



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

BUDGET & TREASURY

***202122 MTREF***

***FINAL BUDGET***

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

2021/22 TO 2023/24  
MEDIUM TERM REVENUE AND EXPENDITURE  
FRAMEWORK BUDGET

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## Table of Contents

<b>1</b>	<b>PART 1 – ANNUAL BUDGET</b> .....	<b>8</b>
1.1	MAYOR’S REPORT.....	8
1.2	COUNCIL RESOLUTIONS .....	12
1.3	EXECUTIVE SUMMARY .....	13
1.4	OPERATING REVENUE FRAMEWORK.....	17
1.5	OPERATING EXPENDITURE FRAMEWORK .....	29
1.6	CAPITAL EXPENDITURE .....	35
1.7	ANNUAL BUDGET TABLES - PARENT MUNICIPALITY .....	37
1.8	CONSOLIDATED SCHEDULES.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
<b>2</b>	<b>PART 2 – SUPPORTING DOCUMENTATION</b> .....	<b>57</b>
2.1	OVERVIEW OF THE ANNUAL BUDGET PROCESS .....	67
2.2	OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	71
2.3	MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS .....	79
2.4	OVERVIEW OF BUDGET RELATED-POLICIES.....	87
2.5	OVERVIEW OF BUDGET ASSUMPTIONS.....	90
2.6	OVERVIEW OF BUDGET FUNDING .....	92
2.7	EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	107
2.8	MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
2.9	ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS.....	121
2.10	CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS.....	123
2.11	CAPITAL EXPENDITURE DETAILS .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
2.12	LEGISLATION COMPLIANCE STATUS.....	136
2.13	OTHER SUPPORTING DOCUMENTS .....	137
2.14	MUNICIPAL MANAGER’S QUALITY CERTIFICATE .....	143

## List of Tables

Table 1	Overview of the 2021/22 MTREF .....	14
Table 2	Consolidated Overview of the 2021/22 MTREF .....	15
Table 3	Summary of revenue classified by main revenue source .....	17
Table 4	Percentage growth in revenue by main revenue source .....	18
Table 5	Operating Transfers and Grant Receipts .....	19
Table 6	Proposed Water Tariffs .....	22
Table 7	Comparison between current water charges and increases (Domestic) .....	25
Table 8	Comparison between current sanitation charges and increases .....	26
Table 9	Comparison between current sanitation charges and increases, single dwelling- houses.....	27
Table 10	MBRR Table SA14 – Household bills.....	28
Table 11	Summary of operating expenditure by standard classification item .....	29
Table 12	Operational repairs and maintenance.....	33
Table 13	Repairs and maintenance per asset class.....	34
Table 14	2014/15 Medium-term capital budget per vote .....	35
Table 15	MBRR Table A1 - Budget Summary.....	37
Table 16	MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification) .....	39
Table 17	MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote) .....	40
Table 18	Surplus/ (Deficit) calculations for the trading services.....	41
Table 19	MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) .....	43
Table 20	MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source .....	45
Table 21	MBRR Table A6 - Budgeted Financial Position .....	48
Table 22	MBRR Table A7 - Budgeted Cash Flow Statement .....	50
Table 23	MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation.....	51
Table 24	MBRR Table A9 - Asset Management .....	52
Table 25	MBRR Table A10 - Basic Service Delivery Measurement .....	56
Table 26	IDP Strategic Objectives.....	73
Table 27	MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue .....	76
Table 28	MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	77
Table 29	MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	78
Table 30	MBRR Table SA7 - Measurable performance objectives.....	<b>Error! Bookmark not defined.</b>
Table 31	MBRR Table SA8 - Performance indicators and benchmarks .....	<b>Error! Bookmark not defined.</b>
Table 32	Breakdown of the operating revenue over the medium-term.....	92
Table 32	Proposed tariff increases over the medium-term .....	94
Table 34	MBRR SA15 – Detail Investment Information .....	95
Table 35	MBRR SA16 – Investment particulars by maturity .....	96

Table 36 Sources of capital revenue over the MTREF .....	96
Table 37 MBRR Table SA 17 - Detail of borrowings .....	97
Table 38 MBRR Table SA 18 - Capital transfers and grant receipts .....	99
Table 39 MBRR Table A7 - Budget cash flow statement .....	100
Table 40 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation.....	103
Table 41 MBRR SA10 – Funding compliance measurement.....	104
Table 42 MBRR SA19 - Expenditure on transfers and grant programmes .....	107
Table 43 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds .....	109
Table 44 MBRR SA22 - Summary of councilor and staff benefits .....	<b>Error! Bookmark not defined.</b>
Table 45 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior managers).....	<b>Error! Bookmark not defined.</b>
Table 46 MBRR SA24 – Summary of personnel numbers.....	<b>Error! Bookmark not defined.</b>
Table 47 MBRR SA25 - Budgeted monthly revenue and expenditure.....	<b>Error! Bookmark not defined.</b>
Table 48 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote) ..	<b>Error! Bookmark not defined.</b>
Table 49 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification).....	<b>Error! Bookmark not defined.</b>
Table 50 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote).....	<b>Error! Bookmark not defined.</b>
Table 51 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	<b>Error! Bookmark not defined.</b>
Table 52 MBRR SA30 - Budgeted monthly cash flow.....	<b>Error! Bookmark not defined.</b>
Table 53 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure.....	121
Table 54 Water Services Department – Performance objectives and indicators .....	121
Table 55 MBRR SA 34a - Capital expenditure on new assets by asset class	<b>Error! Bookmark not defined.</b>
Table 56 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class .....	<b>Error! Bookmark not defined.</b>
Table 57 MBRR SA34c - Repairs and maintenance expenditure by asset class .....	<b>Error! Bookmark not defined.</b>
Table 58 MBRR SA35 - Future financial implications of the capital budget	<b>Error! Bookmark not defined.</b>
Table 59 MBRR SA36 - Detailed capital budget per municipal vote.....	<b>Error! Bookmark not defined.</b>
Table 60 MBRR 36: Detailed capital budget per municipal vote (continued).....	<b>Error! Bookmark not defined.</b>
Table 61 MBRR SA37 - Projects delayed from previous financial year .....	<b>Error! Bookmark not defined.</b>
Table 62 MBRR Table SA1 - Supporting detail to budgeted financial performance .....	137
Table 63 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued).....	137
Table 64 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department) .....	<b>Error! Bookmark not defined.</b>
Table 65 MBRR Table SA3 – Supporting detail to Statement of Financial Position .....	139
Table 66 MBRR Table SA9 – Social, economic and demographic statistics and assumptions.....	141
Table 67 MBRR SA32 – List of external mechanisms.....	<b>Error! Bookmark not defined.</b>

## List of Figures

Figure 1 Main operational expenditure categories for the 2021/22 financial year .....	32
Figure 2 Expenditure by major type .....	44
Figure 3 Depreciation in relation to repairs and maintenance over the MTREF .....	55
Figure 4 Planning, budgeting and reporting cycle .....	79
Figure 5 Definition of performance information concepts .....	81
Figure 6 Breakdown of operating revenue over the 2021/22 MTREF .....	93
Figure 7 Sources of capital revenue for the 2021/22 financial year.....	97
Figure 8 Growth in outstanding borrowing (long-term liabilities) .....	98
Figure 9 Cash and cash equivalents / Cash backed reserves and accumulated funds .....	104

## ANNEXURES:

Annexure A: 2021/22 MTREF Budget Schedules

Annexure B: Budget Related Resolutions

Annexure C: Amendments to Budget Related Policies

Annexure B: SDBIP Summary

# 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

To table to Council the 2021/22 Medium Term Revenue and Expenditure Framework final budget for adoption.

### 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 2021/2022 Total Revenue is R 784, 4m, broken down as follows;

- Government Grants and Subsidies – Capital R 298, 2m
- Government Grants and Subsidies – Operational R 400, 4m
- Own Revenue R 85, 7m

Allocated as follows;

- Operational budget R 486, 1m
- Capital budget R 306, 7m

2021/2022 Consolidated Total Revenue is R 784, 5m broken down as follows;

- Government Grants and Subsidies – Capital R 417, 4m



- Government Grants and Subsidies – Operational R 298, 2m
- Own Revenue R 85, 8m

Allocated as follows;

- Operational budget R 503, 2m
- Capital budget R 298, 2m

The actual revenue is R784, 5million, however due to R17million for transfers and subsidies paid over to Harry Gwala Development Agency as revenue on their side this result on overstating the revenue by R17million on the consolidated budget.

The staff salaries budget has been budgeted at R224, 8m, representing 40% of the operational budget. Councilor’s allowances have been budgeted at R8, 9m. The staff salaries budget for the consolidated has been budgeted at R237, 1million representing 41% of the operational budget. Board members have been budgeted at R 500 000.

