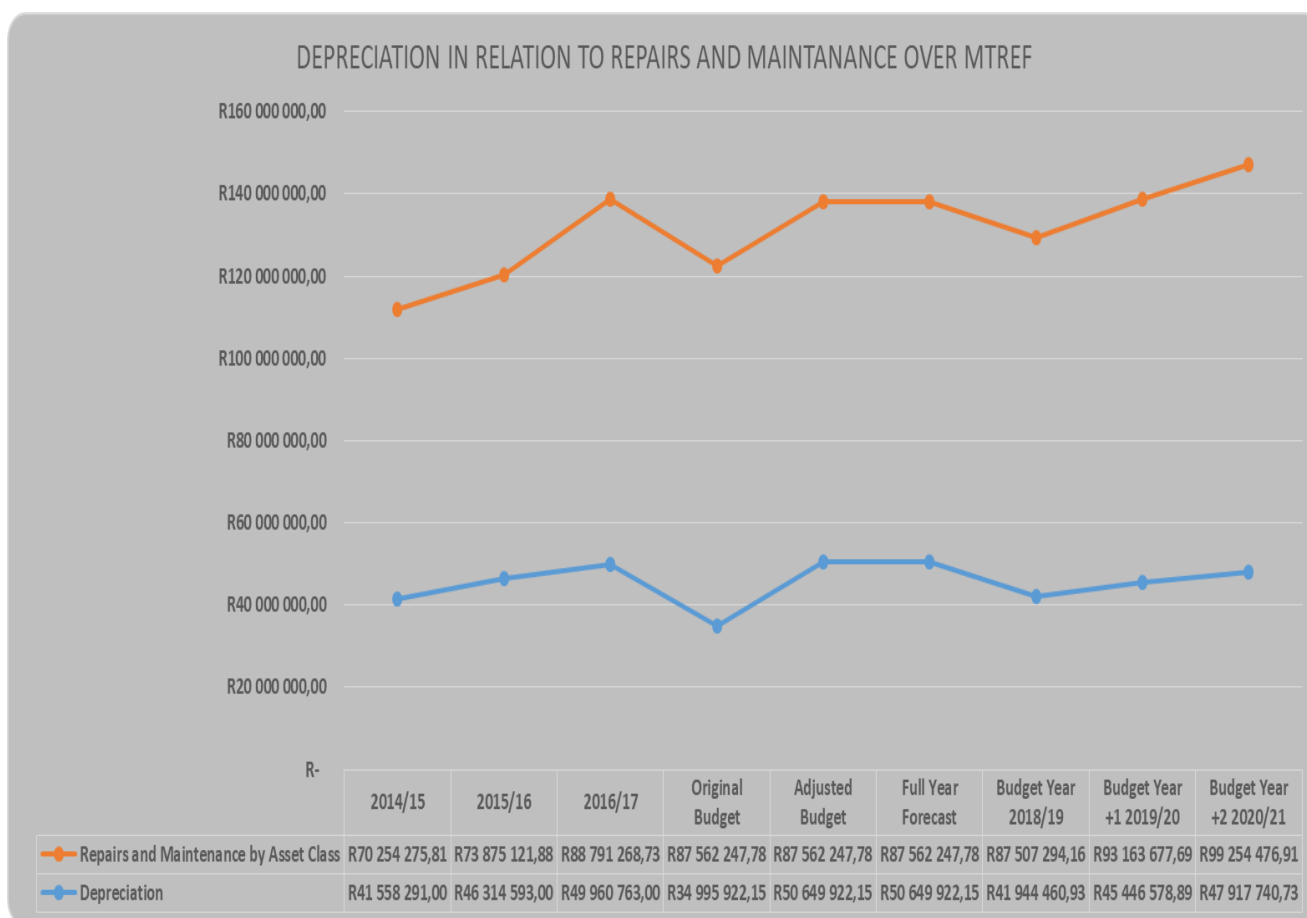




Table 25 MBRR Table A10 - Basic Service Delivery Measurement

## DC43 Harry Gwala - Table A10 Consolidated basic service delivery measurement

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	41 985	44 069	46 272	48 246	48 246	48 246	48 641	48 418	52 292
Piped water inside yard (but not in dwelling)	19 227	19 323	20 289	20 086	20 086	20 086	19 885	19 686	21 261
Using public tap (at least min.service level)	22 880	22 605	23 736	26 109	26 109	26 109	30 026	34 529	37 292
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	84 092	85 997	90 297	94 441	94 441	94 441	98 552	102 633	110 845
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	31 724	31 819	33 410	31 739	31 739	31 739	30 152	28 645	30 936
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	31 724	31 819	33 410	31 739	31 739	31 739	30 152	28 645	30 936
<b>Total number of households</b>	<b>115 816</b>	<b>117 816</b>	<b>123 707</b>	<b>126 180</b>	<b>126 180</b>	<b>126 180</b>	<b>128 704</b>	<b>131 278</b>	<b>141 781</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	56 568	57 544	60 422	65 558	65 558	65 558	70 615	75 601	81 649
Flush toilet (with septic tank)	11 760	11 963	12 561	12 436	12 436	12 436	12 312	12 188	13 164
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	47 489	48 309	50 724	48 188	48 188	48 188	45 779	43 490	46 969
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	115 817	117 816	123 707	126 182	126 182	126 182	128 706	131 279	141 782
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>115 817</b>	<b>117 816</b>	<b>123 707</b>	<b>126 182</b>	<b>126 182</b>	<b>126 182</b>	<b>128 706</b>	<b>131 279</b>	<b>141 782</b>
<b>Energy:</b>									
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Water (6 kilolitres per indigent household per month)	4 384	4 647	4 926	6 075	6 075	6 075	6 189	6 561	6 954
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>									
-	-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>	<b>4 384</b>	<b>4 647</b>	<b>4 926</b>	<b>6 075</b>	<b>6 075</b>	<b>6 075</b>	<b>6 189</b>	<b>6 561</b>	<b>6 954</b>
<b>Revenue cost of subsidised services provided (R'000)</b>									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)	6	6	6	6	6	6	6	6	6
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

**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 12800 households to be registered as indigent in 2019/20, and therefore entitled to receiving Free Basic Services.

It is anticipated that these Free Basic Services will cost the municipality R6million in the MTREF. This is covered by the municipality’s equitable share allocation from national government.

## 1.8 ANNUAL BUDGET TABLES- PARENT MUNICIPALITY

DC43 Harry Gwala - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	42 927	37 168	53 962	63 466	82 841	82 841	36 342	88 392	94 317	100 640
Investment revenue	3 071	5 281	8 969	6 946	9 325	9 325	6 447	10 631	12 119	13 815
Transfers recognised - operational	281 141	300 701	372 492	321 592	356 369	381 537	190 855	366 004	381 076	411 995
Other own revenue	10 853	13 577	12 073	10 268	9 839	9 839	7 055	10 425	11 045	11 703
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>337 991</b>	<b>356 728</b>	<b>447 496</b>	<b>402 271</b>	<b>458 374</b>	<b>483 542</b>	<b>240 699</b>	<b>475 451</b>	<b>498 557</b>	<b>538 153</b>
Employee costs	125 030	144 809	150 227	162 678	181 389	181 389	116 087	195 348	210 000	225 824
Remuneration of councillors	6 038	5 452	5 964	6 848	7 013	7 013	4 290	7 574	8 180	8 834
Depreciation & asset impairment	45 142	61 084	66 612	41 276	36 871	36 871	36 871	38 422	50 877	58 812
Finance charges	2 884	4 313	4 497	3 954	3 954	3 954	668	3 510	3 700	3 899
Materials and bulk purchases	8 866	35 057	38 383	37 465	34 165	34 165	31 490	32 623	32 255	33 975
Transfers and grants	16 096	17 988	11 708	15 200	14 000	14 000	8 000	15 000	17 000	20 000
Other expenditure	265 397	191 793	223 214	134 273	196 823	196 823	74 552	176 553	169 778	179 675
<b>Total Expenditure</b>	<b>469 453</b>	<b>460 496</b>	<b>500 603</b>	<b>401 695</b>	<b>474 216</b>	<b>474 216</b>	<b>271 957</b>	<b>469 030</b>	<b>491 790</b>	<b>531 020</b>
<b>Surplus/(Deficit)</b>	<b>(131 462)</b>	<b>(103 768)</b>	<b>(53 108)</b>	<b>576</b>	<b>(15 842)</b>	<b>9 326</b>	<b>(31 258)</b>	<b>6 421</b>	<b>6 767</b>	<b>7 133</b>
Transfers and subsidies - capital (monetary allocations) (Na	250 992	267 683	263 913	349 213	322 016	342 016	485	275 839	302 870	358 946
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>119 530</b>	<b>163 915</b>	<b>210 805</b>	<b>349 789</b>	<b>306 174</b>	<b>351 343</b>	<b>(30 773)</b>	<b>282 259</b>	<b>309 637</b>	<b>366 078</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>119 530</b>	<b>163 915</b>	<b>210 805</b>	<b>349 789</b>	<b>306 174</b>	<b>351 343</b>	<b>(30 773)</b>	<b>282 259</b>	<b>309 637</b>	<b>366 078</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>242 585</b>	<b>195 183</b>	<b>220 393</b>	<b>349 789</b>	<b>326 900</b>	<b>326 900</b>	<b>159 066</b>	<b>282 259</b>	<b>309 637</b>	<b>366 078</b>
Transfers recognised - capital	242 585	311 833	398 754	341 982	312 210	312 210	73 178	275 839	302 870	358 946
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	3 575	2 732	11 210	7 807	(14 344)	14 690	85 888	6 421	6 767	7 133
<b>Total sources of capital funds</b>	<b>246 160</b>	<b>314 565</b>	<b>409 964</b>	<b>349 789</b>	<b>297 866</b>	<b>326 900</b>	<b>159 066</b>	<b>282 259</b>	<b>309 637</b>	<b>366 078</b>
<b>Financial position</b>										
Total current assets	63 359	69 131	164 027	100 031	100 031	100 031	145 381	117 597	147 811	184 395
Total non current assets	1 683 903	1 790 475	1 943 575	2 298 440	2 275 551	2 275 551	2 065 770	2 386 802	2 582 543	2 752 630
Total current liabilities	225 790	198 409	244 192	222 742	222 742	222 742	378 535	240 562	259 807	272 797
Total non current liabilities	37 137	47 155	61 923	64 488	64 488	64 488	39 041	69 648	75 219	78 980
Community wealth/Equity	1 484 335	1 614 042	1 824 438	2 111 240	2 086 125	2 112 794	1 793 576	2 266 479	2 467 618	2 657 537

DC43 Harry Gwala - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>										
<b>Cash flows</b>										
Net cash from (used) operating	226 076	200 184	303 342	376 436	295 214	295 214	295 214	292 937	331 029	393 564
Net cash from (used) investing	(242 358)	(176 509)	(220 393)	(341 982)	(364 374)	(364 374)	(364 374)	(275 839)	(302 870)	(358 946)
Net cash from (used) financing	(3 770)	(5 221)	(10 260)	(3 130)	(3 130)	(3 130)	(3 130)	(3 896)	(4 323)	(2 338)
<b>Cash/cash equivalents at the year end</b>	<b>5 819</b>	<b>24 273</b>	<b>96 962</b>	<b>38 718</b>	<b>24 672</b>	<b>24 672</b>	<b>24 672</b>	<b>37 875</b>	<b>61 711</b>	<b>93 990</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	16 448	24 273	96 962	26 214	26 214	26 214	69 753	37 875	61 711	93 990
Application of cash and investments	204 304	159 719	163 365	155 336	146 979	146 979	255 631	160 515	173 330	181 968
<b>Balance - surplus (shortfall)</b>	<b>(187 856)</b>	<b>(135 447)</b>	<b>(66 403)</b>	<b>(129 121)</b>	<b>(120 764)</b>	<b>(120 764)</b>	<b>(185 877)</b>	<b>(122 641)</b>	<b>(111 619)</b>	<b>(87 978)</b>
<b>Asset management</b>										
Asset register summary (WDV)	1 663 551	1 790 475	1 943 575	1 408 247	1 385 358	1 385 358	1 385 358	1 425 393	1 544 222	1 662 392
Depreciation	-	-	66 993	41 276	36 871	36 871	36 871	38 422	50 877	58 812
Renewal and Upgrading of Existing Assets	-	-	215 128	267 632	245 914	245 914	245 914	90 501	102 581	95 366
Repairs and Maintenance	-	-	14 306	26 345	32 570	32 570	32 570	27 656	27 042	28 502
<b>Free services</b>										
Cost of Free Basic Services provided	5 306	4 886	4 886	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	32	33	33	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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

Functional Classification Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	271 054	280 828	301 751	399 753	338 238	338 238	356 734	384 310	415 325
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	271 054	280 828	301 751	399 753	338 238	338 238	356 734	384 310	415 325
Internal audit	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	1 100	-	-	-	-	-	10 631	12 119	13 815
Planning and development	1 100	-	-	-	-	-	10 631	12 119	13 815
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	316 829	343 583	409 657	351 731	464 378	464 378	383 925	404 998	467 959
Energy sources	-	-	-	-	-	-	-	-	-
Water management	260 290	281 332	351 761	351 731	440 240	440 240	358 168	377 512	438 628
Waste water management	56 539	62 251	57 897	-	24 137	24 137	25 757	27 485	29 330
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>588 983</b>	<b>624 411</b>	<b>711 409</b>	<b>751 484</b>	<b>802 616</b>	<b>802 616</b>	<b>751 289</b>	<b>801 427</b>	<b>897 099</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	154 978	137 169	160 643	190 758	200 632	200 632	217 626	229 271	244 165
Executive and council	28 832	22 463	27 496	24 926	20 596	20 596	25 781	26 005	27 155
Finance and administration	126 147	114 706	133 146	161 261	175 691	175 691	187 532	198 914	212 615
Internal audit	-	-	-	4 571	4 345	4 345	4 312	4 352	4 395
<b>Community and public safety</b>	-	-	-	9 270	9 239	9 239	11 180	12 023	12 930
Community and social services	-	-	-	9 270	9 239	9 239	11 180	12 023	12 930
<b>Economic and environmental services</b>	61 739	50 845	59 189	70 057	142 018	142 018	126 131	138 165	154 161
Planning and development	61 739	50 845	59 189	70 057	142 018	142 018	126 131	138 165	154 161
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	251 836	272 483	280 772	131 610	122 327	103 827	113 256	112 330	119 765
Energy sources	-	-	-	7 850	-	-	-	-	-
Water management	187 401	193 318	204 715	122 256	121 774	103 274	112 669	111 697	119 081
Waste water management	64 435	79 165	76 056	1 504	552	552	587	633	684
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>468 553</b>	<b>460 496</b>	<b>500 603</b>	<b>401 695</b>	<b>474 216</b>	<b>455 716</b>	<b>468 192</b>	<b>491 790</b>	<b>531 020</b>
<b>Surplus/(Deficit) for the year</b>	<b>120 430</b>	<b>163 915</b>	<b>210 805</b>	<b>349 789</b>	<b>328 400</b>	<b>346 900</b>	<b>283 097</b>	<b>309 637</b>	<b>366 078</b>

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

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>									
<b>Revenue by Vote</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	271 054	284 037	249 028	336 288	338 238	338 238	356 734	384 310	415 325
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	1 100	-	-	-	-	-	10 631	12 119	13 815
Vote 06 - Summary Infrastructure Services	260 290	281 332	404 484	351 731	381 537	381 537	295 533	310 681	367 319
Vote 07 - Summary Water Services	56 539	59 042	57 897	63 466	82 841	82 841	88 392	94 317	100 640
<b>Total Revenue by Vote</b>	<b>588 983</b>	<b>624 411</b>	<b>711 409</b>	<b>751 484</b>	<b>802 616</b>	<b>802 616</b>	<b>751 289</b>	<b>801 427</b>	<b>897 099</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 01 - Summary Council	14 159	9 763	12 346	15 620	9 611	9 611	12 958	13 644	14 594
Vote 02 - Summary Municipal Manager	14 673	12 700	20 150	13 878	15 330	15 330	17 136	16 713	16 956
Vote 03 - Summary Budget And Treasury Office	74 711	59 112	100 288	66 802	60 932	60 932	76 953	84 095	90 032
Vote 04 - Summary Corporate Services	51 436	55 594	45 312	48 332	73 642	73 642	67 212	68 302	72 679
Vote 05 - Summary Social Services & Development Planning	61 739	50 845	159 189	51 538	54 822	54 822	63 321	68 993	75 635
Vote 06 - Summary Infrastructure Services	51 662	-	-	35 639	96 435	96 435	80 021	81 195	91 456
Vote 07 - Summary Water Services	200 173	272 483	163 317	169 887	144 943	144 943	150 592	158 848	169 669
<b>Total Expenditure by Vote</b>	<b>468 553</b>	<b>460 496</b>	<b>500 603</b>	<b>401 695</b>	<b>455 716</b>	<b>455 716</b>	<b>468 192</b>	<b>491 790</b>	<b>531 020</b>
<b>Surplus/(Deficit) for the year</b>	<b>120 430</b>	<b>163 915</b>	<b>210 805</b>	<b>349 789</b>	<b>346 900</b>	<b>346 900</b>	<b>283 097</b>	<b>309 637</b>	<b>366 078</b>

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	30 049	27 669	38 411	44 755	58 703	58 703	25 637	62 635	66 831	71 309
Service charges - sanitation revenue	12 878	9 499	15 551	18 711	24 137	24 137	10 705	25 757	27 485	29 330
Interest earned - external investments	3 071	5 281	8 969	6 946	9 325	9 325	6 447	10 631	12 119	13 815
Interest earned - outstanding debtors	8 664	12 349	11 363	9 540	9 112	9 112	6 490	9 658	10 238	10 852
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	–	–	–	716	716	716	516	–	–	–
Transfers and subsidies	281 141	300 701	372 492	321 592	381 537	381 537	190 855	366 004	381 076	411 995
Other revenue	2 189	1 228	710	12	12	12	49	766	807	850
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>337 991</b>	<b>356 728</b>	<b>447 496</b>	<b>402 271</b>	<b>483 542</b>	<b>483 542</b>	<b>240 699</b>	<b>475 451</b>	<b>498 557</b>	<b>538 153</b>
<b>Expenditure By Type</b>										
Employee related costs	125 030	144 809	150 227	162 678	181 389	181 389	116 087	195 348	210 000	225 824
Remuneration of councillors	6 038	5 452	5 964	6 848	7 013	7 013	4 290	7 574	8 180	8 834
Debt impairment	25 567	34 877	24 717	25 266	5 961	5 961	–	25 315	27 037	28 875
Depreciation & asset impairment	45 142	61 084	66 612	41 276	36 871	36 871	36 871	38 422	50 877	58 812
Finance charges	2 884	4 313	4 497	3 954	3 954	3 954	668	3 510	3 700	3 899
Bulk purchases	8 866	12 582	14 434	22 850	12 876	12 876	14 859	15 000	15 810	16 664
Other materials	–	22 475	23 949	14 615	21 290	21 290	16 631	17 623	16 445	17 311
Contracted services	67 441	112 203	151 200	75 453	138 748	138 748	51 830	96 662	93 309	98 489
Transfers and subsidies	16 096	17 988	11 708	15 200	14 000	14 000	8 000	15 000	17 000	20 000
Other expenditure	170 859	44 672	46 886	33 554	33 614	33 614	22 722	53 738	49 432	52 311
Loss on disposal of PPE	1 529	41	410	–	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>469 453</b>	<b>460 496</b>	<b>500 603</b>	<b>401 695</b>	<b>455 716</b>	<b>455 716</b>	<b>271 957</b>	<b>468 192</b>	<b>491 790</b>	<b>531 020</b>
<b>Surplus/(Deficit)</b>	<b>(131 462)</b>	<b>(103 768)</b>	<b>(53 108)</b>	<b>576</b>	<b>27 826</b>	<b>27 826</b>	<b>(31 258)</b>	<b>7 259</b>	<b>6 767</b>	<b>7 133</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	250 992	267 683	263 913	349 213	322 016	342 016	485	275 839	302 870	358 946
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>119 530</b>	<b>163 915</b>	<b>210 805</b>	<b>349 789</b>	<b>349 843</b>	<b>369 843</b>	<b>(30 773)</b>	<b>283 097</b>	<b>309 637</b>	<b>366 078</b>
Taxation	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>	<b>119 530</b>	<b>163 915</b>	<b>210 805</b>	<b>349 789</b>	<b>349 843</b>	<b>369 843</b>	<b>(30 773)</b>	<b>283 097</b>	<b>309 637</b>	<b>366 078</b>
Attributable to minorities	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>	<b>119 530</b>	<b>163 915</b>	<b>210 805</b>	<b>349 789</b>	<b>349 843</b>	<b>369 843</b>	<b>(30 773)</b>	<b>283 097</b>	<b>309 637</b>	<b>366 078</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>119 530</b>	<b>163 915</b>	<b>210 805</b>	<b>349 789</b>	<b>349 843</b>	<b>369 843</b>	<b>(30 773)</b>	<b>283 097</b>	<b>309 637</b>	<b>366 078</b>