### Local government equitable share

The equitable share for 2021/2022 financial year as gazetted from the Division of Revenue Bill is as follows:

- ✓ Equitable share R 387 000 000

For 2021/22 Final Budget capital projects amounting to R 307 283 480 have been planned under the following categories;

<b>PROJECT TYPE</b>	<b>AMOUNT</b>
<b>Water</b>	R 252 408 000
<b>Sanitation</b>	R 45 850 000
<b>Other Assets</b>	R 9 025 479
<b>TOTAL</b>	<b>R 307 283 480</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	70 700 000	23%	Has a huge Backlogs and high population
<b>NDZ</b>	R	85 823 304	28%	Huge Backlogs & Bulwer Dam
<b>Ubuhlebezwe</b>	R	83 809 696	27%	Huge Backlogs
<b>Kokstad</b>	R	57 925 000	19%	Few Backlogs
<b>Internal</b>	R	9 025 479	3%	No Backlogs

**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 17m towards LED projects in 2021/22 and a total of R40million 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.

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

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

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

**Pricing services correctly** – The full cost of services should be reflected in the price charged to residents who can afford to pay. Many municipalities offer overly generous subsidies and rebates that result in services being run at a loss, resulting in funds being diverted away from other priorities. This is a major area in which should pull our socks. Running services at a loss affects the extension of services to other areas and impact negatively on operations and maintenance.

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

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

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

Other strategies documents to be linked with the budget are:

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

## 1.2 COUNCIL RESOLUTIONS

On 27 May 2021 the Council of Harry Gwala District Municipality met in Harry Gwala District Municipality council chamber via tele-conference to consider the final draft budget of the municipality for the financial year 2021/22. 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 2021/22 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 2021:

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 2021 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 27 May 2021 the final budget related policies as discussed above.

5. To give proper effect to the municipality's annual budget, the Council notes:

5.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from water and sanitation to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

5.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the budget.

### **1.3 EXECUTIVE SUMMARY**

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

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

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

National Treasury's MFMA Circular No. 51 and 54, 58, 59, 66, 70, 72, 74, 75, 79, 80, 85, 86, 93, 94, 98 and 99 were used to guide the compilation of the 2021/22 MTREF.

The main challenges experienced during the compilation of the 2021/22 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 2021/22 MTREF process; and

The following budget principles and guidelines directly informed the compilation of the 2021/22 MTREF:

- The 2020/21 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 2021/22 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 2021/22 Medium-term Revenue and Expenditure Framework:

**Table 1 Overview of the 2021/22 MTREF – Parent Municipality**

<b>R thousand</b>	<b>Adjustments Budget 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year + 1 2022/23</b>	<b>Budget Year +2 2023/24</b>
<b>Total Operating Revenue</b>	R 512 554 956	R 486 167 792	R 510 978 506	R 520 218 431
<b>Total Operating Expenditure</b>	R 575 904 172	R 561 382 000	R 593 315 710	R 625 138 495
<b>(Surplus)/ Deficit for the year</b>	<b>R- 63 349 216</b>	<b>R-75 214 104</b>	<b>R-82 337 204</b>	<b>R-104 920 065</b>
<b>Total Capital Expenditure</b>	R 334 963 098	R 306 704 850	R 347 420 167	R 363 258 779

Total operating revenue for the Parent municipality has been decreased by 5% per cent or R26, 3million for the 2021/22 financial year when compared to the 2020/21 Adjustments Budget. For the two outer years, operational revenue will increase by 5 % then 2%, equating to a total revenue growth of R34m over the MTREF when compared to the 2021/22 financial year.

Total operating expenditure for the 2021/22 financial year has been appropriated at R561, 3million and translates into a budgeted deficit of R 75, 2m. When compared to the 2020/21 Adjustments Budget, operational expenditure has increased by 3% per cent in the 2021/22 budget and by 6% in the 2022/2023 financial year and reduced to 5% in the 2023/2024 financial year. The operating deficit for the 2 outer years has increases to R 82, 3m and then at R104, 9m. These deficit is caused by non-cash items which is the depreciation and bad debts. The depreciation for 2021/22 financial year is R86, 8m and provision for bad debts is R27, 6million.

The capital budget of R306, 7million for 2021/22 is 3% per cent less when compared to the 2020/21 Adjustment Budget. The decrease is due to The decrease is due to the reduction of grants gazzetted for the 2020/21 financial year and this is going to have a negative impact on the service delivery and water and sanitation backlogs will increase in the district. The capital programmes increases to R347, 4million in the 2022/23 financial year and R363, 2million in 2023/24 financial year. The capital budget is largely funded from the Government Grants and Subsidies in the MTREF. The balance will be funded from internally generated funds.

Table 2 below presents a consolidated overview of the 2021/22 budget.

**Table 2 Consolidated Overview of the 2021/22 MTREF**

<b>R thousand</b>	<b>Adjustments Budget 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year + 1 2022/23</b>	<b>Budget Year +2 2023/24</b>
<b>Total Operating Revenue</b>	R 533 144 956	R 503 257 792	R 531 158 506	R 540 407 430
<b>Total Operating Expenditure</b>	R 567 420 026	R 577 594 066	R 612 997 510	R 644 819 295
<b>(Surplus)/ Deficit for the year</b>	<b>R - 34 275 070</b>	<b>R -74 336 274</b>	<b>R - 81 839 004</b>	<b>R - 104 411 865</b>
<b>Total Capital Expenditure</b>	R 335 542 357	R 307 283 480	R 347 620 167	R 363 498 779

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

Total operating revenue for the consolidated municipality has been decreased by 6% per cent or R26, 8million for the 2020/1 financial year when compared to the 2020/21 Adjustments Budget. For the two outer years, operational revenue increased by 6 % and 2 % per cent respectively, equating to a total revenue growth of R37, 1m over the MTREF when compared to the 2021/22 financial year.

Total operating expenditure for the 2021/22 financial year has been appropriated at R577, 5million. When compared to the 2020/21 Adjustments Budget, operational expenditure has increased by 2% per cent in the 2021/22 budget. The operating deficit for the 2021/22 increased from R34, 2million in 2020/21 financial year to R 74, 3million in 2021/22 and increased for the outer years to R 186, 2million. The non-cash item in 2021/22 financial year is at R 115m and debt impairment is funded. The amount for depreciation in 2021/22 financial year is at R87, 4m and provision for bad debts is at R27, 6million.

The capital budget of R307, 2million for 2021/22 is 8% per cent less when compared to the 2020/21 Adjustment Budget. The decrease is due to The decrease is due to the reduction of grants gazzetted for the 2020/21 financial year and this is going to have a negative impact on the service delivery and water and sanitation backlogs will increase in the district. The capital programme decreases from R335, 5million to R307, 2million in the 2021/22 financial year and R347, 6million in 2022/23 financial year and increased again in 2023/24 financial year to R 363, 4million. 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 70 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 2021/22 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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue By Source</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	38 197	43 001	54 157	50 540	46 100	46 100	45 728	48 866	51 798	54 906
Service charges - sanitation revenue	15 766	15 419	16 305	20 510	19 392	19 392	11 567	20 555	21 789	23 096
Rental of facilities and equipment										
Interest earned - external investments	8 599	9 202	6 196	7 681	5 372	5 372	2 206	5 682	6 018	6 290
Interest earned - outstanding debtors	11 963	10 556	12 632	10 238	9 621	9 621	8 332	10 198	10 810	11 459
Fines, penalties and forfeits	576	694	-	-	-	-	-	-	-	-
Transfers and subsidies	300 806	366 165	380 256	387 266	451 926	451 926	426 459	417 406	440 169	444 057
Other revenue	135	337	1 770	1 107	733	733	653	549	574	599
Gains	-	-	1 062	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>376 041</b>	<b>445 375</b>	<b>472 379</b>	<b>477 343</b>	<b>533 145</b>	<b>533 145</b>	<b>494 946</b>	<b>503 258</b>	<b>531 159</b>	<b>540 407</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		2021/22 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2021/22	%	Budget Year +1 2022/23	%	Budget Year +2 2023/24	%
<b>Revenue By Source</b>								
Property rates	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-
Service charges - water revenue	46 100	9%	48 866	10%	51 798	10%	54 906	10%
Service charges - sanitation revenue	19 392	4%	20 555	4%	21 789	4%	23 096	4%
Rental of facilities and equipment								
Interest earned - external investments	5 372	1%	5 682	1%	6 018	1%	6 290	1%
Interest earned - outstanding debtors	9 621	2%	10 198	2%	10 810	2%	11 459	2%
Fines, penalties and forfeits	-	0%	-	-	-	-	-	-
Transfers and subsidies	451 926	85%	417 406	83%	440 169	83%	444 057	82%
Other revenue	733	0%	549	0%	574	0%	599	0%
Gains	-	0%	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>533 145</b>	<b>100%</b>	<b>503 258</b>	<b>100%</b>	<b>531 159</b>	<b>100%</b>	<b>540 407</b>	<b>100%</b>

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 12% of the total revenue mix. In the 2020/21 financial year, revenue from service charges totaled R 65, 4m or 14% per cent. This increases to R69, 4m, then increase to R73, 5m, R78m 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 14% 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 2020/21 financial year totaling to R549 378 and 2021/2022 increased by R182 014 in monetary and increase to R1, 1million in the outer years.

Operating grants and transfers totals R417, 4m in the 2021/22 financial year and increases to R440, 1m 2022/23 and increases to R444m in 2023/24. Note that the year-on-year growth on the operational grants for the 2021/22 financial year is 7% per cent and then increased to 5 % and 1 % 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: The actual operating grants and transfers total R 400, 4m in the 2021/22 financial year and increases to R 420, 1m and increases to R 424m in 2023/24 due to however due to R17million transfer to Harry Gwala Development Agency this results on overstating the operating grants and transfers by R 17 million in 2021/22 financial year and R40m in the outer years.

Table 5 Operating Transfers and Grant Receipts

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>									
<b>Operating transfers and grants:</b>									
<b>National Government:</b>	-	-	(15 000)	-	-	-	-	-	-
Balance unspent at beginning of the year	(7 215)	(846)	(334)	(236)	(832)	(832)	-	-	-
Current year receipts	(7 254)	(3 518)	(13 912)	(6 195)	(6 195)	(6 195)	(5 796)	(1 200)	(1 200)
<b>Conditions met - transferred to revenue</b>	<b>13 619</b>	<b>4 030</b>	<b>14 148</b>	<b>6 195</b>	<b>6 791</b>	<b>6 791</b>	<b>5 796</b>	<b>1 200</b>	<b>1 200</b>
Conditions still to be met - transferred to liabilities	(850)	(334)	(196)	(236)	(236)	(236)	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
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									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
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									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	0	0	0	-	-	-	-	-	-
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	0	0	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>	<b>13 619</b>	<b>4 030</b>	<b>14 148</b>	<b>6 195</b>	<b>6 791</b>	<b>6 791</b>	<b>5 796</b>	<b>1 200</b>	<b>1 200</b>
<b>Total operating transfers and grants - CTBM</b>	<b>(850)</b>	<b>(334)</b>	<b>(196)</b>	<b>(236)</b>	<b>(236)</b>	<b>(236)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	(110 000)	(59 734)	(23 238)	-	-	-	-	-	-
Current year receipts	(283 207)	(349 213)	(283 218)	(270 719)	(293 626)	(293 626)	(305 855)	(348 398)	(364 223)
<b>Conditions met - transferred to revenue</b>	<b>333 477</b>	<b>336 443</b>	<b>283 218</b>	<b>270 719</b>	<b>293 626</b>	<b>293 626</b>	<b>305 855</b>	<b>348 398</b>	<b>364 223</b>
Conditions still to be met - transferred to liabilities	(59 729)	(121 770)	(46 476)	-	-	-	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
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									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
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									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	(649)	(242)	(20 242)	-	-	-	-	-	-
Current year receipts	-	(20 000)	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>406</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	(242)	(20 242)	(40 485)	-	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>	<b>333 884</b>	<b>336 443</b>	<b>283 218</b>	<b>270 719</b>	<b>293 626</b>	<b>293 626</b>	<b>305 855</b>	<b>348 398</b>	<b>364 223</b>
<b>Total capital transfers and grants - CTBM</b>	<b>(59 972)</b>	<b>(142 012)</b>	<b>(86 961)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>347 503</b>	<b>340 472</b>	<b>297 366</b>	<b>276 914</b>	<b>300 417</b>	<b>300 417</b>	<b>311 651</b>	<b>349 598</b>	<b>365 423</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>(60 822)</b>	<b>(142 346)</b>	<b>(87 157)</b>	<b>(236)</b>	<b>(236)</b>	<b>(236)</b>	<b>-</b>	<b>-</b>	<b>-</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 9, 9% are more than the mentioned inflation target of 3, 9%. 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.

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 2021, 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 2021 for water is proposed. This is based on input cost of 6% 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 indigent households.

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

- Sale of Water and Impact of Tariff Increases

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

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

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2017.

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 2021, which increases the District's water input cost tremendously.

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

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

Table 6 Proposed Water Tariffs

**Residential**

<b>Consumption in KL</b>	<b>2020/21</b>		<b>2021/22</b>		<b>Increase</b>	
0-6	R	9.11	R	9.66	<b>R</b>	<b>0.52</b>
07- 20	R	9.65	R	10.23	<b>R</b>	<b>0.55</b>
21-40	R	17.68	R	18.74	<b>R</b>	<b>1.00</b>
41-100	R	29.32	R	31.08	<b>R</b>	<b>1.66</b>
101-200	R	33.37	R	35.37	<b>R</b>	<b>1.89</b>
201+	R	36.00	R	38.16	<b>R</b>	<b>2.04</b>
Unmetered flat rate per month	<b>R</b>	<b>89.34</b>	<b>R</b>	<b>94.70</b>	<b>R</b>	<b>5.36</b>

**Commercial & Industrial**

<b>Commercial &amp; Industrial</b>						
<b>Consumption Increments in R per KL</b>	<b>2020/21</b>		<b>2021/22</b>		<b>Increase</b>	
0-6	R	13.15	R	13.94	<b>R</b>	<b>0.79</b>
07- 20	R	17.68	R	18.74	<b>R</b>	<b>1.06</b>
21-40	R	29.33	R	31.09	<b>R</b>	<b>1.76</b>
41-100	R	31.35	R	33.23	<b>R</b>	<b>1.88</b>
101-200	R	33.37	R	35.37	<b>R</b>	<b>2.00</b>
200+	R	35.40	R	37.52	<b>R</b>	<b>2.12</b>

Consumption Increments in R per KL	Public Service & Government Institutions			Educational Institutions			Agricultural			Geriatric Institutions, Religious organisations, NPO & recreational facilities.		
	2020/21	2021/22	Increase	2020/21	2021/22	Increase	2020/21	2021/22	Increase	2019/20	2021/22	Increase
0-6	R 13.15	R 13.94	<b>R 0.79</b>	R 13.15	R 13.15	<b>R 0.79</b>	R 13.15	R 13.94	<b>R 0.79</b>	R 13.15	R 13.94	<b>R 0.79</b>
07- 20	R 17.68	R 18.74	<b>R 1.06</b>	R 13.15	R 13.15	<b>R0.79</b>	R 17.68	R 18.74	<b>R 1.06</b>	R 17.68	R 18.74	<b>R 1.06</b>
21-40	R 29.33	R 31.09	<b>R 1.76</b>	R 17.68	R 17.68	<b>R1.76</b>	R 29.33	R 31.09	<b>R 1.76</b>	R 29.33	R 31.09	<b>R 1.76</b>
41-100	R 31.35	R 33.23	<b>R 1.88</b>				R 31.35	R 33.23	<b>R 1.88</b>	R 31.35	R 33.23	<b>R 1.88</b>
101-200	R 33.37	R 35.37	<b>R 2.00</b>				R 33.37	R 35.37	<b>R 2.00</b>	R 33.37	R 35.37	<b>R 2.00</b>
201+	R 35.40	R 37.52	<b>R 2.12</b>				R 35.40	R 37.52	<b>R 2.12</b>	R 35.40	R 37.52	<b>R 2.12</b>

Road tanker Delivery				Static tank hire per day		
Road Tanker Delivery of Water	2020/21	2021/22	Increase	2020/21	2021/22	Increase
<b>2500 l</b>	R2225.24	R2358.75	R133.51	R202.29	R214.43	R12.14
<b>5000 l</b>	R3034.42	R3216.49	R182.07	R505.74	R536.08	R30.34
<b>7500 l</b>	R3540.15	R3752.56	R212.41	R708.03	R750.51	R42.48
<b>10 000 l</b>	R4248.18	R4503.07	R245.89	R1011.47	R1072.16	R60.69
<b>Del. Charge</b>	R404.58	R428.85	R24.27	R404.58	R428.85	R24.27

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>2020/21</b>	<b>2021/22</b>	<b>Increase</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Increase</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Increase</b>
15 mm	R1213.77	R1286.60	R72.83	R1213.77	R1286.60	R 72.83	R606.88	R643.29	R36.41
20 mm	R1517.20	R1608.23	R91.03	R1719.50	R1822.67	R103.17	R809.17	R857.72	R48.55
50 mm	R2022.94	R2144.32	R121.38	R2124.08	R2251.52	R127.44	R1517.20	R1608.23	R91.03
100 mm	R3034.42	R3216.49	R182.07	R3540.15	R3752.56	212.41	R2022.94	R2144.32	R121.38
110 mm +	R4045.88	R4288.63	R242.75	R5057.36	R5360.80	R303.44	R2528.68	R2680.40	R151.72



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

<b>Domestic (Metered)</b>				
<b>Consumption Increments in R per Kl</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Increase</b>	
<b>0-6</b>	R9.11	R9.66	<b>R</b>	<b>0.55</b>
<b>7-20</b>	R9.65	R10.23	<b>R</b>	<b>0.58</b>
<b>21-40</b>	R17.68	R18.74	<b>R</b>	<b>1.06</b>
<b>41-100</b>	R29.32	R31.08	<b>R</b>	<b>1.76</b>
<b>101-200</b>	R33.37	R35.37	<b>R</b>	<b>2.00</b>
<b>201 +</b>	R36.00	R38.16	<b>R</b>	<b>2.16</b>
	<b>R89.34</b>	<b>R94.70</b>	<b>R</b>	<b>5.36</b>

The tariff structure of the 2021/22 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 R32.04 per kiloliter for consumption in excess of 201kl per 30 day period. In 2021/22 financial year not all domestic consumers will benefit the free 6kl, only the indigent domestic consumers will receive free basic services. Demand notice fee to consumers, borehole flat rate of R150.00 and raw water flat rate of R3.61 have been added on the tariff structure.