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

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>										
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	536	6 956	6 153	-	6 603	6 603	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	1 511	300	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	241 744	177 304	349 297	344 482	322 389	322 389	156 737	276 895	303 983	360 119
Vote 07 - Summary Water Services	538	10 000	(4 400)	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>344 482</b>	<b>328 992</b>	<b>328 992</b>	<b>156 737</b>	<b>276 895</b>	<b>303 983</b>	<b>360 119</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	250	-	-	-	404	278	293
Vote 04 - Summary Corporate Services	-	-	-	497	-	-	-	1 000	1 054	1 111
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	-	-	-	4 260	-	-	-	4 101	4 322	4 555
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 505</b>	<b>5 654</b>	<b>5 960</b>
<b>Total Capital Expenditure - Vote</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>349 489</b>	<b>328 992</b>	<b>328 992</b>	<b>156 737</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	<b>536</b>	<b>6 956</b>	<b>7 653</b>	<b>747</b>	<b>6 603</b>	<b>6 603</b>	<b>-</b>	<b>1 404</b>	<b>1 332</b>	<b>1 404</b>
Executive and council										
Finance and administration	536	6 956	7 653	747	6 603	6 603	-	1 404	1 332	1 404
Internal audit										
<b>Economic and environmental services</b>	<b>-</b>	<b>1 511</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development	-	1 511	300	-	-	-	-	-	-	-
<b>Trading services</b>	<b>242 282</b>	<b>187 304</b>	<b>343 397</b>	<b>349 042</b>	<b>322 389</b>	<b>322 389</b>	<b>159 066</b>	<b>280 995</b>	<b>308 305</b>	<b>364 674</b>
Energy sources										
Water management	538	10 000	343 397	349 042	322 389	322 389	159 066	280 995	308 305	364 674
Waste water management	241 744	177 304	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>349 789</b>	<b>328 992</b>	<b>328 992</b>	<b>159 066</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>
<b>Funded by:</b>										
National Government	241 744	187 304	343 397	187 820	322 839	322 839	73 178	275 839	302 870	358 946
Other transfers and grants										
<b>Transfers recognised - capital</b>	<b>241 744</b>	<b>187 304</b>	<b>343 397</b>	<b>187 820</b>	<b>322 839</b>	<b>322 839</b>	<b>73 178</b>	<b>275 839</b>	<b>302 870</b>	<b>358 946</b>
Internally generated funds	1 073	8 467	7 953	161 970	6 153	6 153	85 888	6 561	6 767	7 133
<b>Total Capital Funding</b>	<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>349 789</b>	<b>328 992</b>	<b>328 992</b>	<b>159 066</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>





## DC43 Harry Gwala - Table A6 Budgeted Financial Position

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	16 448	1 598	2 833	22 666	22 666	22 666	41 097	106 332	129 861	161 934
Call investment deposits	-	22 674	94 129	3 549	3 549	3 549	28 656	3 833	4 139	4 346
Consumer debtors	25 219	22 779	21 971	30 994	30 994	30 994	36 313	33 474	36 151	37 959
Other debtors	21 500	21 900	44 923	42 629	42 629	42 629	39 144	46 039	49 722	52 208
Inventory	192	180	171	194	194	194	171	210	227	238
<b>Total current assets</b>	<b>63 359</b>	<b>69 131</b>	<b>164 027</b>	<b>100 031</b>	<b>100 031</b>	<b>100 031</b>	<b>145 381</b>	<b>189 886</b>	<b>220 100</b>	<b>256 685</b>
<b>Non current assets</b>										
Investment in Associate										
Property, plant and equipment	1 683 259	1 788 857	1 942 228	2 297 711	2 274 822	2 274 822	2 064 493	2 386 015	2 581 694	2 751 738
Intangible	643	1 619	1 347	728	728	728	1 277	787	850	892
Other non-current assets	-	-	0	-	-	-	0	-	-	-
<b>Total non current assets</b>	<b>1 683 903</b>	<b>1 790 475</b>	<b>1 943 575</b>	<b>2 298 440</b>	<b>2 275 551</b>	<b>2 275 551</b>	<b>2 065 770</b>	<b>2 386 802</b>	<b>2 582 543</b>	<b>2 752 630</b>
<b>TOTAL ASSETS</b>	<b>1 747 262</b>	<b>1 859 606</b>	<b>2 107 603</b>	<b>2 398 471</b>	<b>2 375 582</b>	<b>2 375 582</b>	<b>2 211 151</b>	<b>2 576 688</b>	<b>2 802 644</b>	<b>3 009 315</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing	7 580	11 853	11 044	-	-	-	(4 021)	-	-	-
Consumer deposits	1 346	1 441	1 606	1 557	1 557	1 557	1 700	1 681	1 816	1 907
Trade and other payables	216 264	184 547	230 810	209 323	209 323	209 323	371 282	220 377	238 007	249 907
Provisions	599	568	732	11 863	11 863	11 863	9 574	18 504	19 984	20 983
<b>Total current liabilities</b>	<b>225 790</b>	<b>198 409</b>	<b>244 192</b>	<b>222 742</b>	<b>222 742</b>	<b>222 742</b>	<b>378 535</b>	<b>240 562</b>	<b>259 807</b>	<b>272 797</b>
<b>Non current liabilities</b>										
Borrowing	17 199	26 207	16 757	41 252	41 252	41 252	16 091	44 552	48 116	50 522
Provisions	19 938	20 947	45 166	23 236	23 236	23 236	22 949	25 095	27 103	28 458
<b>Total non current liabilities</b>	<b>37 137</b>	<b>47 155</b>	<b>61 923</b>	<b>64 488</b>	<b>64 488</b>	<b>64 488</b>	<b>39 041</b>	<b>69 648</b>	<b>75 219</b>	<b>78 980</b>
<b>TOTAL LIABILITIES</b>	<b>262 927</b>	<b>245 564</b>	<b>306 114</b>	<b>287 231</b>	<b>287 231</b>	<b>287 231</b>	<b>417 576</b>	<b>310 209</b>	<b>335 026</b>	<b>351 777</b>
<b>NET ASSETS</b>	<b>1 484 335</b>	<b>1 614 042</b>	<b>1 801 488</b>	<b>2 111 240</b>	<b>2 088 351</b>	<b>2 088 351</b>	<b>1 793 576</b>	<b>2 266 479</b>	<b>2 467 618</b>	<b>2 657 537</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	1 484 335	1 614 042	1 801 488	2 111 240	2 088 351	2 088 351	1 793 576	2 266 479	2 467 618	2 657 537
Reserves	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 484 335</b>	<b>1 614 042</b>	<b>1 801 488</b>	<b>2 111 240</b>	<b>2 088 351</b>	<b>2 088 351</b>	<b>1 793 576</b>	<b>2 266 479</b>	<b>2 467 618</b>	<b>2 657 537</b>

## DC43 Harry Gwala - Table A7 Budgeted Cash Flows

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates								-	-	-
Service charges	13 767	21 730	40 969	31 945	50 033	50 033	50 033	47 732	50 931	54 345
Other revenue	-	-	-	2 514	3 801	3 801	3 801	383	404	425
Government - operating	280 538	300 948	303 439	328 823	358 595	358 595	358 595	356 647	378 582	409 364
Government - capital	250 992	309 186	365 651	341 982	312 210	312 210	312 210	275 839	302 870	358 946
Interest	3 071	5 281	8 969	6 646	9 025	9 025	9 025	10 631	12 119	13 815
<b>Payments</b>										
Suppliers and employees	(319 409)	(432 649)	(391 188)	(316 529)	(420 505)	(420 505)	(420 505)	(292 793)	(303 567)	(324 844)
Finance charges	(2 884)	(4 313)	(4 497)	(3 945)	(3 945)	(3 945)	(3 945)	-	-	-
Transfers and Grants	-	-	(20 000)	(15 000)	(14 000)	(14 000)	(14 000)	(105 500)	(110 309)	(118 489)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>226 076</b>	<b>200 184</b>	<b>303 342</b>	<b>376 436</b>	<b>295 214</b>	<b>295 214</b>	<b>295 214</b>	<b>292 937</b>	<b>331 029</b>	<b>393 564</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	-	2 032	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets	(242 358)	(178 541)	(220 393)	(341 982)	(364 374)	(364 374)	(364 374)	(275 839)	(302 870)	(358 946)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(242 358)</b>	<b>(176 509)</b>	<b>(220 393)</b>	<b>(341 982)</b>	<b>(364 374)</b>	<b>(364 374)</b>	<b>(364 374)</b>	<b>(275 839)</b>	<b>(302 870)</b>	<b>(358 946)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing		(2 221)	(6 930)	200	200	200	200	-	-	-
<b>Payments</b>										
Repayment of borrowing	(3 770)	(3 000)	(3 330)	(3 330)	(3 330)	(3 330)	(3 330)	(3 896)	(4 323)	(2 338)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 770)</b>	<b>(5 221)</b>	<b>(10 260)</b>	<b>(3 130)</b>	<b>(3 130)</b>	<b>(3 130)</b>	<b>(3 130)</b>	<b>(3 896)</b>	<b>(4 323)</b>	<b>(2 338)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(20 052)</b>	<b>18 454</b>	<b>72 689</b>	<b>31 324</b>	<b>(72 290)</b>	<b>(72 290)</b>	<b>(72 290)</b>	<b>13 202</b>	<b>23 836</b>	<b>32 279</b>
Cash/cash equivalents at the year begin:	25 871	5 819	24 273	7 394	96 962	96 962	96 962	96 962	110 164	134 000
Cash/cash equivalents at the year end:	5 819	24 273	96 962	38 718	24 672	24 672	24 672	110 164	134 000	166 280

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	5 819	24 273	96 962	38 718	24 672	24 672	24 672	110 164	134 000	166 280
Other current investments > 90 days	10 629	-	-	(12 504)	1 542	1 542	45 081	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>16 448</b>	<b>24 273</b>	<b>96 962</b>	<b>26 214</b>	<b>26 214</b>	<b>26 214</b>	<b>69 753</b>	<b>110 164</b>	<b>134 000</b>	<b>166 280</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	-	49 300	61 986	57 804	57 804	57 804	288 983	56 736	61 275	64 339
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	(9 500)	(42 834)	-	-	-	-	-	-	-
Other working capital requirements	204 304	117 116	119 259	96 838	89 175	89 175	(33 353)	103 779	112 055	117 630
Other provisions	-	3 804	16 891	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>204 304</b>	<b>160 720</b>	<b>155 302</b>	<b>154 642</b>	<b>146 979</b>	<b>146 979</b>	<b>255 631</b>	<b>160 515</b>	<b>173 330</b>	<b>181 968</b>
<b>Surplus(shortfall)</b>	<b>(187 856)</b>	<b>(136 448)</b>	<b>(58 340)</b>	<b>(128 427)</b>	<b>(120 764)</b>	<b>(120 764)</b>	<b>(185 877)</b>	<b>(50 351)</b>	<b>(39 329)</b>	<b>(15 688)</b>

DC43 Harry Gwala - Table A9 Asset Management

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	234 365	229 929	308 983	387 497	387 497	387 497	328 646	327 654	323 196
<i>Electrical Infrastructure</i>	1 830	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	162 614	190 350	273 304	317 380	317 380	317 380	259 293	263 521	253 315
<i>Sanitation Infrastructure</i>	50 459	28 530	28 847	58 907	58 907	58 907	62 543	57 517	64 500
<b>Infrastructure</b>	<b>214 902</b>	<b>218 879</b>	<b>302 151</b>	<b>376 287</b>	<b>376 287</b>	<b>376 287</b>	<b>321 836</b>	<b>321 039</b>	<b>317 815</b>
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Operational Buildings	8 578	3 900	1 500	1 000	1 000	1 000	200	210	221
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>8 578</b>	<b>3 900</b>	<b>1 500</b>	<b>1 000</b>	<b>1 000</b>	<b>1 000</b>	<b>200</b>	<b>210</b>	<b>221</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Licences and Rights	200	1 100	950	2 000	2 000	2 000	2 100	105	110
<b>Intangible Assets</b>	<b>200</b>	<b>1 100</b>	<b>950</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>	<b>2 100</b>	<b>105</b>	<b>110</b>
Computer Equipment	1 380	-	-	-	-	-	-	-	-
Furniture and Office Equipment	2 179	1 450	783	1 210	1 210	1 210	1 210	1 300	1 050
Machinery and Equipment	6 025	4 600	2 600	2 200	2 200	2 200	2 000	4 000	4 000
Transport Assets	1 100	-	1 000	4 800	4 800	4 800	1 300	1 000	-
<b>Total Renewal of Existing Assets</b>	<b>4 580</b>	<b>12 656</b>	<b>2 850</b>	<b>11 257</b>	<b>11 257</b>	<b>11 257</b>	<b>22 704</b>	<b>22 136</b>	<b>23 907</b>
<i>Water Supply Infrastructure</i>	4 580	12 656	2 850	11 257	11 257	11 257	22 704	22 136	23 907
<b>Infrastructure</b>	<b>4 580</b>	<b>12 656</b>	<b>2 850</b>	<b>11 257</b>	<b>11 257</b>	<b>11 257</b>	<b>22 704</b>	<b>22 136</b>	<b>23 907</b>
<b>Total Capital Expenditure</b>									
<i>Electrical Infrastructure</i>	1 830	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	167 194	203 006	276 154	328 637	328 637	328 637	281 997	285 657	277 222
<i>Sanitation Infrastructure</i>	50 459	28 530	28 847	58 907	58 907	58 907	62 543	57 517	64 500
<b>Infrastructure</b>	<b>219 482</b>	<b>231 535</b>	<b>305 001</b>	<b>387 544</b>	<b>387 544</b>	<b>387 544</b>	<b>344 540</b>	<b>343 174</b>	<b>341 722</b>
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	8 578	3 900	1 500	1 000	1 000	1 000	200	210	221
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>8 578</b>	<b>3 900</b>	<b>1 500</b>	<b>1 000</b>	<b>1 000</b>	<b>1 000</b>	<b>200</b>	<b>210</b>	<b>221</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Licences and Rights	200	1 100	950	2 000	2 000	2 000	2 100	105	110
<b>Intangible Assets</b>	<b>200</b>	<b>1 100</b>	<b>950</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>	<b>2 100</b>	<b>105</b>	<b>110</b>
Computer Equipment	1 380	-	-	-	-	-	-	-	-
Furniture and Office Equipment	2 179	1 450	783	1 210	1 210	1 210	1 210	1 300	1 050
Machinery and Equipment	6 025	4 600	2 600	2 200	2 200	2 200	2 000	4 000	4 000
Transport Assets	1 100	-	1 000	4 800	4 800	4 800	1 300	1 000	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>238 945</b>	<b>242 585</b>	<b>311 833</b>	<b>398 754</b>	<b>398 754</b>	<b>398 754</b>	<b>351 350</b>	<b>349 789</b>	<b>347 103</b>

DC43 Harry Gwala - Table A9 Asset Management

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	229 561	191 921	350 407	82 157	80 987	80 987	191 759	207 056	270 712
<i>Water Supply Infrastructure</i>	190 611	157 242	286 052	78 800	78 753	78 753	166 394	185 402	224 419
<i>Sanitation Infrastructure</i>	28 500	28 847	58 143	-	-	-	21 500	17 581	42 000
<i>Information and Communication Infrastructure</i>	-	-	-	1 000	1 234	1 234	-	-	-
<b>Infrastructure</b>	<b>219 111</b>	<b>186 088</b>	<b>344 195</b>	<b>79 800</b>	<b>79 987</b>	<b>79 987</b>	<b>187 894</b>	<b>202 983</b>	<b>266 419</b>
Community Facilities	-	-	-	-	-	-	-	-	-
Operational Buildings	3 300	1 500	-	-	-	-	-	-	-
Housing	-	-	902	500	200	200	211	223	235
<b>Other Assets</b>	<b>3 300</b>	<b>1 500</b>	<b>902</b>	<b>500</b>	<b>200</b>	<b>200</b>	<b>211</b>	<b>223</b>	<b>235</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	<b>1 100</b>	<b>950</b>	<b>2 100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 400</b>	<b>1 476</b>	<b>1 555</b>
<b>Furniture and Office Equipment</b>	<b>1 450</b>	<b>783</b>	<b>1 210</b>	<b>1 607</b>	<b>550</b>	<b>550</b>	<b>1 831</b>	<b>1 930</b>	<b>2 034</b>
<b>Machinery and Equipment</b>	<b>4 600</b>	<b>2 600</b>	<b>2 000</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>422</b>	<b>445</b>	<b>469</b>
<b>Total Renewal of Existing Assets</b>	<b>12 656</b>	<b>2 850</b>	<b>220 128</b>	<b>267 632</b>	<b>245 914</b>	<b>245 914</b>	<b>90 501</b>	<b>102 581</b>	<b>95 366</b>
<i>Water Supply Infrastructure</i>	12 656	2 850	5 000	53 400	50 875	50 875	18 100	31 000	21 010
<i>Sanitation Infrastructure</i>	-	-	215 128	212 582	193 388	193 388	70 901	70 000	72 690
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>12 656</b>	<b>2 850</b>	<b>220 128</b>	<b>265 982</b>	<b>244 264</b>	<b>244 264</b>	<b>89 001</b>	<b>101 000</b>	<b>93 700</b>
<b>Machinery and Equipment</b>	-	-	-	150	150	150	-	-	-
<b>Transport Assets</b>	-	-	-	1 500	1 500	1 500	1 500	1 581	1 666
<b>Total Capital Expenditure</b>	<b>242 217</b>	<b>194 771</b>	<b>570 535</b>	<b>349 789</b>	<b>326 900</b>	<b>326 900</b>	<b>282 259</b>	<b>309 637</b>	<b>366 078</b>
<i>Water Supply Infrastructure</i>	203 267	160 092	291 052	132 200	129 628	129 628	184 494	216 402	245 429
<i>Sanitation Infrastructure</i>	28 500	28 847	273 271	212 582	193 388	193 388	92 401	87 581	114 690
<i>Information and Communication Infrastructure</i>	-	-	-	1 000	1 234	1 234	-	-	-
<b>Infrastructure</b>	<b>231 767</b>	<b>188 938</b>	<b>564 323</b>	<b>345 782</b>	<b>324 250</b>	<b>324 250</b>	<b>276 895</b>	<b>303 983</b>	<b>360 119</b>
Operational Buildings	3 300	1 500	-	-	-	-	-	-	-
Housing	-	-	902	500	200	200	211	223	235
<b>Other Assets</b>	<b>3 300</b>	<b>1 500</b>	<b>902</b>	<b>500</b>	<b>200</b>	<b>200</b>	<b>211</b>	<b>223</b>	<b>235</b>
<b>Computer Equipment</b>	<b>1 100</b>	<b>950</b>	<b>2 100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 400</b>	<b>1 476</b>	<b>1 555</b>
<b>Furniture and Office Equipment</b>	<b>1 450</b>	<b>783</b>	<b>1 210</b>	<b>1 607</b>	<b>550</b>	<b>550</b>	<b>1 831</b>	<b>1 930</b>	<b>2 034</b>
<b>Machinery and Equipment</b>	<b>4 600</b>	<b>2 600</b>	<b>2 000</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>422</b>	<b>445</b>	<b>469</b>
<b>Transport Assets</b>	-	-	-	1 500	1 500	1 500	1 500	1 581	1 666
<b>Land</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>242 217</b>	<b>194 771</b>	<b>570 535</b>	<b>349 789</b>	<b>326 900</b>	<b>326 900</b>	<b>282 259</b>	<b>309 637</b>	<b>366 078</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	1 661 758	1 798 657	1 554 000	1 408 247	1 385 358	1 385 358	1 425 393	1 544 222	1 662 392
<i>Roads Infrastructure</i>	-	-	4 781	6 843	6 843	6 843	7 390	7 981	8 380
<i>Electrical Infrastructure</i>	-	-	15 422	18 202	18 202	18 202	19 658	21 231	22 293
<i>Water Supply Infrastructure</i>	1 117 786	1 209 379	1 361 691	1 141 899	1 093 844	1 093 844	1 088 918	1 193 179	1 271 045
<i>Sanitation Infrastructure</i>	508 886	549 879	125 974	141 599	167 888	167 888	201 521	205 431	238 432
<i>Information and Communication Infrastructure</i>	-	-	444	957	957	957	1 034	1 116	1 172
<b>Infrastructure</b>	<b>1 626 673</b>	<b>1 759 258</b>	<b>1 508 312</b>	<b>1 309 500</b>	<b>1 287 735</b>	<b>1 287 735</b>	<b>1 318 520</b>	<b>1 428 939</b>	<b>1 541 323</b>
<b>Community Assets</b>	3 686	4 139	27 086	63 308	63 308	63 308	68 373	73 843	77 535
<b>Other Assets</b>	17 081	19 181	902	650	350	350	211	223	235
<b>Intangible Assets</b>	-	-	1 455	728	728	728	787	850	892
<b>Computer Equipment</b>	-	-	1 615	1 169	1 169	1 169	2 662	2 839	2 987
<b>Furniture and Office Equipment</b>	<b>1 382</b>	<b>1 552</b>	<b>2 128</b>	<b>5 603</b>	<b>4 779</b>	<b>4 779</b>	<b>5 066</b>	<b>5 424</b>	<b>5 702</b>
<b>Machinery and Equipment</b>	<b>7 174</b>	<b>8 056</b>	<b>419</b>	<b>4 797</b>	<b>4 797</b>	<b>4 797</b>	<b>5 603</b>	<b>6 040</b>	<b>6 344</b>
<b>Transport Assets</b>	<b>5 763</b>	<b>6 471</b>	<b>12 083</b>	<b>22 491</b>	<b>22 491</b>	<b>22 491</b>	<b>24 171</b>	<b>26 065</b>	<b>27 375</b>
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>1 661 758</b>	<b>1 798 657</b>	<b>1 554 000</b>	<b>1 408 247</b>	<b>1 385 358</b>	<b>1 385 358</b>	<b>1 425 393</b>	<b>1 544 222</b>	<b>1 662 392</b>