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

A tariff increase of 6 per cent for sanitation from 1 July 21 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 R69, 4million for the 2021/22 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	2020/21	2021/22	Increase	2020/21	2021/22	Increase	2019/20	2021/22	Increase
<b>Per load</b>	R424.83	R450.32	R25.49	R1314.92	R1393.82	R78.90	R424.83	R450.32	R25.49
<b>Transport per km</b>	13.15	13.94	R0.79	R13.15	R13.94	R0.79			

Misc. sanitation related tariffs given in service pipe diameter	New connections			Disconnect/Reconnection IRO credit control		
	2019/20	2021/22	Increase	2020/21	2021/22	Increase
Up to 600 mm	R 4045.88	R 4288.63	<b>R 242.75</b>	R 1011.47	R 1072.16	<b>R 60.69</b>
600 mm -1200 mm	R 5057.36	R 5360.80	<b>R 303.44</b>	R 1517.20	R 1608.23	<b>R 91.03</b>
1200 mm +	R 7080.28	R 7505.10	<b>R 424.82</b>	R 2022.94	R 2144.32	<b>R 121.38</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	2020/21	2021/22	Increase	New connection sanitation	2020/21	2021/22	Increase
Disconnection/reconnection Up to 600 mm	R 1011.47	1072.16	<b>R 60.69</b>	New Connections Up to 600 mm	<b>R4045.88</b>	<b>R4288.63</b>	<b>R242.75</b>
Up to 1 200 mm	R 1517.20	1608.23	<b>R 91.03</b>	Up to 1 200 mm	<b>R5057.36</b>	<b>R5360.80</b>	<b>R383.44</b>
1 200 mm +	R 2022.94	2144.32	<b>R 121.38</b>	1 200 mm +	<b>R7080.28</b>	<b>R7505.10</b>	<b>R424.82</b>

Sanitation costs given in terms of water consumption	2019/20	2021/22	Increase
Water borne systems			
0-200 Kl	R7.08	R7.50	R0.42
201 Kl +	R9.12	R9.67	R0.55
Shayamoya, Bhongweni and Fairview			
0-200 Kl			
200 Kl +			
Unmetered / flat rate per month	R69.49	R73.66	R4.17

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	2019/20	2021/22	Increase
1 Site	R11733.06	R12437.04	R703.98
2-5 Sites	R7080.29	R7505.11	R424.82
6-10 Sites	R4045.88	R4288.63	R242.75
11-20 + Sites	R2427.53	R4288.63	R1861.10
Clearance certificate	R187.30	R198.54	

<b>Demand Notice to Customers</b>	101.12	107.19	6.07
<b>Borehole Flat Rate</b>	168.54	178.65	10.11
<b>Raw water Flat Rate</b>	4.06	4.30	0.24
<b>Prepaid meter pad replacement</b>	606.09	642.46	36.37

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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22 % incr.	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Rand/cent</b>										
<b>Monthly Account for Household - 'Middle Income Range'</b>										
<b>Rates and services charges:</b>										
Property rates										
Electricity: Basic levy										
Electricity: Consumption										
Water: Basic levy										
Water: Consumption	-	-	4,58	-	-	-	-	5,23	5,58	5,94
Sanitation	-	-	366,69	-	-	-	-	418,25	446,70	446,74
Refuse removal	-	-	164,74	-	-	-	-	187,90	200,68	213,72
Other										
<b>sub-total</b>	-	-	536,01	-	-	-	-	611,38	652,96	666,40
VAT on Services										
<b>Total large household bill:</b>	-	-	536,01	-	-	-	-	611,38	652,96	666,40
<b>% increase/-decrease</b>		-	-	(100,0%)	-	-	-	-	6,8%	2,1%
<b>Monthly Account for Household - 'Affordable Range'</b>										
<b>Rates and services charges:</b>										
Property rates										
Electricity: Basic levy										
Electricity: Consumption										
Water: Basic levy										
Water: Consumption	-	-	4,59	-	4,90	4,90	-	5,23	5,59	5,95
Sanitation	-	-	305,58	-	326,35	326,35	-	348,55	372,25	396,45
Refuse removal	-	-	137,27	-	146,60	146,60	-	156,57	167,22	178,09
Other										
<b>sub-total</b>	-	-	447,44	-	477,85	477,85	-	510,35	545,06	580,49
VAT on Services										
<b>Total small household bill:</b>	-	-	447,44	-	477,85	477,85	-	510,35	545,06	580,49
<b>% increase/-decrease</b>		-	-	(100,0%)	-	-	-	6,8%	6,8%	6,5%
					1,00	-				

## 1.5 OPERATING EXPENDITURE FRAMEWORK

Harry Gwala District Municipality's expenditure framework for the 2021/22 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 2021/22 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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>Expenditure By Type</b>										
Employee related costs	152 144	173 695	190 401	222 746	222 446	222 446	173 982	237 156	252 896	269 738
Remuneration of councillors	4 087	6 952	7 702	8 018	8 339	8 339	6 562	8 922	9 547	10 215
Debt impairment	24 717	19 111	43 365	26 556	26 556	26 556	-	27 645	28 861	30 160
Depreciation & asset impairment	66 993	69 605	71 944	84 249	84 149	84 149	-	87 410	91 000	94 981
Finance charges	4 497	3 752	2 396	4 385	1 507	1 507	246	1 328	1 385	1 447
Bulk purchases - electricity	10 790	35	-	-	-	-	-	-	-	-
Inventory consumed	-	-	-	-	-	-	-	31 249	32 610	34 064
Contracted services	151 155	156 110	144 400	118 356	141 241	141 241	105 780	105 296	110 111	114 923
Transfers and subsidies	11 708	14 000	14 000	-	17 000	17 000	17 000	17 000	20 000	20 000
Other expenditure	36 084	37 963	55 607	62 488	66 182	66 182	43 614	61 589	66 587	69 291
Losses	410	8 948	2 714	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>462 585</b>	<b>490 171</b>	<b>532 530</b>	<b>526 798</b>	<b>567 420</b>	<b>567 420</b>	<b>347 184</b>	<b>577 594</b>	<b>612 998</b>	<b>644 819</b>

The consolidated budgeted allocation for employee related costs for the 2021/22 financial year totals R237, 1m, which equals 41% per cent of the total operating expenditure, parent employee related costs for the 2020/2021 financial year totals to R224, 8m which equates to 40 per cent of the total operating expenditure. Harry Gwala District Municipality have factored an increase of 6, 0 per cent for the 2020/2021 financial year as per the collective agreement. An annual increase of 7 per cent has been

included in the next 2021/2022 MTREF. As part of the district's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards and cost containment measures have been put in place and the cost containment policy is reviewed and will be approved together with the budget. The municipality has the strategy on improving collection as per MFMA circular 99 wage bill

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. 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 73 per cent and the Debt Write-off Policy of the Municipality. The previous financial year collection rate was 73 per cent. For the 2021/22 financial year this amount equates to R27, 6m and R59m 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.
3. **Provision for depreciation and asset impairment** has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R87, 4m for the 2021/22 financial and equates to 16% per cent of the total operating expenditure. Depreciation for the budget year represents an increase from the 2020/21 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. The municipality has a loan with Absa, which will be settled on 30 June 2021. The municipality also incurs interest on finance leases for municipal vehicles.
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 2021/22 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2021/22 financial year, this group of expenditure totals R105million showing a decrease of 25% from 2020/21, clearly demonstrate that the municipality maintain cost constraint measures and also implemented the 2020/21 financial plan. For the 2021/22 financial year growth has been limited to 9% per cent and for the 2022/23 financial year contracted services increased by 5 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 2021/22 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 5% per cent from the adjusted budget for 2020/21 and curbed 4% per cent increases for the 2021/22 and increased again in the 2022/23 financial year by 4 per cent, 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.

## Breakdown of Operational Expenditure for 2021/22 Financial Year

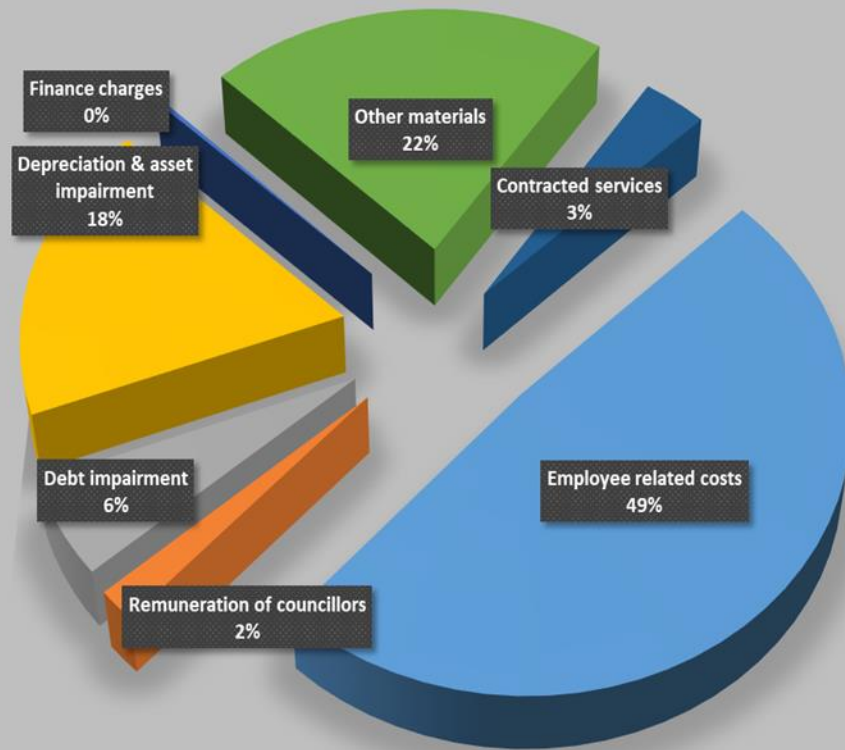


Figure 1 Main operational expenditure categories for the 2021/22 financial year

### Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the district's current infrastructure, the 2021/22 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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>Repairs and Maintenance by Expenditure Item</b>										
Employee related costs										
Inventory Consumed (Project Maintenance)	8 268	15 942	196	724	1 213	1 213	606	1 262	1 318	1 377
Contracted Services	6 039	17 488	20 284	22 173	41 391	41 391	28 637	32 738	34 178	35 716
Other Expenditure										
<b>Total Repairs and Maintenance Expenditure</b>	<b>14 306</b>	<b>33 430</b>	<b>20 479</b>	<b>22 897</b>	<b>42 604</b>	<b>42 604</b>	<b>29 243</b>	<b>34 000</b>	<b>35 496</b>	<b>37 093</b>

During the compilation of the 2021/22 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 20 per cent in the 2020/21 financial year, from R34 million to R72, 5 million for the outer years. During the 2020 Adjustment Budget this allocation was adjusted it was R22, 3m during the original budget taking into account the additional funding that we received in September 2020 and the repairs and maintenance increased. Notwithstanding this increase as part of the 2021/22 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2021/22 equates to R34 million showing a decrease of 20 per cent in relation to the Adjustment Budget and grows at 4% in the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 4 and 5 per cent for the respective financial years of the MTREF.

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

Table 13 Repairs and maintenance per asset class

DC43 Harry Gwala - Table A9 Consolidated Asset Management

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>CAPITAL EXPENDITURE</b>									
<b>EXPENDITURE OTHER ITEMS</b>	81 299	103 035	92 424	107 146	126 752	126 752	121 410	126 496	132 074
<u>Depreciation</u>	66 993	69 605	71 944	84 249	84 149	84 149	87 410	91 000	94 981
<u>Repairs and Maintenance by Asset Class</u>	14 306	33 430	20 479	22 897	42 604	42 604	34 000	35 496	37 093
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	2 587	11 693	18 521	18 685	36 695	36 695	29 000	30 276	31 638
<i>Sanitation Infrastructure</i>	1 606	4 396	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	4 193	16 089	18 521	18 685	36 695	36 695	29 000	30 276	31 638
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	119	96	85	153	96	96	90	94	98
<b>Community Assets</b>	119	96	85	153	96	96	90	94	98
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	1 727	1 167	1 497	2 500	3 766	3 766	3 000	3 132	3 273
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	1 727	1 167	1 497	2 500	3 766	3 766	3 000	3 132	3 273
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
Computer Equipment	79	9	165	520	520	520	320	334	349
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	8 189	15 933	196	724	1 213	1 213	1 262	1 318	1 377
Transport Assets	-	136	15	315	315	315	328	342	357
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	81 299	103 035	92 424	107 146	126 752	126 752	121 410	126 496	132 074

For the 2021/22 financial year, R34million 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 2 500 or more indigent households during the 2021/22 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 2021/22 Medium-term capital budget per vote

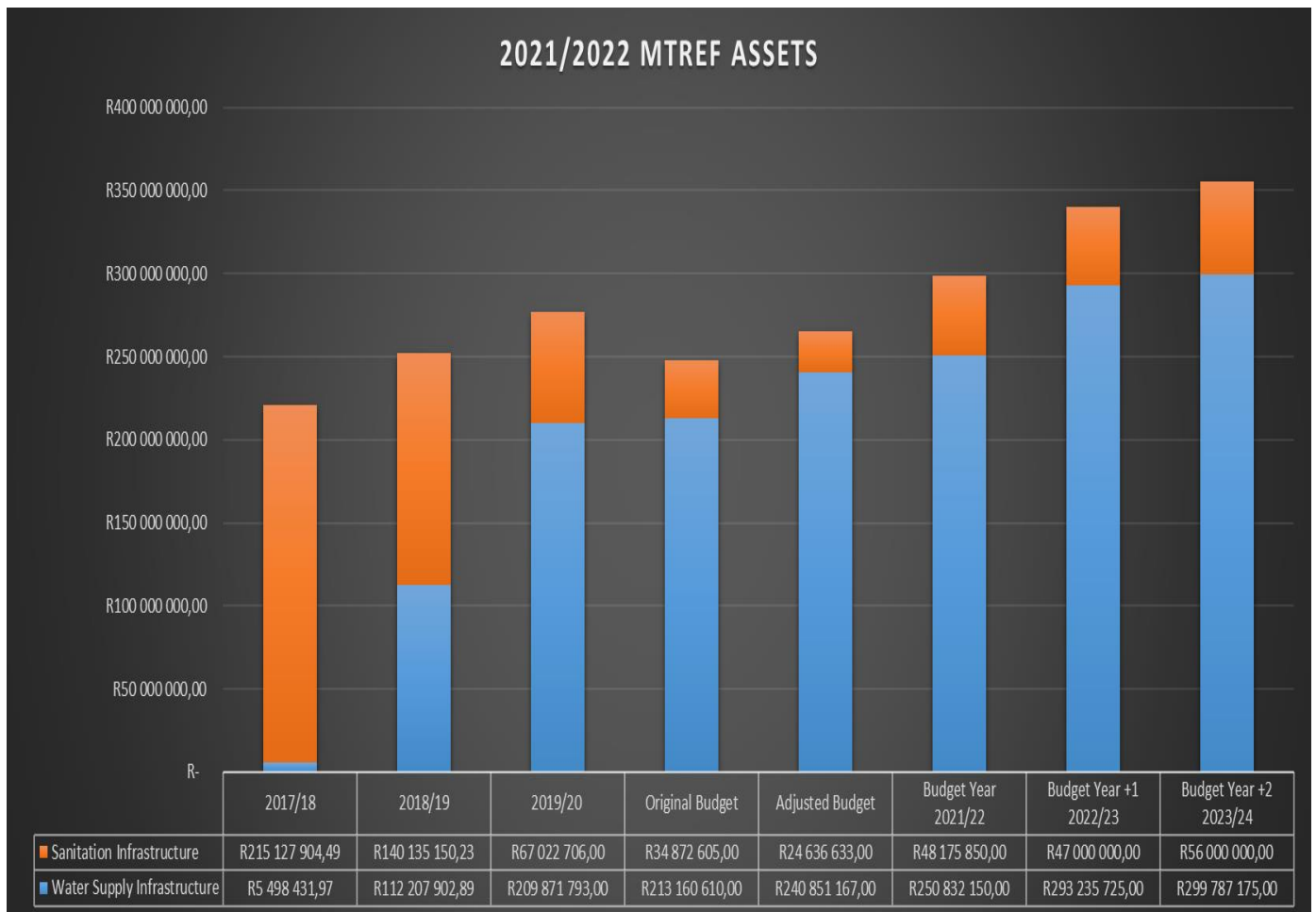
DC43 Harry Gwala - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<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	-	38	281	324	560	560	-	-	-	-
Vote 04 - Summary Corporate Services	-	10 203	3 814	2 350	19 950	19 950	3 400	4 031	4 945	5 163
Vote 05 - Summary Social Services & Development Planning	-	62	-	3 060	11 638	11 638	7 355	1 870	1 787	1 868
Vote 06 - Summary Infrastructure Services	222 253	255 044	223 225	9 026	32 811	32 811	29 909	-	20 000	20 000
Vote 07 - Summary Water Services	-	-	11 855	256 462	270 584	270 584	217 976	301 383	320 888	336 468
Vote 15 - Other	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>222 253</b>	<b>265 346</b>	<b>239 175</b>	<b>271 221</b>	<b>335 542</b>	<b>335 542</b>	<b>258 640</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</b>

For 2021/22 an amount of R307, 2million has been appropriated for the development of infrastructure which represents 98% of the total capital budget. In the outer years this amount totals R347, 6million, 98% and R363, 4million, 98% respectively for each of the financial years.