DC43 Harry Gwala - Table A9 Asset Management

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>									
<b>EXPENDITURE OTHER ITEMS</b>	<b>46 207</b>	<b>49 961</b>	<b>131 122</b>	<b>67 621</b>	<b>69 440</b>	<b>69 440</b>	<b>66 761</b>	<b>78 636</b>	<b>88 068</b>
<u>Depreciation</u>	46 207	49 961	116 816	41 276	36 871	36 871	39 105	51 594	59 565
<u>Repairs and Maintenance by Asset Class</u>	-	-	14 306	26 345	32 570	32 570	27 656	27 042	28 502
<i>Water Supply Infrastructure</i>	-	-	2 587	18 700	11 308	11 308	11 546	12 170	12 827
<i>Sanitation Infrastructure</i>	-	-	1 606	1 500	3 554	3 554	3 500	3 689	3 888
<b>Infrastructure</b>	<b>-</b>	<b>-</b>	<b>4 193</b>	<b>20 200</b>	<b>14 862</b>	<b>14 862</b>	<b>15 046</b>	<b>15 859</b>	<b>16 715</b>
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	119	95	102	102	110	116	122
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>119</b>	<b>95</b>	<b>102</b>	<b>102</b>	<b>110</b>	<b>116</b>	<b>122</b>
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings	-	-	1 727	1 000	1 699	1 699	1 500	1 581	1 666
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>-</b>	<b>-</b>	<b>1 727</b>	<b>1 000</b>	<b>1 699</b>	<b>1 699</b>	<b>1 500</b>	<b>1 581</b>	<b>1 666</b>
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment	-	-	79	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	8 189	5 000	15 857	15 857	10 500	8 959	9 443
Transport Assets	-	-	-	50	50	50	500	527	555
<b>Land</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>46 207</b>	<b>49 961</b>	<b>131 122</b>	<b>67 621</b>	<b>69 440</b>	<b>69 440</b>	<b>66 761</b>	<b>78 636</b>	<b>88 068</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	5,2%	1,5%	38,6%	76,5%	75,2%	75,2%	32,1%	33,1%	26,1%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	27,4%	5,7%	188,4%	648,4%	667,0%	667,0%	231,4%	198,8%	160,1%
<i>R&amp;M as a % of PPE</i>	0,0%	0,0%	0,7%	1,1%	1,4%	1,4%	1,2%	1,0%	1,0%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	1,0%	0,0%	15,0%	21,0%	20,0%	20,0%	8,0%	8,0%	7,0%

DC43 Harry Gwala - Table A10 Basic service delivery measurement

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	41 985	44 069	46 272	48 246	48 246	48 246	48 641	48 418	52 292
Piped water inside yard (but not in dwelling)	19 227	19 323	20 289	20 086	20 086	20 086	19 885	19 686	21 261
Using public tap (at least min.service level)	22 880	22 605	23 736	26 109	26 109	26 109	30 026	34 529	37 292
<i>Minimum Service Level and Above sub-total</i>	84 092	85 997	90 297	94 441	94 441	94 441	98 552	102 633	110 845
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	31 724	31 819	33 410	31 739	31 739	31 739	30 152	28 645	30 936
<i>Below Minimum Service Level sub-total</i>	31 724	31 819	33 410	31 739	31 739	31 739	30 152	28 645	30 936
<b>Total number of households</b>	<b>115 816</b>	<b>117 816</b>	<b>123 707</b>	<b>126 180</b>	<b>126 180</b>	<b>126 180</b>	<b>128 704</b>	<b>131 278</b>	<b>141 781</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	56 568	57 544	60 422	65 558	65 558	65 558	70 615	75 601	81 649
Flush toilet (with septic tank)	11 760	11 963	12 561	12 436	12 436	12 436	12 312	12 188	13 164
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	47 489	48 309	50 724	48 188	48 188	48 188	45 779	43 490	46 969
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	115 817	117 816	123 707	126 182	126 182	126 182	128 706	131 279	141 782
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>115 817</b>	<b>117 816</b>	<b>123 707</b>	<b>126 182</b>	<b>126 182</b>	<b>126 182</b>	<b>128 706</b>	<b>131 279</b>	<b>141 782</b>
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Water (6 kilolitres per indigent household per month)	5 806	4 384	5 083	5 625	5 625	5 625	6 075	6 561	7 085
<b>Total cost of FBS provided</b>	<b>5 806</b>	<b>4 384</b>	<b>5 083</b>	<b>5 625</b>	<b>5 625</b>	<b>5 625</b>	<b>6 075</b>	<b>6 561</b>	<b>7 085</b>
<b>Highest level of free service provided per household</b>									
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
<b>Total revenue cost of subsidised services provided</b>	-	-	-	-	-	-	-	-	-

## Part 2 – Supporting Documentation

### 1.9 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 2018. Key dates applicable to the process were:

- a) **August 2018** – 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 2019/20 MTREF;

- b) **November 2018** – 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 2019** - 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 2019** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- e) **January 2019** - Council considers the 2018/19 Mid-year Review and Adjustments Budget;
- f) **February 2019** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2019/20 MTREF is revised accordingly;
- g) **29 March 2019** - Tabling in Council of the draft 2019/20 IDP and 2019/20 MTREF for public consultation;
- h) **3 to 30 April 2019** – Public consultation;
- i) **7 May 2019** - Closing date for written comments;
- j) **8 to 30 May 2019** – finalization of the 2019/20 IDP and 2019/20 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) **31 May 2019** - Tabling of the 2019/20 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.

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 2019/20 MTREF, based on the approved 2018/19 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 2019/20 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 2018/19 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 2019/20 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 2019/20 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 2018/19 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 2019/20 MTREF as tabled before Council on 29 March 2019 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 03 to 30 April 2018, 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 2019/20 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 and protests 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 and there was unspent grant for Water Services Infrastructure Grant, National Treasury declined rollover and the funds had to transferred back to National Treasury because of poor performance of contractors ;

- 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.

## **1.10 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 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 26 IDP Strategic Objectives

2018/19 Financial Year	2019/20 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 2019/20 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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
GOOD GOVERNANCE	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	3 327	3 878	4 316	-	-	-	-	-	-
FINANCIAL VIABILITY AND MANAGEMENT	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.	62 529	194 241	176 466	336 288	338 238	338 238	367 364	396 429	429 140
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	Meet Basic Service & address Backlogs	3 154	240	341	-	-	-	698	733	770
BASIC SERVICE DELIVERY	Infrastructure Services	284 262	159 200	187 661	65 268	125 996	125 996	107 389	102 128	109 013
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Meet Basic Service & address Backlogs	-	-	-	-	-	-	-	-	-
CROSS-CUTTING		-	-	-	-	-	-	-	-	-
Allocations to other priorities										
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>353 272</b>	<b>357 559</b>	<b>368 784</b>	<b>401 555</b>	<b>464 235</b>	<b>464 235</b>	<b>475 451</b>	<b>499 290</b>	<b>538 922</b>

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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>										
GOOD GOVERNANCE	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	–	201 967	33 054	35 649	31 754	31 754	36 940	38 139	39 909
FINANCIAL VIABILITY AND MANAGEMENT	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.	175 256	13 756	88 859	66 802	60 932	60 932	79 072	84 095	90 032
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	–	–	17 524	30 270	32 227	32 227	39 595	43 152	47 811
BASIC SERVICE DELIVERY	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.	270 338	217 600	267 699	197 676	263 864	263 864	224 732	240 044	261 124
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Infrastructure Services	520	–	76 208	48 332	73 642	73 642	72 069	68 302	72 679
CROSS-CUTTING	Meet Basic Service & address Backlogs	36 503	24 717	26 111	22 966	15 782	15 782	17 453	18 791	20 234
<b>Allocations to other priorities</b>										
<b>Total Expenditure</b>		<b>482 618</b>	<b>458 040</b>	<b>509 456</b>	<b>401 695</b>	<b>478 201</b>	<b>478 201</b>	<b>469 860</b>	<b>492 522</b>	<b>531 790</b>

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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>										
FINANCIAL VIABILITY AND MANAGEMENT	Strategic & Sustainability Budgeting, Revenue Enhancement & Value for Money Spending	22 297	27 612	–	250	250	250	264	278	293
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	–	–	–	–	60	60	–	–	–
BASIC SERVICE DELIVERY	Infrastructure Services	37 895	46 928	351 350	348 742	328 482	328 482	281 135	308 305	364 674
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Meet Basic Service & address Backlogs	182 625	121 231	–	497	200	200	1 000	1 054	1 111
<b>Allocations to other priorities</b>										
<b>Total Capital Expenditure</b>		<b>242 817</b>	<b>195 771</b>	<b>351 350</b>	<b>349 489</b>	<b>328 992</b>	<b>328 992</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>

### 1.11 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:

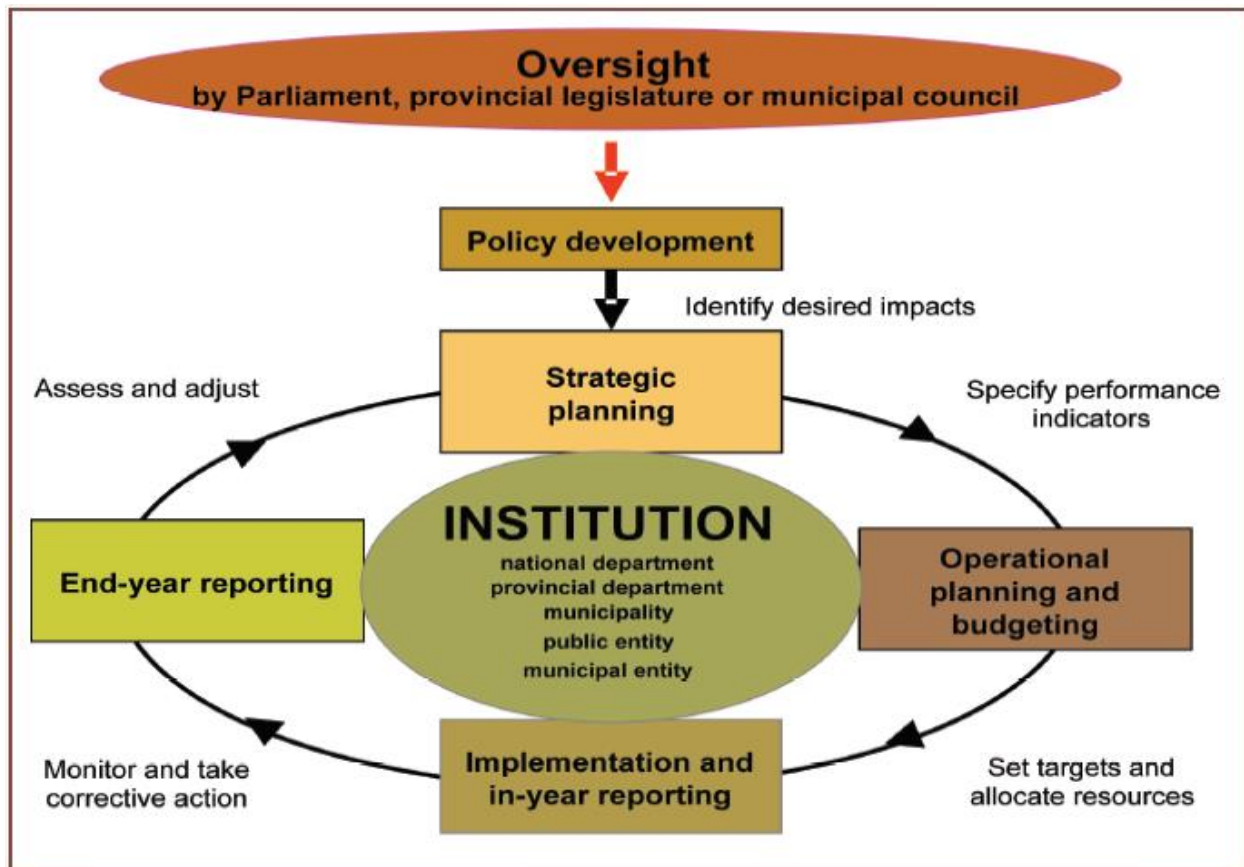


Figure 4 Planning, budgeting and reporting cycle

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:

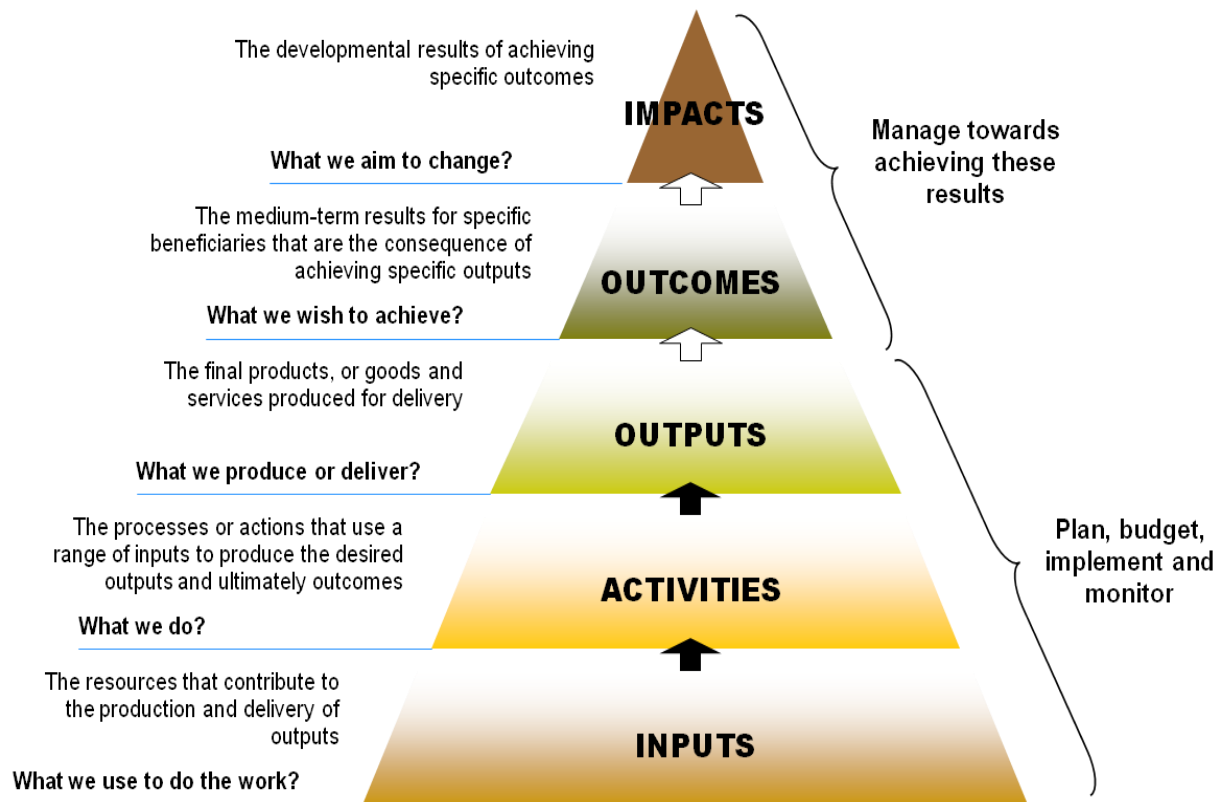


Figure 5 Definition of performance information concepts

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 Measureable performance objectives										
Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Vote1 - Executive &amp; Council</b>										
<b>Function 1 - Operations Department</b>										
<b>Sub-function 1 - Youth Development</b>										
To render youth development projects	Number of programmes	16,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	16,0%
<b>Sub-function 2 - Sports and Recreation</b>										
To promote sports initiatives and activities	Number of games & events held	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
<b>Sub-function 3 - Communication and Public Relations</b>										
To render intergrated communication services	Information Dissemination	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%
<b>Sub-function 4 - Special Programmes</b>										
Programs for the Elderly, Disabled, HIV&Aids and Cultural Activities	Number of Programmes implemented	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
<b>Sub-function 5 - IDP/PMS</b>										
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%
<b>Sub-function 6 - Intergovernmental Relations</b>										
To hold the meetings as part of the intergovernmental realtions within the dictrict	Number of meeting Held	4,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	4,0%
<b>Vote2 - Finance</b>										
<b>Function 1 - Budget &amp; Treasury Office</b>										
<b>Sub-function 1 - Budgeting &amp; Reporting</b>										
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%
<b>Vote3 - Corporate Services</b>										
<b>Function 1 - Corporate Services</b>										
<b>Sub-function 2 - Human Resource Services</b>										
To provide Human Resource Management Services	Staff Capacity Building	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
<b>Vote4 - Economic &amp; Community Services</b>										
<b>Function 1 - Development &amp; Planning</b>										
<b>Sub-function 1 - Planning &amp; GIS</b>										
To provide Development Planning Services	Number of Precinct Plans Developed	4,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	4,0%
<b>Function 1 - Social Development</b>										
<b>Sub-function 2 - Environmental Health</b>										
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	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	Surveillance of Business Premises	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%
	Percentage of samples taken of functional water schemes	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%
<b>Sub-function 2 - Disaster Management</b>										
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									

DC43 Harry Gwala - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Vote5 - Infrastructure Services</b>										
<b>Function 1 - Waste Water Infrastructure</b>										
<b>Sub-function 1 - Water</b>										
Reduction in water backlogs	Total number of HH with access to water	6893,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6435,0%
Reduction in sanitation backlogs	Number of household with new access to VIP sanitation	1956,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1844,0%
<b>Sub-function 3 - Electricity</b>										
To provide electricity to the existing water schemes	No of h/h with electricity connection in the water scheme	2043,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1956,0%
<b>Sub-function 4 - Roads</b>										
Provision of new access roads	No of KM or road provided	100,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	95,0%
<b>Sub-function 5 - Electricity</b>										
To ensure the maintenance of municipal building to enhance safety environment	Frequency of building maintenance	9500,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9000,0%
To ensure the maintenance of municipal building to enhance safety environment										
<b>Vote6 - Water Services</b>										
<b>Function 1 - Water</b>										
<b>Sub-function 1 - Water &amp; Sanitation infrastructure Planning &amp; Design</b>										
To ensure the effective management of all water Infrastructure	Water Feasibility Studies, Business Plans Approved	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	10,0%	10,0%	10,0%
To ensure the effective management of all Sanitation Infrastructure	Sanitation Feasibility Studies, Business Plans Approved	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
<b>Sub-function 2 - Water &amp; Sanitation Services Operations and Maintenance</b>										
To render effective water & sanitation services	% Reduction in water losses Minimum Night Flows in main supply areas	98,0%	98,0%	98,0%	98,0%	98,0%	95,0%	95,0%	95,0%	95,0%
	% reduction in the number of sewer overflows	100,0%	100,0%	100,0%	100,0%	100,0%	95,0%	95,0%	95,0%	95,0%
	% 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%

The following table sets out the municipalities main performance objectives and benchmarks for the 2019/20 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1,4%	2,1%	2,9%	1,8%	1,6%	1,6%	1,5%	1,6%	1,6%	1,2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	11,7%	18,3%	20,9%	9,0%	7,1%	7,1%	8,0%	6,7%	6,8%	4,9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b><u>Safety of Capital</u></b>											
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%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	0,3	0,4	0,8	0,4	0,4	0,4	0,4	0,4	0,4	0,4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,3	0,4	0,8	0,4	0,4	0,4	0,4	0,4	0,4	0,4
Liquidity Ratio	Monetary Assets/Current Liabilities	0,1	0,2	0,6	0,1	0,1	0,1	0,2	0,1	0,1	0,1
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		32,1%	56,3%	84,5%	50,3%	60,4%	60,4%	137,7%	54,0%	54,0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		32,1%	56,3%	84,5%	50,3%	60,4%	60,4%	137,7%	54,0%	54,0%	54,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14,0%	12,7%	18,3%	18,3%	16,1%	16,1%	31,3%	16,9%	17,2%	16,7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		1080,2%	331,2%	155,5%	484,1%	514,6%	514,6%	235,0%	93,7%	75,3%	59,8%
<b><u>Other Indicators</u></b>											
Employee costs	Employee costs/(Total Revenue - capital revenue)	37,2%	42,6%	43,1%	40,4%	39,6%	39,6%	48,2%	43,4%	43,7%	43,5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0,0%	0,0%	42,4%	42,1%	41,1%	41,1%		45,0%	45,4%	45,2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0,0%	0,0%	3,9%	6,5%	7,1%	7,1%		5,9%	5,4%	5,3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	13,9%	17,7%	19,1%	11,2%	8,9%	8,9%	15,6%	9,2%	11,2%	11,9%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	5,0	2,6	6,9	6,2	6,2	6,2	3,7	7,6	9,0	9,6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	115,3%	139,4%	137,7%	116,0%	88,9%	88,9%	207,6%	90,0%	91,0%	89,6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0,7	1,6	3,6	1,0	0,8	0,8	1,5	4,9	6,3	7,7

## 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 2019/20 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 nothing in 2019/20, 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 2019/20 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 2019/20 MTREF the current ratio is 0.4 in the 2019/20 financial year and 0.4, 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 2019/20 financial year the ratio was 0.1 and it has been increased to 0.1 in the 2020/21 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 40 per cent in 2018/19 to 38 per cent in 2019/20. 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 2017/18 to at least 30 per cent by 2019/20.