Total new assets represent 91 per cent or R305, 3million of the total capital budget while asset renewal equates to R1, 2million. 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 R24, 6 million in 2020/21 and to R48, 1million by 2021/22. This concomitant operational expenditure is expected to escalate to R56 million by 2023/24 It needs to be noted that as part of the 2021/22 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 2021/22 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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	53 962	58 421	70 463	71 050	65 492	65 492	57 769	69 422	73 587	78 002
Investment revenue	8 599	9 202	6 196	7 681	5 372	5 372	2 448	5 682	6 018	6 290
Transfers recognised - operational	300 806	366 165	380 256	387 266	451 926	451 926	426 459	417 406	440 169	444 057
Other own revenue	12 673	11 587	15 464	11 345	10 355	10 355	8 991	10 748	11 384	12 058
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>376 041</b>	<b>445 375</b>	<b>472 379</b>	<b>477 343</b>	<b>533 145</b>	<b>533 145</b>	<b>495 667</b>	<b>503 258</b>	<b>531 159</b>	<b>540 407</b>
Employee costs	152 144	173 695	190 401	222 746	222 446	222 446	173 982	237 156	252 896	269 738
Remuneration of councillors	4 087	6 952	7 702	8 018	8 339	8 339	6 562	8 922	9 547	10 215
Depreciation & asset impairment	66 993	69 605	71 944	84 249	84 149	84 149	–	87 410	91 000	94 981
Finance charges	4 497	3 752	2 396	4 385	1 507	1 507	246	1 328	1 385	1 447
Inventory consumed and bulk purchases	10 790	35	–	–	–	–	–	31 249	32 610	34 064
Transfers and grants	11 708	14 000	14 000	–	17 000	17 000	17 000	17 000	20 000	20 000
Other expenditure	212 367	222 131	246 086	207 401	233 979	233 979	156 558	194 529	205 559	214 374
<b>Total Expenditure</b>	<b>462 585</b>	<b>490 171</b>	<b>532 530</b>	<b>526 798</b>	<b>567 420</b>	<b>567 420</b>	<b>354 348</b>	<b>577 594</b>	<b>612 998</b>	<b>644 819</b>
<b>Surplus/(Deficit)</b>	<b>(86 544)</b>	<b>(44 797)</b>	<b>(60 151)</b>	<b>(49 455)</b>	<b>(34 275)</b>	<b>(34 275)</b>	<b>141 319</b>	<b>(74 336)</b>	<b>(81 839)</b>	<b>(104 412)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 221	335 775	262 515	263 488	301 395	301 395	254 104	298 258	340 236	355 787
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	333 147	–	5 863	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>248 824</b>	<b>290 979</b>	<b>–</b>	<b>214 033</b>	<b>267 120</b>	<b>267 120</b>	<b>395 423</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>248 824</b>	<b>290 979</b>	<b>–</b>	<b>214 033</b>	<b>267 120</b>	<b>267 120</b>	<b>395 423</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>222 253</b>	<b>265 346</b>	<b>240 195</b>	<b>271 221</b>	<b>335 542</b>	<b>335 542</b>	<b>265 181</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</b>
Transfers recognised - capital	11 369	132 801	234 687	263 488	301 495	301 495	249 677	298 758	340 236	355 787
Borrowing	–	–	1 296	–	–	–	–	–	–	–
Internally generated funds	–	14 442	4 211	7 734	34 048	34 048	15 504	8 525	7 384	7 712
<b>Total sources of capital funds</b>	<b>11 369</b>	<b>147 243</b>	<b>240 195</b>	<b>271 221</b>	<b>335 542</b>	<b>335 542</b>	<b>265 181</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</b>
<b>Financial position</b>										
Total current assets	168 218	118 695	101 536	54 293	70 441	70 441	215 727	107 619	110 818	96 741
Total non current assets	1 943 575	2 170 255	2 341 369	2 290 106	2 631 492	2 631 492	2 606 551	2 845 908	3 099 933	3 409 502
Total current liabilities	235 334	168 160	137 351	85 282	105 190	105 190	155 378	106 785	99 278	91 271
Total non current liabilities	51 431	56 670	44 948	27 811	37 425	37 425	35 548	25 676	26 265	28 384
Community wealth/Equity	1 862 972	2 116 154	2 288 838	2 258 964	2 511 637	2 511 637	2 656 029	2 821 066	3 085 219	3 386 611
<b>Cash flows</b>										
Net cash from (used) operating	–	–	–	2 224 003	1 246 466	1 246 466	1 138 756	313 261	350 820	347 252
Net cash from (used) investing	–	–	–	(271 221)	(335 542)	(335 542)	(212 652)	(307 283)	(347 620)	(363 499)
Net cash from (used) financing	(1 606)	(162)	(95)	(1 351)	(163)	(163)	1	(3 529)	(2 151)	(3)
<b>Cash/cash equivalents at the year end</b>	<b>22 667</b>	<b>99 716</b>	<b>58 268</b>	<b>1 964 352</b>	<b>959 491</b>	<b>959 491</b>	<b>926 104</b>	<b>51 179</b>	<b>52 228</b>	<b>35 977</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	96 952	58 363	40 671	6 237	20 050	20 050	122 893	51 179	52 228	35 977
Application of cash and investments	219 686	138 387	101 450	35 120	9 042	9 042	(53 168)	6 129	(8 929)	(16 905)
<b>Balance - surplus (shortfall)</b>	<b>(122 734)</b>	<b>(80 024)</b>	<b>(60 779)</b>	<b>(28 883)</b>	<b>11 008</b>	<b>11 008</b>	<b>176 061</b>	<b>45 050</b>	<b>61 157</b>	<b>52 882</b>
<b>Asset management</b>										
Asset register summary (WDV)	1 554 000	1 544 132	1 674 186	1 875 916	1 964 308	1 964 308	1 964 308	2 178 724	2 432 749	2 742 318
Depreciation	66 993	69 605	71 944	84 249	84 149	84 149	84 149	87 410	91 000	94 981
Renewal and Upgrading of Existing Assets	215 128	191 501	124 468	17 505	39 793	39 793	39 793	1 950	–	–
Repairs and Maintenance	14 306	33 430	20 479	22 897	43 629	43 629	43 629	34 000	35 496	37 093
<b>Free services</b>										
Cost of Free Basic Services provided	2 347	343	699	–	–	–	7	7	7	7
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	–	32	30	–	–	–	31	31	33	35
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 2021/22 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 2021/22 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 R thousand	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	297 378	331 363	368 076	391 887	434 637	434 637	404 553	429 229	433 781
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	297 378	331 363	368 076	391 887	434 637	434 637	404 553	429 229	433 781
Internal audit	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	349 895	382 421	7 928	6 966	25 576	25 576	22 412	25 955	26 235
Planning and development	349 895	382 421	7 928	6 966	25 576	25 576	22 412	25 955	26 235
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	64 136	67 365	364 753	341 978	374 327	374 327	374 551	416 210	436 179
Energy sources	-	-	-	-	-	-	-	-	-
Water management	43 483	49 012	348 448	321 468	339 935	339 935	353 995	394 421	413 083
Waste water management	20 653	18 353	16 305	20 510	34 392	34 392	20 555	21 789	23 096
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>711 409</b>	<b>781 150</b>	<b>740 757</b>	<b>740 831</b>	<b>834 540</b>	<b>834 540</b>	<b>801 516</b>	<b>871 394</b>	<b>896 195</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	203 714	213 051	229 394	240 522	258 603	258 603	251 534	265 093	279 603
Executive and council	24 643	18 266	20 706	24 234	26 529	26 529	24 745	26 149	27 649
Finance and administration	174 688	188 610	198 889	208 209	223 735	223 735	217 553	229 088	241 434
Internal audit	4 384	6 175	9 799	8 078	8 338	8 338	9 236	9 856	10 519
<b>Community and public safety</b>	12 847	13 823	16 687	18 788	16 838	16 838	18 501	19 736	21 057
Community and social services	12 847	13 823	16 687	18 788	16 838	16 838	18 501	19 736	21 057
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	165 408	167 800	139 476	148 577	149 248	149 248	154 812	166 438	172 760
Planning and development	165 408	167 800	139 476	148 577	149 248	149 248	154 812	166 438	172 760
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	118 561	145 688	175 205	146 657	171 405	171 405	152 747	161 730	171 400
Energy sources	10 486	35	-	-	-	-	-	-	-
Water management	106 118	144 911	172 630	145 857	170 562	170 562	151 849	160 769	170 372
Waste water management	1 957	742	2 574	800	842	842	898	961	1 028
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>500 530</b>	<b>540 363</b>	<b>560 762</b>	<b>554 543</b>	<b>596 094</b>	<b>596 094</b>	<b>577 594</b>	<b>612 998</b>	<b>644 819</b>
<b>Surplus/(Deficit) for the year</b>	<b>210 879</b>	<b>240 787</b>	<b>179 995</b>	<b>186 288</b>	<b>238 446</b>	<b>238 446</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue by Vote</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	296 330	330 039	366 522	391 887	434 002	434 002	404 553	429 229	433 781
Vote 04 - Summary Corporate Services	-	445	1 447	-	635	635	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	346	928	6 966	25 576	25 576	22 412	25 955	26 235
Vote 06 - Summary Infrastructure Services	349 895	382 076	287 979	270 928	293 835	293 835	305 129	342 623	358 177
Vote 07 - Summary Water Services	65 184	68 244	83 881	71 050	80 492	80 492	69 422	73 587	78 002
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>711 409</b>	<b>781 150</b>	<b>740 757</b>	<b>740 831</b>	<b>834 540</b>	<b>834 540</b>	<b>801 516</b>	<b>871 394</b>	<b>896 195</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 01 - Summary Council	10 232	8 421	10 296	15 677	16 003	16 003	16 256	17 203	18 215
Vote 02 - Summary Municipal Manager	18 794	16 020	20 209	16 635	18 865	18 865	17 726	18 802	19 953
Vote 03 - Summary Budget And Treasury Office	80 386	72 227	74 417	84 548	85 067	85 067	85 267	89 833	94 713
Vote 04 - Summary Corporate Services	76 498	85 564	86 493	81 310	89 774	89 774	89 530	94 174	99 154
Vote 05 - Summary Social Services & Development Planning	36 873	47 553	49 942	58 793	68 455	68 455	68 717	77 472	79 919
Vote 06 - Summary Infrastructure Services	154 303	149 530	114 515	112 989	101 820	101 820	109 078	113 497	119 028
Vote 07 - Summary Water Services	123 443	161 048	204 889	184 590	216 110	216 110	191 021	202 016	213 836
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>500 530</b>	<b>540 363</b>	<b>560 762</b>	<b>554 543</b>	<b>596 094</b>	<b>596 094</b>	<b>577 594</b>	<b>612 998</b>	<b>644 819</b>
<b>Surplus/(Deficit) for the year</b>	<b>210 879</b>	<b>240 787</b>	<b>179 995</b>	<b>186 288</b>	<b>238 446</b>	<b>238 446</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>									
<b>Revenue by Vote</b>									
Vote 06 - Summary Infrastructure Services	349 895	382 076	287 979	270 928	293 835	293 835	305 129	342 623	358 177
Vote 07 - Summary Water Services	65 184	68 244	83 881	71 050	80 492	80 492	69 422	73 587	78 002
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>711 409</b>	<b>781 150</b>	<b>740 757</b>	<b>740 831</b>	<b>834 540</b>	<b>834 540</b>	<b>801 516</b>	<b>871 394</b>	<b>896 195</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 06 - Summary Infrastructure Services	154 303	149 530	114 515	112 989	101 820	101 820	109 078	113 497	119 028
Vote 07 - Summary Water Services	123 443	161 048	204 889	184 590	216 110	216 110	191 021	202 016	213 836
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>500 530</b>	<b>540 363</b>	<b>560 762</b>	<b>554 543</b>	<b>596 094</b>	<b>596 094</b>	<b>577 594</b>	<b>612 998</b>	<b>644 819</b>
<b>Surplus/(Deficit) for the year</b>	<b>210 879</b>	<b>240 787</b>	<b>179 995</b>	<b>186 288</b>	<b>238 446</b>	<b>238 446</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</b>