Employee costs as a percentage of operating revenue continues to increase from 44 per cent in 2019/20 and again 44 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 2019/20 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.

## **1.12 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 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 75 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 2018. 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 2019/20 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 2018/19 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.

## 1.13 OVERVIEW OF BUDGET ASSUMPTIONS

### External factors

The economy is still recovering from the recession it has had in the past 3 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 2019/20 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 44 per cent of total operating expenditure in the 2019/20 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 (75 per cent) of annual billings. Cash flow is assumed to be 75 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 2018 and shall remain in force until 30 June 2020. Year two is an average CPI and 1, 5 per cent and year three is an average CPI and 1, 25 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 2019/20 MTREF of which performance has been factored into the cash flow budget.

## 1.14 OVERVIEW OF BUDGET FUNDING

Medium-term outlook: operating revenue

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

Table 30 Breakdown of the operating revenue over the medium-term

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

Description	Current Year		2019/20 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
<b>Revenue By Source</b>								
Property rates	–		–		–		–	
Service charges - electricity revenue	–		–		–		–	
Service charges - water revenue	58 703	13%	62 635	13%	66 831	13%	71 309	13%
Service charges - sanitation revenue	24 137	5%	25 757	5%	27 485	6%	29 330	5%
Interest earned - external investments	9 945	2%	11 314	2%	12 836	3%	14 568	3%
Interest earned - outstanding debtors	9 112	2%	9 658	2%	10 238	2%	10 852	2%
Transfers and subsidies	361 595	78%	365 306	77%	381 076	76%	411 995	76%
Other revenue	743	0%	781	0%	823	0%	867	0%
Gains on disposal of PPE	–		–		–		–	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>464 235</b>	<b>100%</b>	<b>475 451</b>	<b>100%</b>	<b>499 290</b>	<b>100%</b>	<b>538 922</b>	<b>100%</b>
Total Revenue From Service Charges	82 841	18%	88 392	19%	94 317	19%	100 640	19%

The following graph is a breakdown of the operational revenue per main category for the 2019/20 financial year.

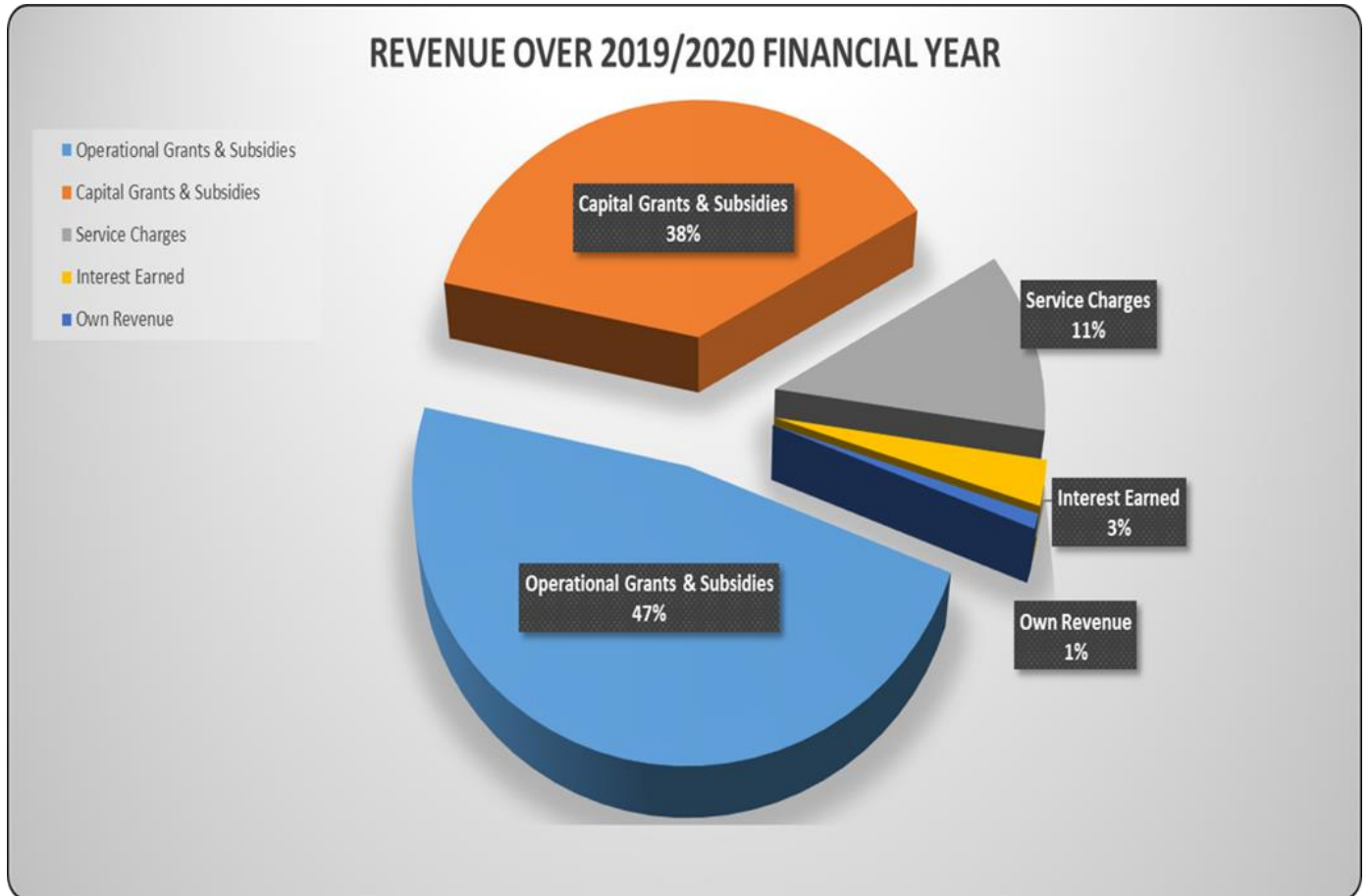


Figure 6 Breakdown of operating revenue over the 2019/20 MTREF

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 2019/20 MTREF on the different revenue categories are:

Table 31 Proposed tariff increases over the medium-term

**DC43 Harry Gwala - Supporting Table SA14 Household bills**

Description	2018/19	2019/20	2020/21	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	Proposed Tariff Increase	Proposed Tariff Increase	Proposed Tariff Increase	Additional Revenue for 1% increase	Additional Revenue for 1% increase	Additional Revenue for 1% increase
<b>Rand/cent</b>						
Service Charges-Water	6,8%	6,8%	6,8%	343 341	366 688	391 238
Service Charges-Sanitation	6,8%	6,8%	6,8%	154 246	164 355	175 937
<b>TOTAL</b>				<b>497 587</b>	<b>531 043</b>	<b>567 175</b>

Services charges relating to water and sanitation constitute the biggest component of the revenue basket of the district totaling R497 million for the 2019/20 financial year and increasing to R531 million by 2019/20. For the 2019/20 financial year services charges amount to 10 per cent of the total revenue base and increase by 2 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.

Operational grants and subsidies amount to R366 million, R381 million and R411, 9million for each of the respective financial years of the MTREF, or 1%, 6% and 8 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF but in 2019/20 it increases by 1 per cent and increase by 6 per cent for 2020/21, 8 per cent for the 2021/22. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the District with a budget allocation of R781k, R823k and R867million for the respective three financial years of the 2019/20 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 32 MBRR SA15 – Detail Investment Information

According to the financial system it shows that Harry Gwala District Municipality have the investments of R 3, 8million in 2019/20 financial year, R 4million in 2020/21 and R 4, 3million in 2021/22 financial year and the investment should be greater than 90 days..

## DC43 Harry Gwala - Supporting Table SA15 Investment particulars by type

Investment type	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>									
<b>Parent municipality</b>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits	-	-	32 252	3 549	3 549	3 549	3 833	4 139	4 346
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
<b>Municipality sub-total</b>	-	-	32 252	3 549	3 549	3 549	3 833	4 139	4 346
<b>Consolidated total:</b>	-	-	32 252	3 549	3 549	3 549	3 833	4 139	4 346

Table 33 MBRR SA16 – Investment particulars by maturity

**DC43 Harry Gwala - Supporting Table SA16 Investment particulars by maturity**

Investments by Maturity Name of institution & investment ID	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.
	Yrs/Months				
<b>Parent municipality</b>					
FIRST NATIONAL BANK	n/a	MONEY MARKET	No	Variable	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a
INVESTEC	n/a	FIXED DEPOSIT	No	Variable	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a
<b>TOTAL INVESTMENTS AND INTEREST</b>					

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R4million, R4, 2million in 2020/21 and again surplus of R4, 5 million in 2021/22 financial year. Non-cash items resulting in surplus in 2019/20 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 2019/20 medium-term capital programme:

Table 34 Sources of capital revenue over the MTREF

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

Vote Description	Current Year		2019/20 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
<b>R thousand</b>								
<b>Funded by:</b>								
National Government	156 425	48%	275 839	98%	302 870	98%	358 946	98%
Other transfers and grants								
Transfers recognised - capital	156 425		275 839		302 870		358 946	
Internally generated funds	170 476	52%	6 421	2%	6 767	2%	7 133	2%
<b>Total Capital Funding</b>	<b>326 900</b>	<b>100%</b>	<b>282 259</b>	<b>100%</b>	<b>309 637</b>	<b>100%</b>	<b>366 078</b>	<b>100%</b>

The above table is graphically represented as follows for the 2019/20 financial year.

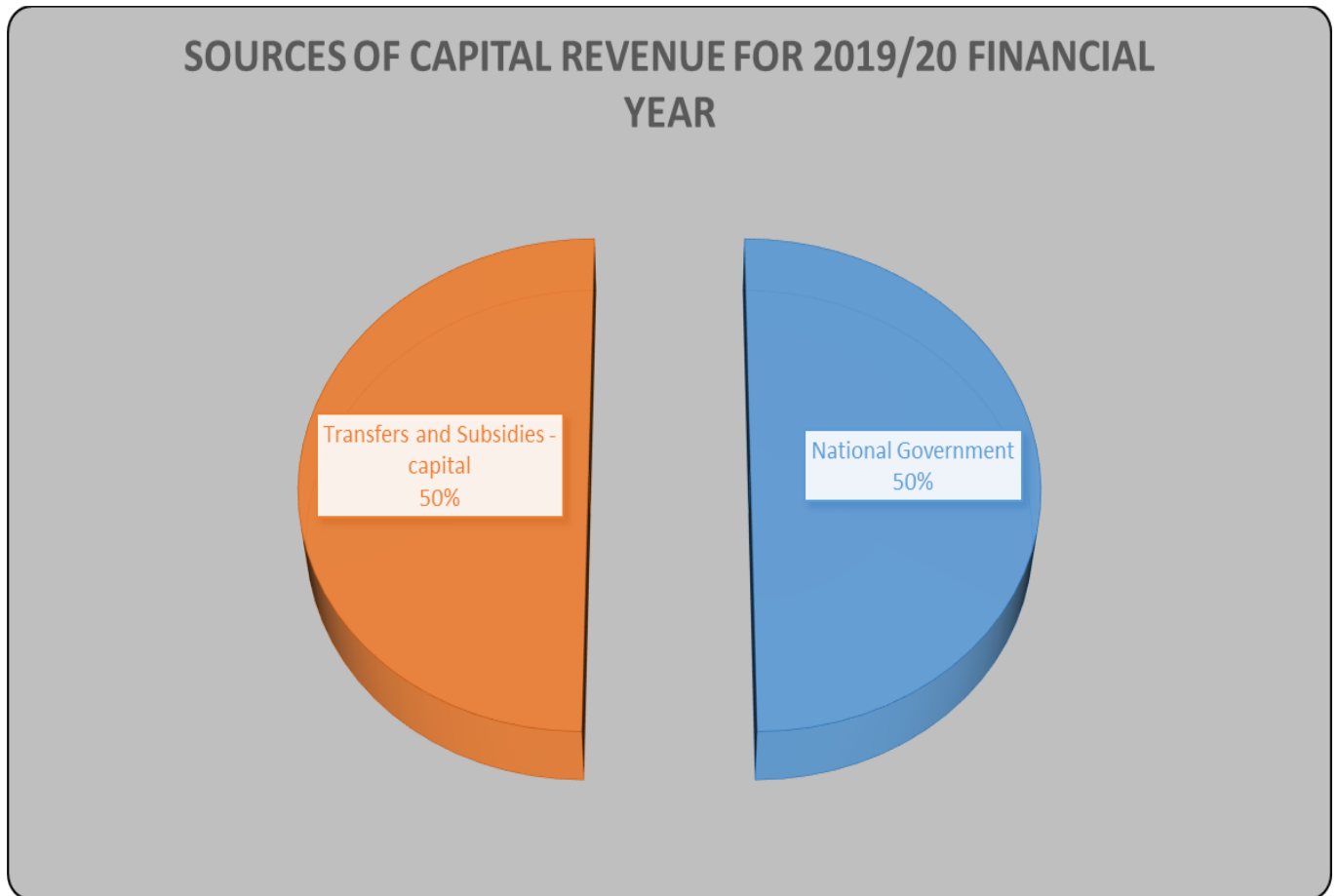


Figure 7 Sources of capital revenue for the 2019/20 financial year

Capital grants and receipts equates to 100 per cent of the total funding source which represents R275, 8 million for the 2019/20 financial year and steadily increase to R302, 8million and increase to R358, 9million for 2020/21. Growth relating to an average receipts of 14 per cent over the medium-term.

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

Table 35 MBRR Table SA 17 - Detail of borrowings

DC43 Harry Gwala - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Parent municipality</b>									
Annuity and Bullet Loans									
Long-Term Loans (non-annuity)	22 481	17 231	26 214	12 379	12 379	12 379	8 657	4 555	2 338
Other Securities	-	-	-						
<b>Municipality sub-total</b>	<b>22 481</b>	<b>17 231</b>	<b>26 214</b>	<b>12 379</b>	<b>12 379</b>	<b>12 379</b>	<b>8 657</b>	<b>4 555</b>	<b>2 338</b>
<b>Entities</b>									
Annuity and Bullet Loans	-	-	-						
Long-Term Loans (non-annuity)	20	23	-						
Local registered stock	-	-	-						
<b>Entities sub-total</b>	<b>20</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Borrowing</b>	<b>22 501</b>	<b>17 255</b>	<b>26 214</b>	<b>12 379</b>	<b>12 379</b>	<b>12 379</b>	<b>8 657</b>	<b>4 555</b>	<b>2 338</b>

The following graph illustrates the growth in outstanding borrowing for the 2015/16 to 2021/22 period.

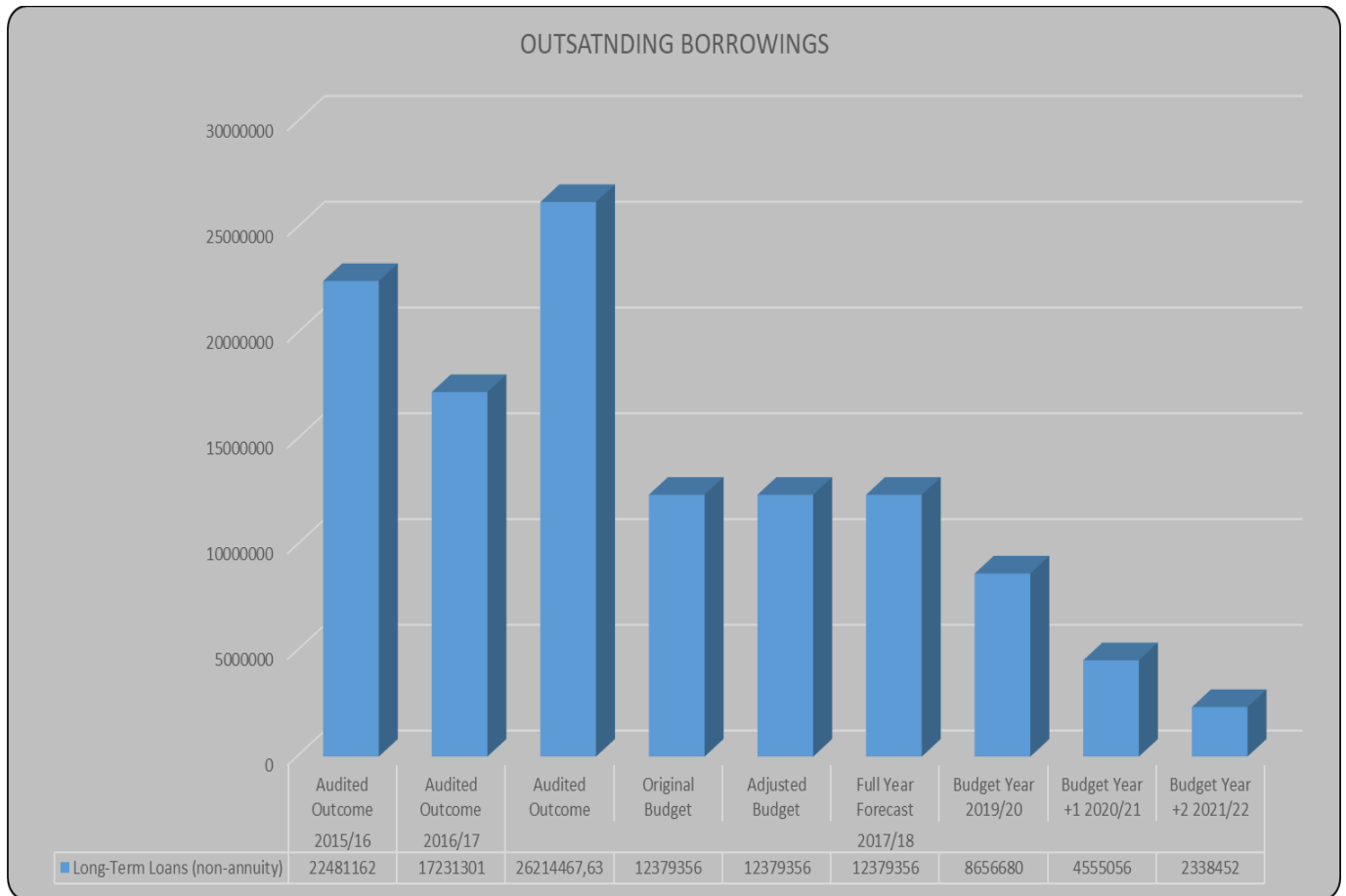


Figure 8 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

Table 36 MBRR Table SA 18 - Capital transfers and grant receipts

## DC43 Harry Gwala - Supporting Table SA18 Transfers and grant receipts

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>									
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	252 263	297 498	303 218	328 823	377 095	377 095	366 004	583 123	630 199
Local Government Equitable Share									
Equitable Share	241 033	260 069	285 028	318 074	318 074	318 074	345 309	372 265	402 358
Expanded Public Works Programme Integrated Grant for Municipalities	-	-	1 718	2 518	2 518	2 518	5 316	-	-
Local Government Financial Management Grant [Schedule 5B]	1 250	1 250	1 250	1 000	1 000	1 000	1 000	1 000	1 264
Municipal Infrastructure Grant [Schedule 5B]		16 084	5 001	5 005	39 742	39 742	5 022	207 364	223 946
Rural Road Asset Management Systems Grant (Schedule 5B)	-			-	-	-	2 357	2 494	2 631
Energy Efficiency And Demand Side Management Grant	7 000	8 000	8 000				7 000		
Water Services Operating Subsidy		10 000							
Rural Household Infrastructure Grant	2 040	2 095	2 221	2 226	2 226	2 226			
Municipal Water Infrastructure Grant					13 534	13 534			
Municipal Sylemes Grant	940	-	-	-	-	-			
<b>Provincial Government:</b>	24 602	-	-	-	3 000	3 000	-	-	-
Infrastructure Sport Facilities	-	-	-	-	-	-	-	-	-
LG Seta	172	-	-	-	-	-	-	-	-
DBSA	1 477	-	-	-	-	-	-	-	-
Development Planning Shared Services	2 100	-	-	-	-	-	-	-	-
Tourism route	-	-	-	-	-	-	-	-	-
DHET (GRANT)	20 852	-	-	-	-	-	-	-	-
Raset				-	3 000	3 000			
<b>Total Operating Transfers and Grants</b>	<b>276 865</b>	<b>297 498</b>	<b>303 218</b>	<b>328 823</b>	<b>380 095</b>	<b>380 095</b>	<b>366 004</b>	<b>583 123</b>	<b>630 199</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	258 434	299 101	458 999	341 982	308 705	308 705	275 839	302 870	358 946
Equitable Share	-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme	-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme [Schedule 5B]	-	-	331	-	-	-	-	-	-
Municipal Infrastructure Grant	-	-	68 903	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]	199 784	174 983	199 544	191 582	151 840	151 840	195 839	207 364	223 946
Municipal Water Infrastructure Grant	43 500	76 118	98 000	-	-	-	-	-	-
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	15 150	48 000	90 000	70 000	70 000	70 000	20 000	25 506	60 000
Rural Road Asset Management Systems Grant	-	-	2 221	-	-	-	-	-	-
Water Services Infrastructure Grant	-	-	-	80 400	86 866	86 866	60 000	70 000	75 000
Expanded public works programme incentive grant	3 466	-	-	-	-	-	-	-	-
Rural Household Infrastructure Grant	4 500	-	-	-	-	-	-	-	-
Drought Relief	-	10 000	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>258 434</b>	<b>299 101</b>	<b>458 999</b>	<b>341 982</b>	<b>308 705</b>	<b>308 705</b>	<b>275 839</b>	<b>302 870</b>	<b>358 946</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>535 299</b>	<b>596 599</b>	<b>762 217</b>	<b>670 805</b>	<b>688 800</b>	<b>688 800</b>	<b>641 842</b>	<b>885 993</b>	<b>989 145</b>

## 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 37 MBRR Table A7 - Budget cash flow statement



DC43 Harry Gwala - Table A7 Consolidated Budgeted Cash Flows

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates								-	-	-
Service charges	13 767	18 320	41 443	31 945	50 033	50 033	50 033	47 732	50 931	54 345
Other revenue	305	-	-	2 522	3 816	3 816	3 816	781	823	867
Government - operating	287 976	309 428	372 492	328 823	380 095	380 095	361 595	366 004	381 076	411 995
Government - capital	280 503	300 707	279 598	341 982	313 710	313 710	312 210	275 839	302 870	358 946
Interest	3 364	6 067	9 700	6 946	9 645	9 645	9 645	9 658	10 238	10 852
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees	(352 804)	(423 813)	(398 607)	(346 330)	(471 039)	(471 039)	(452 539)	(401 033)	(409 389)	(438 606)
Finance charges	(2 890)	(4 320)	(4 499)	(3 954)	(3 954)	(3 954)	(3 954)	(3 510)	(3 700)	(3 899)
Transfers and Grants	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>230 220</b>	<b>206 387</b>	<b>300 125</b>	<b>361 933</b>	<b>282 306</b>	<b>282 306</b>	<b>280 806</b>	<b>295 470</b>	<b>332 849</b>	<b>394 500</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	(436)	2 031						-	-	-
Decrease (Increase) in non-current debtors								-	-	-
<b>Payments</b>										
Capital assets	(242 590)	(179 627)	(220 517)	(341 982)	(345 874)	(345 874)	(364 374)	(275 839)	(276 162)	(326 406)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(243 026)</b>	<b>(177 595)</b>	<b>(220 517)</b>	<b>(341 982)</b>	<b>(345 874)</b>	<b>(345 874)</b>	<b>(364 374)</b>	<b>(275 839)</b>	<b>(276 162)</b>	<b>(326 406)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Increase (decrease) in consumer deposits				200	200	200	200	-	-	-
<b>Payments</b>										
Repayment of borrowing	(3 819)	(5 259)	(10 296)	(3 330)	(3 330)	(3 330)	(3 330)	(3 896)	(4 323)	(2 338)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 819)</b>	<b>(5 259)</b>	<b>(10 296)</b>	<b>(3 130)</b>	<b>(3 130)</b>	<b>(3 130)</b>	<b>(3 130)</b>	<b>(3 896)</b>	<b>(4 323)</b>	<b>(2 338)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(16 624)</b>	<b>23 533</b>	<b>69 313</b>	<b>16 822</b>	<b>(66 697)</b>	<b>(66 697)</b>	<b>(86 697)</b>	<b>15 736</b>	<b>52 364</b>	<b>65 756</b>
Cash/cash equivalents at the year begin:	36 114	19 490	43 023	10 435	112 336	112 336	112 336	112 336	128 072	180 436
Cash/cash equivalents at the year end:	19 490	43 023	112 336	27 257	45 638	45 638	25 638	128 072	180 436	246 192

The above table shows that cash and cash equivalents of the District were largely increasing between the 2015/16 and 2016/17 financial year moving from a cash balance of R36, 1m to R112, 3 million then increase again in 2019/20 and improving again in 2020/21 MTREF. With the 2018/19 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 R112 million by the financial year end. For the 2019/20 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 R112million by 2019/20 and steadily increasing to R204 million by 2021/22.

**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:

- a) What are the predicted cash and investments that are available at the end of the budget year?
- b) How are those funds used?
- c) 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 38 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	19 490	43 023	112 336	27 257	45 638	45 638	25 638	128 072	180 436	246 192
Other current investments > 90 days	-	(0)	32 252	(1 042)	-	-	44 115	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>19 490</b>	<b>43 023</b>	<b>144 587</b>	<b>26 214</b>	<b>45 638</b>	<b>45 638</b>	<b>69 753</b>	<b>128 072</b>	<b>180 436</b>	<b>246 192</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	-	57 166	72 881	57 804	57 804	57 804	288 983	56 736	61 275	64 339
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	(18 102)	(42 834)	-	-	-	-	-	-	-
Other working capital requirements	212 161	124 514	128 921	97 187	89 170	89 170	(34 507)	103 464	111 719	117 282
Other provisions	14 334	16 891	16 891	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>226 496</b>	<b>180 469</b>	<b>175 859</b>	<b>154 991</b>	<b>146 974</b>	<b>146 974</b>	<b>254 477</b>	<b>160 200</b>	<b>172 994</b>	<b>181 620</b>
<b>Surplus(shortfall)</b>	<b>(207 006)</b>	<b>(137 446)</b>	<b>(31 271)</b>	<b>(128 776)</b>	<b>(101 336)</b>	<b>(101 336)</b>	<b>(184 723)</b>	<b>(32 129)</b>	<b>7 442</b>	<b>64 572</b>

From the above table it can be seen that the cash and investments available total R128 million in the 2019/20 financial year and progressively increase to R246million by 2021/22, 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 2019/20 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 39 MBRR SA10 – Funding compliance measurement

DC43 Harry Gwala Supporting Table SA10 Funding measurement

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Funding measures</b>										
Cash/cash equivalents at the year end - R'000	19 490	43 023	112 336	27 257	25 638	25 638	25 638	152 139	204 503	270 259
Cash + investments at the yr end less applications - R'000	(207 006)	(137 446)	(31 271)	(129 113)	(120 752)	(120 752)	(185 850)	(131 889)	(142 417)	(149 515)
Cash year end/monthly employee/supplier payments	0,7	1,6	3,6	1,0	0,8	0,8	1,5	4,9	6,3	7,7
Surplus/(Deficit) excluding depreciation offsets: R'000	121 646	167 202	202 726	349 789	326 900	326 900	(30 773)	282 259	309 637	366 078
Service charge rev % change - macro CPIX target exclusive	N.A.	(30,2%)	44,8%	23,4%	24,5%	(6,0%)	(62,1%)	0,7%	0,7%	0,7%
Cash receipts % of Ratepayer & Other revenue	26,1%	39,7%	67,8%	46,7%	58,1%	58,1%	124,1%	49,1%	49,1%	49,1%
Debt impairment expense as a % of total billable revenue	59,6%	11,9%	5,0%	39,8%	7,2%	7,2%	0,0%	28,6%	28,7%	28,7%
Capital payments % of capital expenditure	99,9%	91,8%	62,8%	97,8%	111,5%	111,5%	229,1%	89,2%	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								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	N.A.	(8,5%)	49,0%	9,0%	0,0%	0,0%	2,5%	8,0%	8,0%	5,0%
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	0,0%	0,0%	0,7%	1,1%	1,4%	1,4%	1,3%	1,2%	1,0%	1,0%
Asset renewal % of capital budget	5,2%	1,5%	62,7%	76,5%	75,2%	75,2%	0,0%	32,1%	33,1%	26,1%

**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 2019/20 MTREF show R152, 1 million, R204, 5million and R270, 2million 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 2015/16 to 2016/17, moving from 0.7 to 0.8 this ratio improved from 4.9 to 7.7 in the 2021/22 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 2019/20 MTREF the indicative outcome is a surplus of R282, 2million, R309, 6million and R366million.

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 2019/20 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 75 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 5 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.

## 1.15 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 40 MBRR SA19 - Expenditure on transfers and grant programmes

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>276 400</b>	<b>296 886</b>	<b>372 160</b>	<b>328 823</b>	<b>377 095</b>	<b>377 095</b>	<b>366 004</b>	<b>381 076</b>	<b>411 995</b>
Local Government Equitable Share	241 033	260 069	285 028	318 074	318 074	318 074	345 309	372 265	402 358
Finance Management	1 248	1 253	1 250	1 000	1 000	1 000	1 000	1 000	1 264
Municipal Systems Improvement	930	10							
Municipal Infrastructure Grant (PMU)	7 442	12 912	68 903	5 005	39 742	39 742	5 022	5 317	5 742
Expanded public works programme incentive grant	3 466	3 364	1 718	2 518	2 518	2 518	5 316	-	-
Drought Relief	14 103	974	-	-	-	-	-	-	-
Energy Efficiency And Demand Side Management Grant	6 139	4 052	12 809				7 000	-	-
Rural Road Asset Management Systems Grant (Schedule 5B)	2 040	2 091	2 221	2 226	2 226	2 226	2 357	2 494	2 631
Water Services Infrastructure Grant	-	11 413		-	13 534	13 534	-	-	-
DBSA		406							
LG Seta (Agency of DHET)		343	231						
<b>Provincial Government:</b>	<b>4 740</b>	<b>3 815</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accredited Councillors Training		63		-	-	-	-	-	-
Development Planning Shared Services	240	3 716							
Massification COGTA		36							
Rural Development Grant	4 500	-	-	-	-	-	-	-	-
District Growth Summit Grant			331						
<b>Total operating expenditure of Transfers and Grants:</b>	<b>281 140</b>	<b>300 701</b>	<b>372 491</b>	<b>328 823</b>	<b>377 095</b>	<b>377 095</b>	<b>366 004</b>	<b>381 076</b>	<b>411 995</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>250 992</b>	<b>267 683</b>	<b>263 913</b>	<b>341 982</b>	<b>185 925</b>	<b>319 011</b>	<b>275 839</b>	<b>302 870</b>	<b>358 946</b>
Municipal Infrastructure Grant	192 342	178 155	124 936	191 582	29 059	162 145	195 839	207 364	223 946
Municipal Water Infrastructure Grant	43 500	59 444	48 988	80 400	86 866	86 866	60 000	70 000	75 000
Regional Bulk Infrastructure Grant	15 150	21 058	89 990	70 000	70 000	70 000	20 000	25 506	60 000
Expanded public works programme incentive grant	-								
Rural Household Infrastructure Grant	-								
Drought Relief	-	9 026		-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>	<b>250 992</b>	<b>267 683</b>	<b>263 913</b>	<b>341 982</b>	<b>185 925</b>	<b>319 011</b>	<b>275 839</b>	<b>302 870</b>	<b>358 946</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>532 132</b>	<b>568 384</b>	<b>636 404</b>	<b>670 805</b>	<b>563 019</b>	<b>696 105</b>	<b>641 842</b>	<b>683 946</b>	<b>770 941</b>



Table 41 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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	-		(17 048)	(17 048)	(17 048)	(18 412)	(19 885)	(20 879)
Current year receipts	280 041	244 016	303 218	323 818	367 629	367 629	366 004	381 076	411 995
<b>Conditions met - transferred to revenue</b>	<b>280 041</b>	<b>244 016</b>	<b>303 218</b>	<b>306 770</b>	<b>350 581</b>	<b>350 581</b>	<b>347 592</b>	<b>361 191</b>	<b>391 116</b>
Conditions still to be met - transferred to liabilities	-	-	(850)	(17 048)	(17 048)	(17 048)	(18 412)	(19 885)	(20 879)
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	-	-	-	(5 270)	(5 270)	(5 270)	-	-	-
Current year receipts	1 100	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>1 100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	(5 270)	(5 270)	(5 270)	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	-	0	10 800	10 800	10 800	11 664	12 597	13 227
Current year receipts	-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	0	10 800	10 800	10 800	11 664	12 597	13 227
<b>Total operating transfers and grants revenue</b>	<b>281 141</b>	<b>244 016</b>	<b>303 218</b>	<b>306 770</b>	<b>350 581</b>	<b>350 581</b>	<b>347 592</b>	<b>361 191</b>	<b>391 116</b>
<b>Total operating transfers and grants - CTBM</b>	<b>281 141</b>	<b>244 016</b>	<b>303 218</b>	<b>(11 518)</b>	<b>(11 518)</b>	<b>(11 518)</b>	<b>(6 748)</b>	<b>(7 288)</b>	<b>(7 652)</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	239 011	299 101	387 544	(45 585)	(45 585)	(45 585)	(49 231)	(53 170)	(55 828)
Current year receipts	266 400	309 101	387 544	341 982	341 245	312 210	275 839	302 870	358 946
<b>Conditions met - transferred to revenue</b>	<b>505 411</b>	<b>608 201</b>	<b>834 817</b>	<b>341 982</b>	<b>341 245</b>	<b>312 210</b>	<b>275 839</b>	<b>302 870</b>	<b>358 946</b>
Conditions still to be met - transferred to liabilities	-	-	(59 729)	(45 585)	(45 585)	(45 585)	(49 231)	(53 170)	(55 828)
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	10 000	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>10 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	-	(649)	(701)	(701)	(701)	(757)	(817)	(858)
Current year receipts	-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	(242)	(701)	(701)	(701)	(757)	(817)	(858)
<b>Total capital transfers and grants revenue</b>	<b>505 411</b>	<b>618 201</b>	<b>835 224</b>	<b>341 982</b>	<b>341 245</b>	<b>312 210</b>	<b>275 839</b>	<b>302 870</b>	<b>358 946</b>
<b>Total capital transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>(59 972)</b>	<b>(46 285)</b>	<b>(46 285)</b>	<b>(46 285)</b>	<b>(49 988)</b>	<b>(53 987)</b>	<b>(56 687)</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>786 552</b>	<b>862 218</b>	<b>1 138 442</b>	<b>648 752</b>	<b>691 826</b>	<b>662 791</b>	<b>623 430</b>	<b>664 061</b>	<b>750 062</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>281 141</b>	<b>244 016</b>	<b>243 246</b>	<b>(57 804)</b>	<b>(57 804)</b>	<b>(57 804)</b>	<b>(56 736)</b>	<b>(61 275)</b>	<b>(64 339)</b>

## Councilor and Employee benefits

Table 44 MBRR SA22-Summary of councilor and staff benefits

## DC43 Harry Gwala - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	3 227	1 207	5 361	5 790	3 795	3 795	4 825	5 211	5 628
Pension and UIF Contributions	441	311	399	431	399	399	431	465	503
Medical Aid Contributions	104	771	94	101	94	94	101	110	118
Motor Vehicle Allowance	1 301	621	1 178	1 272	1 178	1 178	1 272	1 374	1 484
Cellphone Allowance	286	2 636	259	279	259	259	279	302	326
Housing Allowances	-	1 618	-	-	-	-	-	-	-
Other benefits and allowances	680	742	616	665	616	616	665	719	776
<b>Sub Total - Councillors</b>	<b>6 038</b>	<b>7 906</b>	<b>7 906</b>	<b>8 539</b>	<b>6 340</b>	<b>6 340</b>	<b>7 574</b>	<b>8 180</b>	<b>8 834</b>
% increase		30,9%	-	8,0%	(25,7%)	-	19,5%	8,0%	8,0%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	5 981	5 995	6 391	4 509	4 509	4 509	4 870	5 260	5 680
Pension and UIF Contributions	3	3	3	4	4	4	4	4	5
Medical Aid Contributions	6	6	6	6	6	6	7	8	8
Motor Vehicle Allowance	3 285	3 293	3 511	3 797	3 797	3 797	4 101	4 429	4 783
Cellphone Allowance	154	154	164	178	178	178	192	207	224
Other benefits and allowances	5	5	5	5	5	5	6	6	7
<b>Sub Total - Senior Managers of Municipality</b>	<b>9 434</b>	<b>9 455</b>	<b>10 080</b>	<b>8 500</b>	<b>8 500</b>	<b>8 500</b>	<b>9 180</b>	<b>9 914</b>	<b>10 707</b>
% increase		0,2%	6,6%	(15,7%)	-	-	8,0%	8,0%	8,0%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	83 504	83 693	89 226	98 912	101 821	101 821	130 783	140 270	150 516
Pension and UIF Contributions	14 119	14 151	15 087	16 318	16 798	16 798	18 142	19 593	21 160
Medical Aid Contributions	1 951	1 955	2 085	2 255	2 321	2 321	2 507	2 707	2 924
Overtime	1 743	1 747	1 863	2 015	2 074	2 074	2 240	2 419	2 613
Performance Bonus	7 737	7 755	8 267	8 942	9 205	9 205	9 942	10 737	11 596
Motor Vehicle Allowance	3 556	3 564	3 800	4 110	4 231	4 231	4 570	4 935	5 330
Cellphone Allowance	607	608	648	701	722	722	780	842	909
Housing Allowances	53	53	56	61	63	63	68	73	79
Other benefits and allowances	2 326	2 331	2 485	2 688	2 767	2 767	2 988	3 228	3 486
<b>Sub Total - Other Municipal Staff</b>	<b>115 597</b>	<b>115 858</b>	<b>123 518</b>	<b>136 002</b>	<b>140 002</b>	<b>140 002</b>	<b>172 019</b>	<b>184 804</b>	<b>198 613</b>
% increase		0,2%	6,6%	10,1%	2,9%	-	22,9%	7,4%	7,5%
<b>Total Parent Municipality</b>	<b>131 068</b>	<b>133 219</b>	<b>141 504</b>	<b>153 040</b>	<b>154 842</b>	<b>154 842</b>	<b>188 772</b>	<b>202 898</b>	<b>218 154</b>
		1,6%	6,2%	8,2%	1,2%	-	21,9%	7,5%	7,5%
<b>Board Members of Entities</b>									
Other benefits and allowances				100	100	100			
Board Fees	545	250	360	250	200	200	350	378	408
<b>Sub Total - Board Members of Entities</b>	<b>545</b>	<b>250</b>	<b>360</b>	<b>350</b>	<b>300</b>	<b>300</b>	<b>350</b>	<b>378</b>	<b>408</b>
% increase		(54,1%)	44,0%	(2,8%)	(14,3%)	-	16,7%	8,0%	8,0%
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	2 464	1 926	1 018	2 006	2 006	2 006	2 166	2 340	2 527
Motor Vehicle Allowance	1 093	1 191	1 299	288	288	288	311	336	363
Cellphone Allowance	43	47	57	55	55	55	59	64	69
Other benefits and allowances	42	46	50	55	55	55	59	64	69
<b>Sub Total - Senior Managers of Entities</b>	<b>3 642</b>	<b>3 210</b>	<b>2 424</b>	<b>2 404</b>	<b>2 404</b>	<b>2 404</b>	<b>2 597</b>	<b>2 804</b>	<b>3 029</b>
% increase		(11,9%)	(24,5%)	(0,8%)	-	-	8,0%	8,0%	8,0%
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	1 738	2 528	5 715	12 923	10 160	10 160	10 973	11 851	12 799
Motor Vehicle Allowance	136	148	161	175	175	175	189	204	220
Other benefits and allowances	279	304	332	362	362	362	391	422	456
<b>Sub Total - Other Staff of Entities</b>	<b>2 153</b>	<b>2 980</b>	<b>6 208</b>	<b>13 460</b>	<b>10 697</b>	<b>10 697</b>	<b>11 553</b>	<b>12 477</b>	<b>13 476</b>
% increase		38,4%	108,3%	116,8%	(20,5%)	-	8,0%	8,0%	8,0%
<b>Total Municipal Entities</b>	<b>6 340</b>	<b>6 440</b>	<b>8 992</b>	<b>16 214</b>	<b>13 402</b>	<b>13 402</b>	<b>14 500</b>	<b>15 660</b>	<b>16 913</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>137 408</b>	<b>139 659</b>	<b>150 496</b>	<b>169 255</b>	<b>168 244</b>	<b>168 244</b>	<b>203 272</b>	<b>218 558</b>	<b>235 067</b>
% increase		1,6%	7,8%	12,5%	(0,6%)	-	20,8%	7,5%	7,6%
<b>TOTAL MANAGERS AND STAFF</b>	<b>130 825</b>	<b>131 503</b>	<b>142 230</b>	<b>160 366</b>	<b>161 604</b>	<b>161 604</b>	<b>195 348</b>	<b>210 000</b>	<b>225 824</b>