The municipality currently operates on a surplus 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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>Revenue By Source</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	38 197	43 001	54 157	50 540	46 100	46 100	45 728	48 866	51 798	54 906
Service charges - sanitation revenue	15 766	15 419	16 305	20 510	19 392	19 392	11 567	20 555	21 789	23 096
Rental of facilities and equipment										
Interest earned - external investments	8 599	9 202	6 196	7 681	5 372	5 372	2 206	5 682	6 018	6 290
Interest earned - outstanding debtors	11 963	10 556	12 632	10 238	9 621	9 621	8 332	10 198	10 810	11 459
Dividends received										
Fines, penalties and forfeits	576	694	-	-	-	-	-	-	-	-
Licences and permits										
Agency services										
Transfers and subsidies	300 806	366 165	380 256	387 266	451 926	451 926	426 459	417 406	440 169	444 057
Other revenue	135	337	1 770	1 107	733	733	653	549	574	599
Gains	-	-	1 062	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>376 041</b>	<b>445 375</b>	<b>472 379</b>	<b>477 343</b>	<b>533 145</b>	<b>533 145</b>	<b>494 946</b>	<b>503 258</b>	<b>531 159</b>	<b>540 407</b>
<b>Expenditure By Type</b>										
Employee related costs	152 144	173 695	190 401	222 746	222 446	222 446	173 982	237 156	252 896	269 738
Remuneration of councillors	4 087	6 952	7 702	8 018	8 339	8 339	6 562	8 922	9 547	10 215
Debt impairment	24 717	19 111	43 365	26 556	26 556	26 556	-	27 645	28 861	30 160
Depreciation & asset impairment	66 993	69 605	71 944	84 249	84 149	84 149	-	87 410	91 000	94 981
Finance charges	4 497	3 752	2 396	4 385	1 507	1 507	246	1 328	1 385	1 447
Bulk purchases - electricity	10 790	35	-	-	-	-	-	-	-	-
Inventory consumed	-	-	-	-	-	-	-	31 249	32 610	34 064
Contracted services	151 155	156 110	144 400	118 356	141 241	141 241	105 780	105 296	110 111	114 923
Transfers and subsidies	11 708	14 000	14 000	-	17 000	17 000	17 000	17 000	20 000	20 000
Other expenditure	36 084	37 963	55 607	62 488	66 182	66 182	43 614	61 589	66 587	69 291
Losses	410	8 948	2 714	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>462 585</b>	<b>490 171</b>	<b>532 530</b>	<b>526 798</b>	<b>567 420</b>	<b>567 420</b>	<b>347 184</b>	<b>577 594</b>	<b>612 998</b>	<b>644 819</b>
<b>Surplus/(Deficit)</b>	<b>(86 544)</b>	<b>(44 797)</b>	<b>(60 151)</b>	<b>(49 455)</b>	<b>(34 275)</b>	<b>(34 275)</b>	<b>147 761</b>	<b>(74 336)</b>	<b>(81 839)</b>	<b>(104 412)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 221	335 775	262 515	263 488	301 395	301 395	254 104	298 258	340 236	355 787
Transfers and subsidies - capital (in-kind - all)	333 147	-	5 863	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>248 824</b>	<b>290 979</b>	<b>208 227</b>	<b>214 033</b>	<b>267 120</b>	<b>267 120</b>	<b>401 866</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>	<b>248 824</b>	<b>290 979</b>	<b>208 227</b>	<b>214 033</b>	<b>267 120</b>	<b>267 120</b>	<b>401 866</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>248 824</b>	<b>290 979</b>	<b>208 227</b>	<b>214 033</b>	<b>267 120</b>	<b>267 120</b>	<b>401 866</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>248 824</b>	<b>290 979</b>	<b>208 227</b>	<b>214 033</b>	<b>267 120</b>	<b>267 120</b>	<b>401 866</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</b>

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

Total operating revenue is R503, 2million in 2021/22 and escalates to R531, 1million by 2022/23. This represents an increase of 6 per cent for the 2021/22 financial year and an increase of 6 per cent for the 2022/23 and 2 % in 2023/24 financial year.

The revenue on the system generated A Schedule is R801, 5million which is R17million higher than the actual final budget. The R17 million relates to the transfers to Harry Gwala Development Agency from the parent municipality as shown on the entity's D schedule. This amount should be eliminated on consolidation however; the system is not eliminating the revenue against the transfers from the parent side resulting in the overstatement.