Table 45 MBRR SA23- Salaries, allowances and benefits (Political Office Bearers/ Councillors/ Senior Managers)

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

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
<b>Councillors</b>						
Speaker	1 113 974					1 113 974
Chief Whip	920 445					920 445
Executive Mayor	1 142 231					1 142 231
Deputy Executive Mayor	920 445					920 445
Executive Committee	1 729 898					1 729 898
Total for all other councillors	1 747 054					1 747 054
<b>Total Councillors</b>	<b>7 574 046</b>	<b>-</b>	<b>-</b>			<b>7 574 046</b>
<b>Senior Managers of the Municipality</b>						
Municipal Manager (MM)	1 699 206					1 699 206
Chief Finance Officer	1 615 413					1 615 413
Head: Corporate Service	1 466 244					1 466 244
Head: Social Services	1 466 244					1 466 244
Head: Infrastructure	1 466 244					1 466 244
Head: Water Services	1 466 244					1 466 244
						-
<b>Total Senior Managers of the Municipality</b>	<b>9 179 594</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>9 179 594</b>
<b>A Heading for Each Entity</b>						
List each member of board by designation						
Dr I B MKHIZE	156 000					156 000
Mr Z DUMA	97 000					97 000
Mr V Made	97 000					97 000
						-
<b>Total for municipal entities</b>	<b>350 000</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>350 000</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>17 103 640</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>17 103 640</b>

Table 46 MBRR SA24- Summary of personnel numbers

## DC43 Harry Gwala - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	2017/18			Current Year 2018/19			Budget Year 2019/20		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	26	-	26	26	-	26	26	-	26
Board Members of municipal entities	-	-	-	3	-	3	3	-	3
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	6	-	6	8	-	8	8	-	8
Other Managers	16	16	-	19	15	3	19	15	3
Professionals	49	44	-	53	53	4	63	57	4
<i>Finance</i>	3	3	-	7	3	4	7	3	4
<i>Spatial/town planning</i>	1	1	-	1	1	-	1	1	-
<i>Information Technology</i>	2	2	-	2	3	-	2	3	-
<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>	30	25	-	30	33	-	40	37	-
Technicians	36	36	-	36	35	-	36	35	-
<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	-	-
<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	-	76	74	2	76	74	2
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	106	-	95	106	-
Elementary Occupations	45	39	-	48	47	3	48	47	3
<b>TOTAL PERSONNEL NUMBERS</b>	<b>350</b>	<b>308</b>	<b>32</b>	<b>367</b>	<b>333</b>	<b>49</b>	<b>377</b>	<b>337</b>	<b>49</b>
<b>% increase</b>				4,9%	8,4%	53,1%	2,7%	1,2%	-
<b>Total municipal employees headcount</b>	<b>357</b>	<b>311</b>	<b>62</b>	<b>357</b>	<b>311</b>	<b>62</b>	<b>357</b>	<b>311</b>	<b>62</b>
Finance personnel headcount	46	46	-	46	46	-	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 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>															
<b>Revenue By Source</b>															
Service charges - water revenue	5 220	5 220	5 220	5 220	5 220	5 220	5 220	5 220	5 220	5 220	5 220	5 220	62 635	66 831	71 309
Service charges - sanitation revenue	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	25 757	27 485	29 330
Rental of facilities and equipment													-	-	-
Interest earned - external investments	943	943	943	943	943	943	943	943	943	943	943	943	11 314	12 836	14 568
Interest earned - outstanding debtors	805	805	805	805	805	805	805	805	805	805	805	805	9 658	10 238	10 852
Fines, penalties and forfeits	63	63	63	63	63	63	63	63	63	63	63	(691)	-	-	-
Transfers and subsidies	30 556	30 556	30 556	30 556	30 556	30 556	30 556	30 556	30 556	30 556	30 556	29 185	365 306	381 076	411 995
Other revenue	65	65	65	65	65	65	65	65	65	65	65	65	781	823	867
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>39 798</b>	<b>39 798</b>	<b>39 798</b>	<b>39 798</b>	<b>39 798</b>	<b>39 798</b>	<b>39 798</b>	<b>39 798</b>	<b>39 798</b>	<b>39 798</b>	<b>39 798</b>	<b>37 673</b>	<b>475 451</b>	<b>499 290</b>	<b>538 922</b>
<b>Expenditure By Type</b>															
Employee related costs	16 948	16 948	16 948	16 948	16 948	16 948	16 948	16 948	16 948	16 948	16 948	16 948	203 380	218 433	234 679
Remuneration of councillors	631	631	631	631	631	631	631	631	631	631	631	631	7 574	8 180	8 834
Debt impairment	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	25 315	27 037	28 875
Depreciation & asset impairment	3 322	3 322	3 322	3 322	3 322	3 322	3 322	3 322	3 322	3 322	3 322	3 322	39 870	52 397	60 409
Finance charges	293	293	293	293	293	293	293	293	293	293	293	293	3 510	3 700	3 899
Bulk purchases	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	15 000	15 810	16 664
Other materials	1 469	1 469	1 469	1 469	1 469	1 469	1 469	1 469	1 469	1 469	1 469	1 059	17 213	16 035	16 901
Contracted services	7 613	7 613	7 613	7 613	7 613	7 613	7 613	7 613	7 613	7 613	7 613	14 745	98 491	94 212	99 437
Transfers and subsidies	1 400	1 400	1 400	1 400	1 400	1 400	1 400	1 400	1 400	1 400	1 400	(15 400)	-	-	-
Other expenditure	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	59 506	56 719	62 092
<b>Total Expenditure</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>29 916</b>	<b>469 860</b>	<b>492 522</b>	<b>531 790</b>
<b>Surplus/(Deficit)</b>	<b>(197)</b>	<b>(197)</b>	<b>(197)</b>	<b>(197)</b>	<b>(197)</b>	<b>(197)</b>	<b>(197)</b>	<b>(197)</b>	<b>(197)</b>	<b>(197)</b>	<b>(197)</b>	<b>7 757</b>	<b>5 591</b>	<b>6 767</b>	<b>7 133</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	24 850	24 850	24 850	24 850	24 850	24 850	24 850	24 850	24 850	24 850	24 850	2 493	275 839	302 870	358 946
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>10 249</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>
<b>Surplus/(Deficit)</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>10 249</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>

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 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>															
<b>Revenue by Vote</b>															
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	29 923	367 364	396 429	429 140
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	58	58	58	58	58	58	58	58	58	58	58	58	698	733	770
Vote 06 - Summary Infrastructure Services	2 503	2 503	2 503	2 503	2 503	2 503	2 503	2 503	2 503	2 503	2 503	267 307	294 835	310 681	367 319
Vote 07 - Summary Water Services	31 410	31 410	31 410	31 410	31 410	31 410	31 410	31 410	31 410	31 410	31 410	(257 123)	88 392	94 317	100 640
<b>Total Revenue by Vote</b>	<b>64 648</b>	<b>64 648</b>	<b>64 648</b>	<b>64 648</b>	<b>64 648</b>	<b>64 648</b>	<b>64 648</b>	<b>64 648</b>	<b>64 648</b>	<b>64 648</b>	<b>64 648</b>	<b>40 166</b>	<b>751 289</b>	<b>802 160</b>	<b>897 868</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 01 - Summary Council	1 213	1 213	1 213	1 213	1 213	1 213	1 213	1 213	1 213	1 213	1 213	(587)	12 758	13 644	14 594
Vote 02 - Summary Municipal Manager	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	16 936	16 713	16 956
Vote 03 - Summary Budget And Treasury Office	6 589	6 589	6 589	6 589	6 589	6 589	6 589	6 589	6 589	6 589	6 589	6 589	79 072	84 095	90 032
Vote 04 - Summary Corporate Services	5 411	5 411	5 411	5 411	5 411	5 411	5 411	5 411	5 411	5 411	5 411	5 411	64 937	68 302	72 679
Vote 05 - Summary Social Services & Development Planning	6 608	6 608	6 608	6 608	6 608	6 608	6 608	6 608	6 608	6 608	6 608	(8 392)	64 294	69 726	76 405
Vote 06 - Summary Infrastructure Services	6 200	6 200	6 200	6 200	6 200	6 200	6 200	6 200	6 200	6 200	6 200	13 332	81 532	81 605	91 866
Vote 07 - Summary Water Services	12 562	12 562	12 562	12 562	12 562	12 562	12 562	12 562	12 562	12 562	12 562	12 152	150 332	158 438	169 259
<b>Total Expenditure by Vote</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>39 995</b>	<b>29 916</b>	<b>469 860</b>	<b>492 522</b>	<b>531 790</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>10 249</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>
<b>Surplus/(Deficit)</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>24 653</b>	<b>10 249</b>	<b>281 429</b>	<b>309 637</b>	<b>366 078</b>

Table 49 MBRRSA27-Budgeted monthly revenue and expenditure (standard classification)

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

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue - Functional</b>															
<b>Governance and administration</b>	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	29 923	367 364	396 429	429 140
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	30 677	29 923	367 364	396 429	429 140
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	(27 469)	698	733	770
Planning and development	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	(27 469)	698	733	770
<b>Trading services</b>	31 410	31 410	31 410	31 410	31 410	31 410	31 410	31 410	31 410	31 410	31 410	37 712	383 227	404 998	467 959
Energy sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management	29 264	29 264	29 264	29 264	29 264	29 264	29 264	29 264	29 264	29 264	29 264	35 566	357 470	377 512	438 628
Waste water management	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	25 757	27 485	29 330
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	64 648	64 648	64 648	64 648	64 648	64 648	64 648	64 648	64 648	64 648	64 648	40 166	751 289	802 160	897 868
		67 208	67 208	67 208	67 208	67 208	67 208	67 208	67 208	67 208	67 208	67 208			
<b>Expenditure - Functional</b>															
<b>Governance and administration</b>	18 239	18 239	18 239	18 239	18 239	18 239	18 239	18 239	18 239	18 239	18 239	16 439	217 070	229 271	244 165
Executive and council	2 265	2 265	2 265	2 265	2 265	2 265	2 265	2 265	2 265	2 265	2 265	465	25 381	26 005	27 155
Finance and administration	15 615	15 615	15 615	15 615	15 615	15 615	15 615	15 615	15 615	15 615	15 615	15 614	187 376	198 914	212 615
Internal audit	359	359	359	359	359	359	359	359	359	359	359	359	4 312	4 352	4 395
<b>Community and public safety</b>	932	932	932	932	932	932	932	932	932	932	932	932	11 180	12 023	12 930
Community and social services	932	932	932	932	932	932	932	932	932	932	932	932	11 180	12 023	12 930
<b>Economic and environmental services</b>	11 876	11 876	11 876	11 876	11 876	11 876	11 876	11 876	11 876	11 876	11 876	(3 124)	127 514	139 308	155 340
Planning and development	11 876	11 876	11 876	11 876	11 876	11 876	11 876	11 876	11 876	11 876	11 876	(3 124)	127 514	139 308	155 340
<b>Trading services</b>	8 948	8 948	8 948	8 948	8 948	8 948	8 948	8 948	8 948	8 948	8 948	15 669	114 097	111 920	119 355
Energy sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management	8 899	8 899	8 899	8 899	8 899	8 899	8 899	8 899	8 899	8 899	8 899	15 621	113 510	111 287	118 671
Waste water management	49	49	49	49	49	49	49	49	49	49	49	49	587	633	684
<b>Total Expenditure - Functional</b>	39 995	39 995	39 995	39 995	39 995	39 995	39 995	39 995	39 995	39 995	39 995	29 916	469 860	492 522	531 790
<b>Surplus/(Deficit) before assoc.</b>	24 653	24 653	24 653	24 653	24 653	24 653	24 653	24 653	24 653	24 653	24 653	10 249	281 429	309 637	366 078
<b>Surplus/(Deficit)</b>	24 653	24 653	24 653	24 653	24 653	24 653	24 653	24 653	24 653	24 653	24 653	10 249	281 429	309 637	366 078

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 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>															
<b>Multi-year expenditure to be appropriated</b>															
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	23 075	23 075	23 075	23 075	23 075	23 075	23 075	23 075	23 075	23 075	23 075	23 075	276 895	303 983	360 119
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>23 075</b>	<b>23 075</b>	<b>23 075</b>	<b>23 075</b>	<b>23 075</b>	<b>23 075</b>	<b>23 075</b>	<b>23 075</b>	<b>23 075</b>	<b>23 075</b>	<b>23 075</b>	<b>23 075</b>	<b>276 895</b>	<b>303 983</b>	<b>360 119</b>
<b>Single-year expenditure to be appropriated</b>															
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	22	22	22	22	22	22	22	22	22	22	22	162	404	278	293
Vote 04 - Summary Corporate Services	83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 054	1 111
Vote 05 - Summary Social Services & Development Planing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	342	342	342	342	342	342	342	342	342	342	342	342	4 101	4 322	4 555
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>587</b>	<b>5 505</b>	<b>5 654</b>	<b>5 960</b>
<b>Total Capital Expenditure</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 662</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>



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

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

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital Expenditure - Functional</b>															
<i>Governance and administration</i>	105	105	105	105	105	105	105	105	105	105	105	245	1 404	1 332	1 404
Executive and council												-	-	-	-
Finance and administration	105	105	105	105	105	105	105	105	105	105	105	245	1 404	1 332	1 404
Internal audit												-	-	-	-
<i>Economic and environmental services</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development												-	-	-	-
Road transport												-	-	-	-
Environmental protection												-	-	-	-
<i>Trading services</i>	23 416	23 416	23 416	23 416	23 416	23 416	23 416	23 416	23 416	23 416	23 416	23 416	280 995	308 305	364 674
Energy sources												-	-	-	-
Water management	23 416	23 416	23 416	23 416	23 416	23 416	23 416	23 416	23 416	23 416	23 416	23 416	280 995	308 305	364 674
Waste water management												-	-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 662</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>
<b>Funded by:</b>															
National Government	22 987	22 987	22 987	22 987	22 987	22 987	22 987	22 987	22 987	22 987	22 987	22 987	275 839	302 870	358 946
Provincial Government												-	-	-	-
District Municipality												-	-	-	-
Other transfers and grants												-	-	-	-
<b>Transfers recognised - capital</b>	<b>22 987</b>	<b>22 987</b>	<b>22 987</b>	<b>22 987</b>	<b>22 987</b>	<b>22 987</b>	<b>22 987</b>	<b>22 987</b>	<b>22 987</b>	<b>22 987</b>	<b>22 987</b>	<b>22 987</b>	<b>275 839</b>	<b>302 870</b>	<b>358 946</b>
<b>Internally generated funds</b>	<b>535</b>	<b>535</b>	<b>535</b>	<b>535</b>	<b>535</b>	<b>535</b>	<b>535</b>	<b>535</b>	<b>535</b>	<b>535</b>	<b>535</b>	<b>675</b>	<b>6 561</b>	<b>6 767</b>	<b>7 133</b>
<b>Total Capital Funding</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 522</b>	<b>23 662</b>	<b>282 399</b>	<b>309 637</b>	<b>366 078</b>

Table 52 MBRR SA30- Budgeted monthly cash flow

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

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash Receipts By Source</b>																
Service charges - water revenue	3 036	2 665	3 578	2 780	2 621	2 498	2 614	2 601	2 675	2 337	2 660	3 759	33 823	36 089	38 507	
Service charges - sanitation revenue	1 005	1 058	1 108	1 089	1 097	1 100	1 035	1 290	1 260	1 087	1 237	1 544	13 909	14 842	15 838	
Interest earned - external investments	701	693	709	654	678	650	-	1 469	736	648	1 524	1 197	9 658	10 238	10 852	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer receipts - operational	118 815	18 621	-	3 502	66 665	9 357	-	595	148 327	-	121	-	366 004	381 076	411 995	
Other revenue	27	46	35	91	18	45	35	17	23	15	6	424	781	823	867	
<b>Cash Receipts by Source</b>	<b>123 584</b>	<b>23 082</b>	<b>5 429</b>	<b>8 116</b>	<b>71 079</b>	<b>13 650</b>	<b>3 684</b>	<b>5 971</b>	<b>153 021</b>	<b>4 087</b>	<b>5 548</b>	<b>6 923</b>	<b>424 175</b>	<b>443 068</b>	<b>478 060</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	46 098	6 275	5 421	21 192	73 716	8 552	41 845	9 854	62 885	-	-	-	275 839	302 870	358 946	
<b>Total Cash Receipts by Source</b>	<b>169 681</b>	<b>29 358</b>	<b>10 850</b>	<b>29 309</b>	<b>144 795</b>	<b>22 202</b>	<b>45 529</b>	<b>15 826</b>	<b>215 906</b>	<b>4 087</b>	<b>5 548</b>	<b>6 923</b>	<b>700 014</b>	<b>745 938</b>	<b>837 006</b>	
<b>Cash Payments by Type</b>																
Employee related costs	16 948	16 948	16 948	16 948	16 948	16 948	16 948	16 948	16 948	16 948	16 948	16 948	203 380	218 433	234 679	
Remuneration of councillors	600	594	594	594	592	592	592	592	940	633	633	618	7 574	8 180	8 834	
Finance charges	-	-	1 006	-	-	1 077	260	218	242	242	244	220	3 510	3 700	3 899	
Bulk purchases - Water & Sewer	1 156	1 263	1 260	-	2 446	1 241	1 275	1 244	1 209	1 307	1 263	1 336	15 000	15 810	16 664	
Other materials	1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 434	17 213	16 035	16 901	
Contracted services	6 917	7 099	7 096	-	14 107	8 101	2 069	13 683	8 275	7 586	8 333	8 092	91 360	94 212	99 437	
Other expenditure	9 654	5 627	4 403	1 006	9 924	5 802	2 666	3 249	10 290	3 322	3 564	7 000	66 506	56 719	62 092	
<b>Cash Payments by Type</b>	<b>36 710</b>	<b>32 967</b>	<b>32 741</b>	<b>19 982</b>	<b>45 452</b>	<b>35 196</b>	<b>25 245</b>	<b>37 370</b>	<b>39 338</b>	<b>31 473</b>	<b>32 419</b>	<b>35 649</b>	<b>404 543</b>	<b>413 089</b>	<b>442 506</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	13 042	15 945	16 466	13 996	14 879	43 676	23 013	7 938	33 190	27 122	25 770	40 802	275 839	276 162	326 406	
Repayment of borrowing						1 901						1 995	3 896	4 323	2 338	
Other Cash Flows/Payments												-				
<b>Total Cash Payments by Type</b>	<b>49 753</b>	<b>48 912</b>	<b>49 207</b>	<b>33 978</b>	<b>60 331</b>	<b>80 773</b>	<b>48 258</b>	<b>45 307</b>	<b>72 528</b>	<b>58 595</b>	<b>58 189</b>	<b>78 446</b>	<b>684 278</b>	<b>693 574</b>	<b>771 249</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>119 929</b>	<b>(19 554)</b>	<b>(38 357)</b>	<b>(4 670)</b>	<b>84 465</b>	<b>(58 571)</b>	<b>(2 729)</b>	<b>(29 482)</b>	<b>143 377</b>	<b>(54 508)</b>	<b>(52 642)</b>	<b>(71 523)</b>	<b>15 736</b>	<b>52 364</b>	<b>65 756</b>	
Cash/cash equivalents at the month/year begin:	112 336	232 264	212 711	174 354	169 684	254 149	195 577	192 848	163 367	306 744	252 236	199 595	112 336	128 072	180 436	
Cash/cash equivalents at the month/year end:	232 264	212 711	174 354	169 684	254 149	195 577	192 848	163 367	306 744	252 236	199 595	128 072	128 072	180 436	246 192	

## 1.16 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 42 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

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

Description	Vote 01 - Summary Council	Vote 02 - Summary Municipal Manager	Vote 03 - Summary Budget And Treasury Office	Vote 04 - Summary Corporate Services	Vote 05 - Summary Social Services & Development Planning	Vote 06 - Summary Infrastructure Services	Vote 07 - Summary Water Services	Total
R thousand								
<b>Revenue By Source</b>								
Property rates	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	62 635	62 635
Service charges - sanitation revenue	-	-	-	-	-	-	25 757	25 757
Rental of facilities and equipment	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	10 631	-	683	-	-	11 314
Interest earned - outstanding debtors	-	-	9 658	-	-	-	-	9 658
Other revenue	-	-	766	-	15	-	-	781
Transfers and subsidies	-	-	346 309	-	-	-	12 695	359 004
Gains on disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	<b>367 364</b>	-	<b>698</b>	-	<b>101 087</b>	<b>469 149</b>
<b>Expenditure By Type</b>								
Employee related costs	-	12 200	28 762	24 528	37 759	19 483	80 647	203 380
Remuneration of councillors	7 574	-	-	-	-	-	-	7 574
Debt impairment	-	-	25 315	-	-	-	-	25 315
Depreciation & asset impairment	-	-	-	4 666	1 689	31 697	1 818	39 870
Finance charges	-	-	3 510	-	-	-	-	3 510
Bulk purchases	-	-	-	-	-	-	15 000	15 000
Other materials	-	-	50	13	1 150	-	16 000	17 213
Contracted services	2 150	3 264	11 637	19 373	13 510	17 379	24 046	91 360
Other expenditure	3 034	1 472	9 797	16 357	10 185	5 841	12 820	59 506
Loss on disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>12 758</b>	<b>16 936</b>	<b>79 072</b>	<b>64 937</b>	<b>64 294</b>	<b>74 400</b>	<b>150 332</b>	<b>462 728</b>
<b>Surplus/(Deficit)</b>	<b>(12 758)</b>	<b>(16 936)</b>	<b>288 293</b>	<b>(64 937)</b>	<b>(63 596)</b>	<b>(74 400)</b>	<b>(49 245)</b>	<b>6 421</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)							275 839	275 839
Transfers and subsidies - capital (in-kind - all)							-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(12 758)</b>	<b>(16 936)</b>	<b>288 293</b>	<b>(64 937)</b>	<b>(63 596)</b>	<b>(74 400)</b>	<b>226 593</b>	<b>282 259</b>

Table 43 Water Services Department – Performance objectives and indicators

DC43 Harry Gwala - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Vote1 - Executive &amp; Council</b>										
<b>Function 1 - Operations Department</b>										
<b>Sub-function 1 - Youth Development</b>										
To render youth development projects	Number of programmes	16,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	16,0%
<b>Sub-function 2 - Sports and Recreation</b>										
To promote sports initiatives and activities	Number of games & events held	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
<b>Sub-function 3 - Communication and Public Relations</b>										
To render integrated communication services	Information Dissemination	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%
<b>Sub-function 4 - Special Programmes</b>										
Programs for the Elderly, Disabled, HIV/AIDS and Cultural Activities	Number of Programmes implemented	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
<b>Sub-function 5 - IDPIPMS</b>										
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%
<b>Sub-function 6 - Intergovernmental Relations</b>										
To hold the meetings as part of the intergovernmental relations within the district	Number of meeting Held	4,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	4,0%
<b>Vote2 - Finance</b>										
<b>Function 1 - Budget &amp; Treasury Office</b>										
<b>Sub-function 1 - Budgeting &amp; Reporting</b>										
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%
<b>Vote3 - Corporate Services</b>										
<b>Function 1 - Corporate Services</b>										
<b>Sub-function 2 - Human Resource Services</b>										
To provide Human Resource Management Services	Staff Capacity Building	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
<b>Vote4 - Economic &amp; Community Services</b>										
<b>Function 1 - Development &amp; Planning</b>										
<b>Sub-function 1 - Planning &amp; GIS</b>										
To provide Development Planning Services	Number of Precinct Plans Developed	4,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	4,0%
<b>Function 1 - Social Development</b>										
<b>Sub-function 2 - Environmental Health</b>										
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.	% Embroidments undertaken	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	Surveillance of Business Premises	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%
	Percentage of samples taken of functional water schemes	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%
<b>Sub-function 2 - Disaster Management</b>										
Turnaround time to respond to any disaster	% Embroidments 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									

DC43 Harry Gwala - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Vote6 - Infrastructure Services</b>										
<b>Function 1 - Waste Water Infrastructure</b>										
<b>Sub-function 1 - Water</b>										
Reduction in water backlogs	Total number of HH with access to water	6893,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6435,0%
Reduction in sanitation backlogs	Number of household with new access to VIP sanitation	1956,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1844,0%
<b>Sub-function 3 - Electricity</b>										
To provide electricity to the existing water schemes	No of hh with electricity connection in the water scheme	2043,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1956,0%
<b>Sub-function 4 - Roads</b>										
Provision of new access roads	No of KM or road provided	100,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	95,0%
<b>Sub-function 5 - Electricity</b>										
To ensure the maintenance of municipal building to enhance safety environment	Frequency of building maintenance	9500,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9000,0%
To ensure the maintenance of municipal building to enhance safety environment										
<b>Vote6 - Water Services</b>										
<b>Function 1 - Water</b>										
<b>Sub-function 1 - Water &amp; Sanitation infrastructure Planning &amp; Design</b>										
To ensure the effective management of all water Infrastructure	Water Feasibility Studies, Business Plans Approved	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	10,0%	10,0%	10,0%
To ensure the effective management of all Sanitation Infrastructure	Sanitation Feasibility Studies, Business Plans Approved	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
<b>Sub-function 2 - Water &amp; Sanitation Services Operations and Maintenance</b>										
To render effective water & sanitation services	% Reduction in water losses Minimum Night Flows in main supply areas	98,0%	98,0%	98,0%	98,0%	98,0%	95,0%	95,0%	95,0%	95,0%
	% reduction in the number of sewer overflows	100,0%	100,0%	100,0%	100,0%	100,0%	95,0%	95,0%	95,0%	95,0%
	% 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 no 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), five directors and 7 professional engineers. In Infrastructure the Director: PMU post is now filled. As part of the performance objectives for the 2019/20 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 R27, 6 million, R27 million and R28, 5million 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 2019/20 financial year is R88, 3million and increases to R94, 3 million by 2020/21 the R100, 6million by 2020/21 and has been informed by a collection rate of 75 per cent and distribution losses of 38 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 2019/20 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.

**Note: Municipalities would be required to undertake the aforementioned for each department/vote within the municipality.**

### **1.17 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.

Table55 MBRR SA34A- Capital expenditure on new assets by asset class

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>219 111</b>	<b>186 088</b>	<b>338 697</b>	<b>79 800</b>	<b>79 987</b>	<b>79 987</b>	<b>187 894</b>	<b>202 983</b>	<b>266 419</b>
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	190 611	157 242	280 553	78 800	78 753	78 753	166 394	185 402	224 419
Dams and Weirs	-	-	-	70 000	70 000	70 000	20 000	25 506	60 000
Boreholes	-	-	-	6 000	4 753	4 753	9 500	12 000	15 138
Water Treatment Works	190 611	157 242	280 553	-	3 000	3 000	8 500	2 500	500
Bulk Mains	-	-	-	-	-	-	7 300	1 500	-
Distribution	-	-	-	2 800	1 000	1 000	121 094	143 896	148 781
Sanitation Infrastructure	28 500	28 847	58 143	-	-	-	21 500	17 581	42 000
Waste Water Treatment Works	28 500	28 847	58 143	-	-	-	8 500	12 100	27 000
Outfall Sewers	-	-	-	-	-	-	13 000	5 481	15 000
Information and Communication Infrastructure	-	-	-	1 000	1 234	1 234	-	-	-
Data Centres	-	-	-	1 000	1 234	1 234	-	-	-
Core Layers	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	<b>3 900</b>	<b>1 500</b>	<b>1 102</b>	<b>500</b>	<b>200</b>	<b>200</b>	<b>211</b>	<b>223</b>	<b>235</b>
Operational Buildings	3 900	1 500	200	-	-	-	-	-	-
Municipal Offices	-	-	200	-	-	-	-	-	-
Building Plan Offices	600	-	-	-	-	-	-	-	-
Stores	3 300	1 500	-	-	-	-	-	-	-
Housing	-	-	902	500	200	200	211	223	235
Staff Housing	-	-	902	500	200	200	211	223	235
<b>Intangible Assets</b>	<b>1 100</b>	<b>950</b>	<b>2 100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	1 100	950	2 100	-	-	-	-	-	-
Computer Software and Applications	1 100	950	2 100	-	-	-	-	-	-
<b>Computer Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 400</b>	<b>1 476</b>	<b>1 555</b>
Computer Equipment	-	-	-	-	-	-	1 400	1 476	1 555
<b>Furniture and Office Equipment</b>	<b>1 450</b>	<b>783</b>	<b>1 210</b>	<b>1 607</b>	<b>550</b>	<b>550</b>	<b>1 831</b>	<b>1 930</b>	<b>2 034</b>
Furniture and Office Equipment	1 450	783	1 210	1 607	550	550	1 831	1 930	2 034
<b>Machinery and Equipment</b>	<b>4 600</b>	<b>2 600</b>	<b>3 043</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>422</b>	<b>445</b>	<b>469</b>
Machinery and Equipment	4 600	2 600	3 043	250	250	250	422	445	469
<b>Transport Assets</b>	<b>-</b>	<b>1 000</b>	<b>1 300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transport Assets	-	1 000	1 300	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>230 161</b>	<b>192 921</b>	<b>347 452</b>	<b>82 157</b>	<b>80 987</b>	<b>80 987</b>	<b>191 759</b>	<b>207 056</b>	<b>270 712</b>

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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	12 656	2 850	220 128	265 982	244 264	244 264	89 001	101 000	93 700
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	12 656	2 850	5 000	53 400	50 875	50 875	18 100	31 000	21 010
Dams and Weirs	-	-	-	3 000	-	-	-	-	-
Pump Stations	-	-	-	-	-	-	-	-	-
Water Treatment Works	12 656	2 850	5 000	-	-	-	-	-	-
Bulk Mains	-	-	-	5 000	1 000	1 000	-	-	-
Distribution	-	-	-	22 600	33 960	33 960	13 600	7 600	8 510
Distribution Points	-	-	-	22 800	15 915	15 915	4 500	23 400	12 500
Sanitation Infrastructure	-	-	215 128	212 582	193 388	193 388	70 901	70 000	72 690
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	10 000	-	-	-	-	-
Waste Water Treatment Works	-	-	215 128	202 582	193 388	193 388	62 501	52 500	41 500
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	-	-	-	-	-	8 400	17 500	31 190
Capital Spares	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	-	-	150	150	150	-	-	-
Machinery and Equipment	-	-	-	150	150	150	-	-	-
<b>Transport Assets</b>	-	-	-	1 500	1 500	1 500	1 500	1 581	1 666
Transport Assets	-	-	-	1 500	1 500	1 500	1 500	1 581	1 666
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>12 656</b>	<b>2 850</b>	<b>220 128</b>	<b>267 632</b>	<b>245 914</b>	<b>245 914</b>	<b>90 501</b>	<b>102 581</b>	<b>95 366</b>
<b>Renewal of Existing Assets as % of total capex</b>	0,0%	1,5%	38,8%	76,5%	75,2%	75,2%	32,1%	33,1%	26,1%
<b>Renewal of Existing Assets as % of deprecn"</b>	0,0%	0,0%	328,6%	648,4%	667,0%	667,0%	227,0%	195,8%	157,9%

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



DC43 Harry Gwala - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	68 706	70 190	84 602	83 373	83 373	83 373	83 318	89 032	94 828
Roads Infrastructure	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>									
Water Supply Infrastructure	40 716	48 590	58 400	57 171	57 171	57 171	57 116	63 193	67 146
<i>Pump Stations</i>									
<i>Water Treatment Works</i>	40 716	48 590	58 400	57 171	57 171	57 171	57 116	63 193	67 146
<i>Bulk Mains</i>									
<i>Capital Spares</i>									
Sanitation Infrastructure	27 990	21 600	26 202	26 202	26 202	26 202	26 202	25 839	27 682
<i>Pump Station</i>									
<i>Reticulation</i>									
<i>Waste Water Treatment Works</i>	27 990	21 600	26 202	26 202	26 202	26 202	26 202	25 839	27 682
<i>Outfall Sewers</i>									
	1	1	1	1	1	1	1	1	1
<b>Other assets</b>	596	3 336	3 009	3 009	3 009	3 009	3 009	2 967	3 179
Operational Buildings	596	3 336	3 009	3 009	3 009	3 009	3 009	2 967	3 179
<i>Municipal Offices</i>									
<i>Pay/Enquiry Points</i>									
<i>Building Plan Offices</i>	596	3 336	3 009	3 009	3 009	3 009	3 009	2 967	3 179
<i>Workshops</i>									
<b>Computer Equipment</b>	357	150	180	180	180	180	180	178	190
Computer Equipment	357	150	180	180	180	180	180	178	190
<b>Transport Assets</b>	596	200	1 000	1 000	1 000	1 000	1 000	986	1 057
Transport Assets	596	200	1 000	1 000	1 000	1 000	1 000	986	1 057
<b>Total Repairs and Maintenance Expenditure</b>	<b>70 254</b>	<b>73 875</b>	<b>88 791</b>	<b>87 562</b>	<b>87 562</b>	<b>87 562</b>	<b>87 507</b>	<b>93 164</b>	<b>99 254</b>
<b>R&amp;M as a % of PPE</b>	4,7%	4,4%	4,9%	3,9%	4,0%	4,1%	4,1%	3,8%	3,6%
<b>R&amp;M as % Operating Expenditure</b>	16,6%	15,3%	19,8%	22,6%	19,3%	19,3%	19,2%	23,2%	22,1%

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

**DC43 Harry Gwala - Supporting Table SA35 Consolidated future financial implications of the capital budget**

Vote Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>			
<b>Capital expenditure</b>			
Vote 01 - Summary Council	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-
Vote 03 - Summary Budget And Treasury Office	264	278	293
Vote 04 - Summary Corporate Services	1 000	1 054	1 111
Vote 05 - Summary Social Services & Development Planning	-	-	-
Vote 06 - Summary Infrastructure Services	280 995	308 305	364 674
Vote 07 - Summary Water Services	-	-	-
<i>List entity summary if applicable</i>			
<b>Total Capital Expenditure</b>	<b>282 259</b>	<b>309 637</b>	<b>366 078</b>
<b>Future revenue by source</b>			
Property rates	-	-	-
Service charges - electricity revenue			
Service charges - water revenue	62 635	66 831	71 309
Service charges - sanitation revenue	25 757	27 485	29 330
Service charges - refuse revenue			
Rental of facilities and equipment			
<i>List other revenues sources if applicable</i>	11 314	12 836	14 568
<i>List entity summary if applicable</i>			
<b>Total future revenue</b>	<b>99 706</b>	<b>107 153</b>	<b>115 208</b>
<b>Net Financial Implications</b>	<b>182 553</b>	<b>202 485</b>	<b>250 870</b>

Table 59 MBRR SA36- Detailed capital budget per municipal vote

DC43 Harry Gwala - Supporting Table SA36 Consolidated detailed capital budget

R thousand	Function	Project Description	Type	MTSF Service Outcome	IUDF	Asset Class	Asset Sub-Class	Ward Location	2019/20 Medium Term Revenue & Expenditure Framework				
									Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Parent municipality:</b>													
<i>List all capital projects grouped by Function</i>													
	INFRASTRUCTURE SERVICES	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	efficient; effective and development-oriented public service	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-ADMIN OR HEAD OFFICE	-	200	1 000	1 054	1 111
	INFRASTRUCTURE SERVICES	Capital:Non-Infrastructure:New:Machinery And Equipment	NEW	efficient; effective and development-oriented public service	Growth	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	-	250	264	278	293
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Water Supply Infrastructure:Dams	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Dams And Weirs	R-UBUHLEBEZWE	-	-	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Water Supply Infrastructure:Bulk Mains	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Bulk Mains	R-INGWE/KWA SANI	-	1 000	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Water Supply Infrastructure:Distribution	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-GREATER KOKSTAD	-	22 685	10 000	100	10
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Water Supply Infrastructure:Distribution	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-UBUHLEBEZWE	-	11 275	3 600	7 500	8 500
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Water Supply Infrastructure:Distribution	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution Points	R-INGWE	-	10 000	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Water Supply Infrastructure:Distribution	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution Points	R-INGWE/KWA SANI	-	5 915	4 500	23 400	12 500
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Sanitation Infrastructure:Reticalation	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Reticalation	R-GREATER KOKSTAD	-	-	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Sanitation Infrastructure:Waste Water Treatment Works	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-ADMIN OR HEAD OFFICE	82 987	-	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Sanitation Infrastructure:Waste Water Treatment Works	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-GREATER KOKSTAD	32 766	72 757	5 000	-	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Sanitation Infrastructure:Waste Water Treatment Works	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-INGWE	3 031	7 072	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Sanitation Infrastructure:Waste Water Treatment Works	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-INGWE/KWA SANI	15 045	11 443	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Sanitation Infrastructure:Waste Water Treatment Works	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-UBUHLEBEZWE	14 340	17 474	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Sanitation Infrastructure:Waste Water Treatment Works	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-WHOLE OF THE DISTRICT	66 959	84 643	57 501	52 500	41 500
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Sanitation Infrastructure:Toilet Facilities	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Toilet Facilities	R-INGWE	-	-	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:Existing:Renewal:Sanitation Infrastructure:Toilet Facilities	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Toilet Facilities	R-INGWE/KWA SANI	-	-	8 400	17 500	31 190
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Water Supply Infrastructure:Dams And Weirs	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Dams And Weirs	R-INGWE	-	42 000	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Water Supply Infrastructure:Dams And Weirs	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Dams And Weirs	R-INGWE/KWA SANI	-	-	10 000	15 000	45 000
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Water Supply Infrastructure:Dams And Weirs	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Dams And Weirs	R-UBUHLEBEZWE	-	28 000	10 000	10 506	15 000
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Water Supply Infrastructure:Boreholes	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Boreholes	R-INGWE/KWA SANI	3 638	4 753	9 500	12 000	15 138
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Water Supply Infrastructure:Water Treatment Works	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Water Treatment Works	R-UBUHLEBEZWE	-	3 000	8 500	2 500	500
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Water Supply Infrastructure:Bulk Mains	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Bulk Mains	R-INGWE/KWA SANI	-	-	7 300	1 500	-
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Distribution	R-ADMIN OR HEAD OFFICE	1 860	1 000	1 056	1 113	1 173
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Distribution	R-INGWE/KWA SANI	-	-	62 038	57 100	60 050
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Distribution	R-UBUHLEBEZWE	-	-	21 500	27 500	12 500
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Distribution	R-WHOLE OF THE DISTRICT	-	-	36 500	58 183	75 058
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Sanitation Infrastructure:Waste Water Treatment Works	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	Waste Water Treatment Works	R-UBUHLEBEZWE	-	-	8 500	12 100	27 000
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Sanitation Infrastructure:Outfall Sewers	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	Outfall Sewers	R-GREATER KOKSTAD	-	-	13 000	5 481	15 000
	INFRASTRUCTURE SERVICES	Capital:Infrastructure:New:Information And Communication Infrastructure:Data Centres	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Information And Communication Infrastructure	Data Centres	R-ADMIN OR HEAD OFFICE	-	1 234	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Non-Infrastructure:Existing:Renewal:Machinery And Equipment	RENEWAL	efficient; effective and development-oriented public service	Governance	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	-	150	-	-	-
	INFRASTRUCTURE SERVICES	Capital:Non-Infrastructure:Existing:Renewal:Transport Assets	RENEWAL	efficient; effective and development-oriented public service	Governance	Transport Assets	Transport Assets	R-ADMIN OR HEAD OFFICE	-	1 500	1 500	1 581	1 666
	INFRASTRUCTURE SERVICES	Capital:Non-Infrastructure:New:Other Assets:Housing:Staff Housing	NEW	enable human settlements and improved quality of housing	Growth	Housing	Staff Housing	R-ADMIN OR HEAD OFFICE	902	200	211	223	235
	INFRASTRUCTURE SERVICES	Capital:Non-Infrastructure:New:Computer Equipment	NEW	efficient; effective and development-oriented public service	Growth	Computer Equipment	Computer Equipment	R-ADMIN OR HEAD OFFICE	-	-	1 400	1 476	1 555
	INFRASTRUCTURE SERVICES	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	efficient; effective and development-oriented public service	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-ADMIN OR HEAD OFFICE	725	350	831	876	923
	INFRASTRUCTURE SERVICES	Capital:Non-Infrastructure:New:Machinery And Equipment	NEW	efficient; effective and development-oriented public service	Growth	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	-	-	158	167	176
	Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	NEW	efficient; competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Distribution	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
	<b>Parent Capital expenditure</b>								<b>222 253</b>	<b>326 900</b>	<b>282 259</b>	<b>309 637</b>	<b>366 078</b>

DC43 Harry Gwala - Supporting Table SA36 Consolidated detailed capital budget

Municipal Vote/Capital project  R thousand	Program/Project description	Individually Approved (Yes/No)  6	Asset Class  3	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
					Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
<b>Parent municipality:</b>											
<i>List all capital projects grouped by Municipal Vote</i>											
COPORATE SERVICES	Computers		Computers - software & programming		1 000	400	400	300	300		New
COPORATE SERVICES	New Furniture		Furniture and other office equipment		500	200	300	200	200		New
COPORATE SERVICES	NEWPROJECTOR & MICROPHONES		Other		-	10	-	-	-		New
COPORATE SERVICES	Office Equipment		Furniture and other office equipment		1 644	200	200	150	150		New
COPORATE SERVICES	VEHICLE (Mayor)		General vehicles		-	1 300	1 000	-	-		New
COPORATE SERVICES	SERVER & DESKTOP BACKUP		Computers - hardware/equipment		2 500	2 000	-	-	-		New
COPORATE SERVICES	DEVELOPMENT OF STAFF COMPOUNDS		Buildings		1 000	-	-	-	-		New
COPORATE SERVICES	CASH SAFE		Other		-	-	-	-	-		New
COPORATE SERVICES	PROCUREMENT OF ADDITIONAL DMICS EQUIPMENT		Furniture and other office equipment		317	-	-	-	-		New
COPORATE SERVICES	Office Alterations		Other		-	-	-	-	-		New
SOCIAL ECONOMIC DEVELOPMENT PLANNING SERVICE	FURNITURE FOR THE DISASTER CENTER		Furniture and other office equipment		-	-	-	-	-		New
SOCIAL ECONOMIC DEVELOPMENT PLANNING SERVICE	PROCUREMENT OF ADDITIONAL DMICS EQUIPMEN				-	-	-	-	-		
WATER SERVICES	INSTALLATION OF CALL CENTRE SYSTEM		Other		-	-	-	-	-		New
WATER SERVICES	INSTALLATION OF BULK WATER METERS		Other		-	1 500	3 000	3 000	3 000		New
WATER SERVICES	INSTALLATION OF STANDBY GENERATORS		Other		-	-	1 000	1 000	1 000		New
WATER SERVICES	WATER QUALITY TESTING EQUIPMENT		Other		1 440	400	400	400	400		New

Table 60 MBRR SA37-Projects delayed from previous financial year

DC43 Harry Gwala - Supporting Table SA37 Consolidated projects delayed from previous financial year/s

Municipal Vote/Capital project	Project name	Asset Class 3	Asset Sub-Class 3	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
				Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand								
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>		Examples	Examples					
Infrastructure	Greater Khilmoni (Ward 1)	Infrastructure - Water	Reticulation	30 554	30 554	33 115	33 138	35 789
Infrastructure	Kwanomandlovu Water Project_(Sdm)	Infrastructure - Water	Reticulation	30 554	30 554	33 115	33 138	35 789
INFRASTRUCTURE SERVICES	Mbululweni Water Supply	Infrastructure - Water	Reticulation	36 873	36 873	39 963	39 991	43 190
INFRASTRUCTURE SERVICES	Greater Summerfield	Infrastructure - Water	Reticulation	15 201	15 201	16 475	16 486	17 805
INFRASTRUCTURE SERVICES	Bulwer Nkelebantwana & Nkumba Water Supply	Infrastructure - Water	Reticulation	30 554	30 554	33 115	33 138	35 789

## **1.18 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 2016 and their contract ends in September 2019 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 2019/20 MTREF in May 2019 directly aligned and informed by the 2019/20 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.

## 1.19 OTHER SUPPORTING DOCUMENTS

Table 44 MBRR Table SA1 - Supporting detail to budgeted financial performance

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<b>REVENUE ITEMS:</b>										
<b>Service charges - water revenue</b>										
Total Service charges - water revenue	33 401	27 669	38 411	44 755	58 703	58 703	25 637	68 824	73 392	78 263
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)										
less Cost of Free Basis Services (6 kilolitres per indigent household per month)	4 384	4 647	4 926	-	-	-		6 189	6 561	6 954
<b>Net Service charges - water revenue</b>	<b>29 017</b>	<b>23 021</b>	<b>33 485</b>	<b>44 755</b>	<b>58 703</b>	<b>58 703</b>	<b>25 637</b>	<b>62 635</b>	<b>66 831</b>	<b>71 309</b>
<b>Service charges - sanitation revenue</b>										
Total Service charges - sanitation revenue	13 910	9 499	15 551	18 711	24 137	24 137	10 705	25 757	27 485	29 330
less Revenue Foregone (in excess of free sanitation service to indigent households)										
less Cost of Free Basis Services (free sanitation service to indigent households)	-	-	-	-	-	-		-	-	-
<b>Net Service charges - sanitation revenue</b>	<b>13 910</b>	<b>9 499</b>	<b>15 551</b>	<b>18 711</b>	<b>24 137</b>	<b>24 137</b>	<b>10 705</b>	<b>25 757</b>	<b>27 485</b>	<b>29 330</b>
<b>Other Revenue by source</b>										
Fuel Levy										
Sale Of Goods & Services	2 230	1 269	752	12	12	12	49	781	823	867
Other Revenue	-	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-	-
<b>Total 'Other' Revenue</b>	<b>2 230</b>	<b>1 269</b>	<b>752</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>49</b>	<b>781</b>	<b>823</b>	<b>867</b>

Table 45 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>										
<b>EXPENDITURE ITEMS:</b>										
<b>Employee related costs</b>										
Basic Salaries and Wages	99 953	99 236	101 047	88 920	100 809	100 809	69 109	116 210	124 571	133 588
Pension and UIF Contributions	10 451	673	656	9 454	12 005	12 005	9 870	12 913	13 894	14 953
Medical Aid Contributions	4 140	6 017	7 980	4 102	5 295	5 295	4 714	5 691	6 118	6 578
Overtime	9 275	15 056	17 029	12 436	18 245	18 245	14 400	19 704	21 279	22 981
Performance Bonus	-	-	-	6 524	9 031	9 031	4 329	9 704	10 430	11 215
Motor Vehicle Allowance	5 224	14 295	14 861	9 431	12 713	12 713	9 786	13 660	14 683	15 788
Cellphone Allowance	1 844	-	-	592	757	757	518	1 500	1 557	1 618
Housing Allowances	219	1 361	783	1 124	1 374	1 374	344	1 467	1 568	1 677
Other benefits and allowances	419	12 592	13 098	26 737	16 941	16 941	2 234	18 296	19 759	21 340
Payments in lieu of leave	-	2 059	1 593	1 414	1 986	1 986	307	1 823	1 968	2 126
Long service awards	-	188	1 184	-	291	291	473	314	339	367
Post-retirement benefit obligations	-	790	765	1 944	1 944	1 944	-	2 099	2 267	2 448
<b>sub-total</b>	<b>131 525</b>	<b>152 266</b>	<b>158 996</b>	<b>162 678</b>	<b>181 389</b>	<b>181 389</b>	<b>116 087</b>	<b>203 380</b>	<b>218 433</b>	<b>234 679</b>
<b>Less: Employees costs capitalised to PPE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Employee related costs</b>	<b>131 525</b>	<b>152 266</b>	<b>158 996</b>	<b>162 678</b>	<b>181 389</b>	<b>181 389</b>	<b>116 087</b>	<b>203 380</b>	<b>218 433</b>	<b>234 679</b>
<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment	46 315	58 880	65 924	41 276	36 693	36 693	36 693	39 679	52 196	60 197
Lease amortisation	-	-	-	-	177	177	177	191	201	212
<b>Total Depreciation &amp; asset impairment</b>	<b>46 315</b>	<b>58 880</b>	<b>65 924</b>	<b>41 276</b>	<b>36 871</b>	<b>36 871</b>	<b>36 871</b>	<b>39 870</b>	<b>52 397</b>	<b>60 409</b>
<b>Bulk purchases</b>										
Electricity Bulk Purchases	-	-	-	7 850	-	-	8 374	-	-	-
Water Bulk Purchases	8 866	12 582	14 434	15 000	12 876	12 876	6 484	15 000	15 810	16 664
<b>Total bulk purchases</b>	<b>8 866</b>	<b>12 582</b>	<b>14 434</b>	<b>22 850</b>	<b>12 876</b>	<b>12 876</b>	<b>14 859</b>	<b>15 000</b>	<b>15 810</b>	<b>16 664</b>
<b>Contracted services</b>										
Contractors	69 226	112 406	151 772	26 978	63 680	63 680	11 773	35 681	35 523	37 579
Outsourced Services	-	-	-	40 450	67 073	67 073	38 443	44 818	47 248	49 802
Consultants & Professionals	-	-	-	8 025	7 995	7 995	1 614	10 860	11 441	12 056
<b>sub-total</b>	<b>69 226</b>	<b>112 406</b>	<b>151 772</b>	<b>75 453</b>	<b>138 748</b>	<b>138 748</b>	<b>51 830</b>	<b>91 360</b>	<b>94 212</b>	<b>99 437</b>
<b>Allocations to organs of state:</b>										
Other	-	-	-	-	-	-	-	-	-	-
<b>Total contracted services</b>	<b>69 226</b>	<b>112 406</b>	<b>151 772</b>	<b>75 453</b>	<b>138 748</b>	<b>138 748</b>	<b>51 830</b>	<b>91 360</b>	<b>94 212</b>	<b>99 437</b>
<b>Other Expenditure By Type</b>										
General expenses	190 662	108 317	105 921	48 754	47 614	47 614	30 722	59 506	56 719	62 092
<b>Total 'Other' Expenditure</b>	<b>190 662</b>	<b>108 317</b>	<b>105 921</b>	<b>48 754</b>	<b>47 614</b>	<b>47 614</b>	<b>30 722</b>	<b>59 506</b>	<b>56 719</b>	<b>62 092</b>
<b>Repairs and Maintenance by Expenditure Item</b>										
Employee related costs	37 937	45 597	51 894	-	-	-	-	-	-	-
Other materials	17 064	20 510	33 116	5 000	15 857	15 857	8 857	10 500	8 959	9 443
Contracted Services	15 150	18 209	200	21 345	16 713	16 713	9 105	17 156	18 083	19 059
Other Expenditure	3 723	4 475	2 353	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>73 875</b>	<b>88 791</b>	<b>87 562</b>	<b>26 345</b>	<b>32 570</b>	<b>32 570</b>	<b>17 962</b>	<b>27 656</b>	<b>27 042</b>	<b>28 502</b>



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

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

Description	Vote 01 - Summary Council	Vote 02 - Summary Municipal Manager	Vote 03 - Summary Budget And Treasury Office	Vote 04 - Summary Corporate Services	Vote 05 - Summary Social Services & Development Planning	Vote 06 - Summary Infrastructure Services	Vote 07 - Summary Water Services	Total
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	62 635	62 635
Service charges - sanitation revenue	-	-	-	-	-	-	25 757	25 757
Interest earned - external investments	-	-	10 631	-	683	-	-	11 314
Interest earned - outstanding debtors	-	-	9 658	-	-	-	-	9 658
Other revenue	-	-	766	-	15	-	-	781
Transfers and subsidies	-	-	346 309	-	-	-	12 695	359 004
Gains on disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>-</b>	<b>-</b>	<b>367 364</b>	<b>-</b>	<b>698</b>	<b>-</b>	<b>101 087</b>	<b>469 149</b>
<b>Expenditure By Type</b>								
Employee related costs	-	12 200	28 762	24 528	37 759	19 483	80 647	203 380
Remuneration of councillors	7 574	-	-	-	-	-	-	7 574
Debt impairment	-	-	25 315	-	-	-	-	25 315
Depreciation & asset impairment	-	-	-	4 666	1 689	31 697	1 818	39 870
Finance charges	-	-	3 510	-	-	-	-	3 510
Bulk purchases	-	-	-	-	-	-	15 000	15 000
Other materials	-	-	50	13	1 150	-	16 000	17 213
Contracted services	2 150	3 264	11 637	19 373	13 510	17 379	24 046	91 360
Transfers and subsidies	-	-	-	-	-	-	-	-
Other expenditure	3 034	1 472	9 797	16 357	10 185	5 841	12 820	59 506
Loss on disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>12 758</b>	<b>16 936</b>	<b>79 072</b>	<b>64 937</b>	<b>64 294</b>	<b>74 400</b>	<b>150 332</b>	<b>462 728</b>
<b>Surplus/(Deficit)</b>	<b>(12 758)</b>	<b>(16 936)</b>	<b>288 293</b>	<b>(64 937)</b>	<b>(63 596)</b>	<b>(74 400)</b>	<b>(49 245)</b>	<b>6 421</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)							275 839	275 839
Transfers and subsidies - capital (in-kind - all)							-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(12 758)</b>	<b>(16 936)</b>	<b>288 293</b>	<b>(64 937)</b>	<b>(63 596)</b>	<b>(74 400)</b>	<b>226 593</b>	<b>282 259</b>

Table 46 MBRR Table SA3 – Supporting detail to Statement of Financial Position

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>										
<b>ASSETS</b>										
<u>Call investment deposits</u>										
Other current investments	-	-	32 252	3 549	3 549	3 549	28 656	3 833	4 139	4 346
<b>Total Call investment deposits</b>	-	-	<b>32 252</b>	<b>3 549</b>	<b>3 549</b>	<b>3 549</b>	<b>28 656</b>	<b>3 833</b>	<b>4 139</b>	<b>4 346</b>
<u>Consumer debtors</u>										
Consumer debtors	145 159	177 328	181 641	197 907	197 907	197 907	195 983	213 740	230 839	242 381
Less: Provision for debt impairment	(119 940)	(154 549)	(159 670)	(166 913)	(166 913)	(166 913)	(159 670)	(180 266)	(194 687)	(204 422)
<b>Total Consumer debtors</b>	<b>25 219</b>	<b>22 779</b>	<b>21 971</b>	<b>30 994</b>	<b>30 994</b>	<b>30 994</b>	<b>36 313</b>	<b>33 474</b>	<b>36 151</b>	<b>37 959</b>
<u>Debt impairment provision</u>										
Balance at the beginning of the year	98 048	119 940	133 133	(166 913)	(166 913)	(166 913)	(159 670)	(180 266)	(194 687)	(204 422)
Contributions to the provision	25 567	34 877	21 270	-	-	-	5 645	-	-	-
Bad debts written off	(3 675)	(268)	(6 000)	-	-	-	(5 645)	-	-	-
<b>Balance at end of year</b>	<b>119 940</b>	<b>154 549</b>	<b>148 403</b>	<b>(166 913)</b>	<b>(166 913)</b>	<b>(166 913)</b>	<b>(159 670)</b>	<b>(180 266)</b>	<b>(194 687)</b>	<b>(204 422)</b>
<u>Property, plant and equipment (PPE)</u>										
PPE at cost/valuation (excl. finance leases)	1 687 521	2 221 906	2 441 023	2 729 896	2 707 007	2 707 007	2 572 155	2 852 775	3 085 794	3 281 043
Less: Accumulated depreciation		409 053	475 933	432 185	432 185	432 185	507 662	466 760	504 101	529 306
<b>Total Property, plant and equipment (PPE)</b>	<b>1 687 521</b>	<b>1 812 853</b>	<b>1 965 090</b>	<b>2 297 711</b>	<b>2 274 822</b>	<b>2 274 822</b>	<b>2 064 493</b>	<b>2 386 015</b>	<b>2 581 694</b>	<b>2 751 738</b>
<b>LIABILITIES</b>										
<u>Current liabilities - Borrowing</u>										
Short term loans (other than bank overdraft)		18 146	14 816							
Current portion of long-term liabilities	7 580	(12 353)	(8 657)	-	-	-	(4 021)	-	-	-
<b>Total Current liabilities - Borrowing</b>	<b>7 580</b>	<b>5 793</b>	<b>6 159</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4 021)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Trade and other payables</u>										
Trade Payables	210 527	142 508	174 697	131 939	131 939	131 939	60 251	142 494	153 894	161 589
Other creditors	14 577	-	-							
Unspent conditional transfers	-	57 166	72 881	57 804	57 804	57 804	288 983	56 736	61 275	64 339
VAT	-	-	-	19 580	19 580	19 580	22 047	21 146	22 838	23 980
<b>Total Trade and other payables</b>	<b>225 104</b>	<b>199 674</b>	<b>247 578</b>	<b>209 323</b>	<b>209 323</b>	<b>209 323</b>	<b>371 282</b>	<b>220 377</b>	<b>238 007</b>	<b>249 907</b>
<u>Non current liabilities - Borrowing</u>										
Borrowing	15 683	12 353	8 657	41 252	41 252	41 252	16 091	44 552	48 116	50 522
Finance leases (including PPP asset element)	1 571	-	-							
<b>Total Non current liabilities - Borrowing</b>	<b>17 255</b>	<b>12 353</b>	<b>8 657</b>	<b>41 252</b>	<b>41 252</b>	<b>41 252</b>	<b>16 091</b>	<b>44 552</b>	<b>48 116</b>	<b>50 522</b>
<u>Provisions - non-current</u>										
Retirement benefits	19 938	20 947	22 217							
Other	-	13 861	8 100	23 236	23 236	23 236	22 949	25 095	27 103	28 458
Other										
<b>Total Provisions - non-current</b>	<b>19 938</b>	<b>34 809</b>	<b>30 317</b>	<b>23 236</b>	<b>23 236</b>	<b>23 236</b>	<b>22 949</b>	<b>25 095</b>	<b>27 103</b>	<b>28 458</b>
<b>CHANGES IN NET ASSETS</b>										
<u>Accumulated Surplus/(Deficit)</u>										
Accumulated Surplus/(Deficit) - opening balance	1 204 522	1 864 891	2 187 377	1 761 451	1 761 451	1 761 451	1 824 573	1 902 367	2 054 557	2 157 284
Restated balance	1 204 522	1 864 891	2 187 377	1 761 451	1 761 451	1 761 451	1 824 573	1 902 367	2 054 557	2 157 284
Surplus/(Deficit)	121 646	167 202	202 726	349 789	326 900	326 900	(30 773)	282 259	309 637	366 078
Other adjustments	159 834	(378 888)	(496 167)	-	-	-	-	-	-	-
<b>Accumulated Surplus/(Deficit)</b>	<b>1 486 003</b>	<b>1 653 204</b>	<b>1 893 935</b>	<b>2 111 240</b>	<b>2 088 351</b>	<b>2 088 351</b>	<b>1 793 800</b>	<b>2 184 626</b>	<b>2 364 194</b>	<b>2 523 363</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 486 003</b>	<b>1 653 204</b>	<b>1 893 935</b>	<b>2 111 240</b>	<b>2 088 351</b>	<b>2 088 351</b>	<b>1 793 800</b>	<b>2 184 626</b>	<b>2 364 194</b>	<b>2 523 363</b>

Table 654 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	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>							
Population	597	610	623	636	648	661	714
Females aged 5 - 14	88	90	92	94	96	98	105
Males aged 5 - 14	75	77	78	80	82	83	90
Females aged 15 - 34	110	112	115	117	119	122	132
Males aged 15 - 34	94	96	98	100	102	104	112
Unemployment	149	153	156	159	162	165	179
<b>Monthly household income (no. of households)</b>							
No income	84 542	86 332	88 121	89 883	91 681	93 514	101
R1 - R1 600	141 698	144 696	147 695	150 649	153 662	156 736	169
R1 601 - R3 200	221 120	225 799	230 479	235 089	239 791	244 587	264
R3 201 - R6 400	50 755	51 829	52 903	53 961	55 041	56 141	61
R6 401 - R12 800	43 224	44 139	45 053	45 954	46 873	47 811	52
R12 801 - R25 600	33 460	34 168	34 876	35 573	36 285	37 011	40
R25 601 - R51 200	13 247	13 527	13 808	14 084	14 365	14 653	16
R52 201 - R102 400	2 858	2 918	2 979	3 038	3 099	3 161	3
R102 401 - R204 800	-	-	-	-	-	-	-
R204 801 - R409 600	3 275	3 344	3 413	3 481	3 551	3 622	4
R409 601 - R819 200	1 191	1 216	1 241	1 266	1 291	1 317	1
> R819 200							

Table 66 MBRR SA32- List of external mechanisms

**DC43 Harry Gwala - Supporting Table SA32 List of external mechanisms**

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
Dwala Services Isidingo Umnotho Francis	Ongoing	Ongoing	Bulk Water Supply Cleaning services Security Services ANNUAL FINANCIAL STATEMENTS (AFS)(ACCOUNTI Legal Services	Ongoing Ongoing Ongoing Ongoing Ongoing	11 352 317 12 000 3 165 1 000

### **1.1 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 2019/05/31