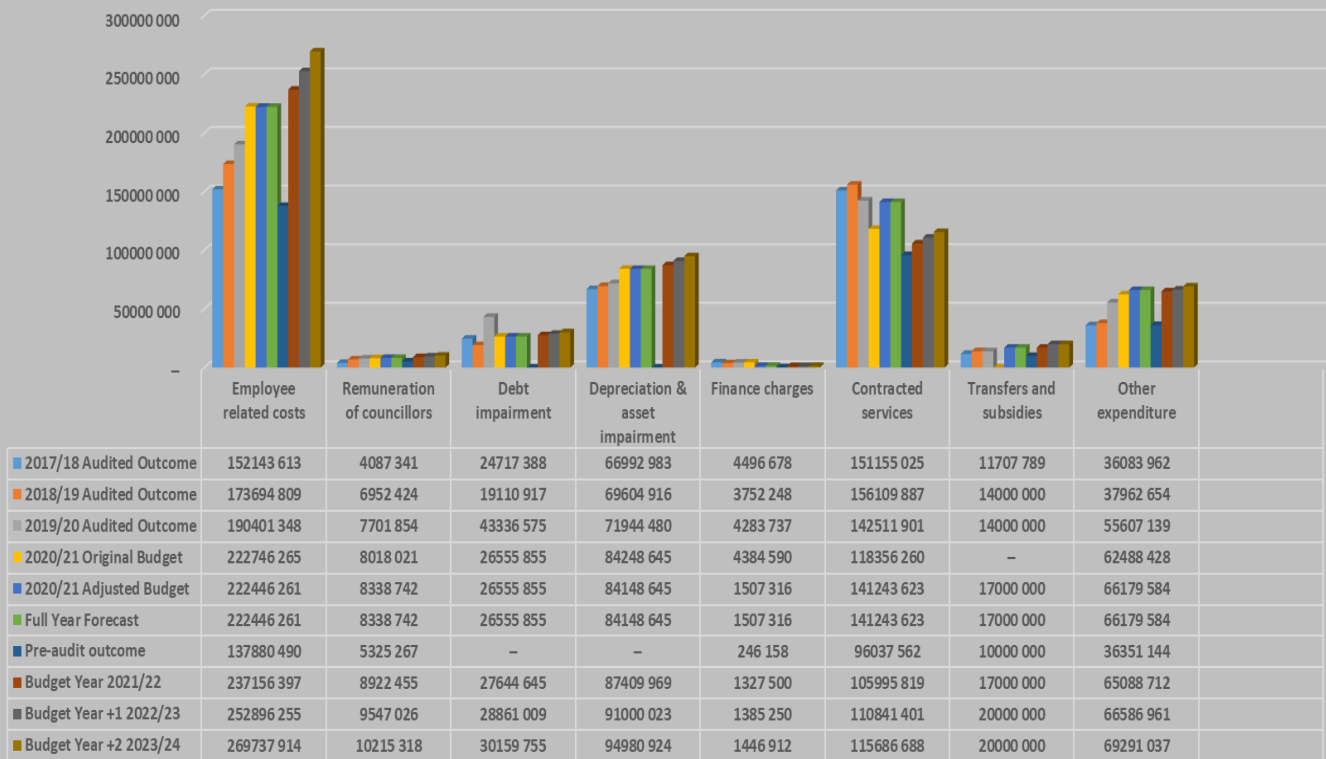
Services charges relating to water and sanitation constitutes the biggest component of the own revenue basket of the district totaling R69, 4million for the 2021/22 financial year and increasing to R73, 5million by 2022/23. For the 2021/22 financial year services charges amount to 14% of the total revenue and 14 per cent again in the MTREF.

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 decreased by R 31m or 7% in 2021/2022 and grow rapidly by 5 per cent in 2022/2023 and 1 per cent in the 2023/2024 financial year. There is a R 17m operating transfers and grants transferred to Development agency that appears under district municipality which overstate grants by R17m.

The following graph illustrates the major expenditure items per type.

Figure 2 Expenditure by major type

### EXPENDITURE BY 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 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<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	-	38	281	324	560	560	-	-	-	-
Vote 04 - Summary Corporate Services	-	10 203	3 814	2 350	19 950	19 950	3 400	4 031	4 945	5 163
Vote 05 - Summary Social Services & Development Planning	-	62	-	3 060	11 638	11 638	7 355	1 870	1 787	1 868
Vote 06 - Summary Infrastructure Services	222 253	255 044	223 225	9 026	32 811	32 811	29 909	-	20 000	20 000
Vote 07 - Summary Water Services	-	-	11 855	256 462	270 584	270 584	217 976	301 383	320 888	336 468
Vote 15 - Other	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>222 253</b>	<b>265 346</b>	<b>239 175</b>	<b>271 221</b>	<b>335 542</b>	<b>335 542</b>	<b>258 640</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	-	-	1 020	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>1 020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>222 253</b>	<b>265 346</b>	<b>240 195</b>	<b>271 221</b>	<b>335 542</b>	<b>335 542</b>	<b>258 640</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</b>
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	-	10 240	4 095	2 964	21 089	21 089	3 400	4 610	5 145	5 373
Executive and council	-	-	-	-	-	-	-	-	-	-
Finance and administration	-	10 240	4 095	2 964	21 089	21 089	3 400	4 610	5 145	5 373
Internal audit	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	-	-	-	2 500	11 058	11 058	7 355	1 021	1 587	1 658
Community and social services	-	-	-	2 500	11 058	11 058	7 355	1 021	1 587	1 658
Sport and recreation	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	222 253	212 808	1 693	270	-	-	4 750	270	-	-
Planning and development	222 253	212 808	1 693	270	-	-	4 750	270	-	-
Road transport	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	-	42 298	234 406	265 488	303 395	303 395	243 136	301 383	340 888	356 468
Energy sources	-	-	-	-	-	-	-	-	-	-
Water management	-	43 737	198 896	220 615	278 758	278 758	228 898	253 207	293 888	300 468
Waste water management	-	(1 439)	35 511	44 873	24 637	24 637	14 238	48 176	47 000	56 000
Waste management	-	-	-	-	-	-	-	-	-	-
<b>Other</b>										
<b>Total Capital Expenditure - Functional</b>	<b>222 253</b>	<b>265 346</b>	<b>240 195</b>	<b>271 221</b>	<b>335 542</b>	<b>335 542</b>	<b>258 640</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</b>
<b>Funded by:</b>										
National Government	11 369	132 801	222 832	263 488	286 395	286 395	230 091	298 758	340 236	355 787
Provincial Government	-	-	11 855	-	15 000	15 000	13 045	-	-	-
District Municipality	-	-	-	-	100	100	-	-	-	-
<b>Transfers recognised - capital</b>	<b>11 369</b>	<b>132 801</b>	<b>234 687</b>	<b>263 488</b>	<b>301 495</b>	<b>301 495</b>	<b>243 136</b>	<b>298 758</b>	<b>340 236</b>	<b>355 787</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>1 296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>-</b>	<b>14 442</b>	<b>4 211</b>	<b>7 734</b>	<b>34 048</b>	<b>34 048</b>	<b>15 504</b>	<b>8 525</b>	<b>7 384</b>	<b>7 712</b>
<b>Total Capital Funding</b>	<b>11 369</b>	<b>147 243</b>	<b>240 195</b>	<b>271 221</b>	<b>335 542</b>	<b>335 542</b>	<b>258 640</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</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 2021/22 R307, 2million has been allocated of the total R301, 3million infrastructural budget, which totals 98 per cent. This capital budget increase to R347, 6million in 2022/23 and then increase to R363, 4million in 2023/24.

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 2021/22 capital transfers totals R298, 7 million and R340, 2 million by 2022/23 and then in 2023/2024 increase to R355, 7million. 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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	64 700	53 026	23 704	568 181	8 812	8 812	(542 081)	11 058	11 896	(4 574)
Call investment deposits	32 252	5 337	16 967	(561 944)	11 239	11 239	664 974	40 121	40 332	40 551
Consumer debtors	9 880	26 933	33 060	33 454	27 208	27 208	59 743	30 951	30 504	30 087
Other debtors	61 216	33 151	27 538	14 334	22 917	22 917	32 825	25 222	27 820	30 410
Current portion of long-term receivables	-	-	-	-	-	-	-	-	-	-
Inventory	171	248	267	267	267	267	267	267	267	267
<b>Total current assets</b>	<b>168 218</b>	<b>118 695</b>	<b>101 536</b>	<b>54 293</b>	<b>70 441</b>	<b>70 441</b>	<b>215 727</b>	<b>107 619</b>	<b>110 818</b>	<b>96 741</b>
<b>Non current assets</b>										
Long-term receivables	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-
Investment in Associate	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1 942 120	2 169 063	2 340 494	2 288 618	2 629 962	2 629 962	2 605 675	2 843 962	3 097 877	3 407 572
Biological										
Intangible	1 455	1 191	875	1 489	1 529	1 529	875	1 946	2 056	1 929
Other non-current assets	0	0	0	0	0	0	0	0	0	0
<b>Total non current assets</b>	<b>1 943 575</b>	<b>2 170 255</b>	<b>2 341 369</b>	<b>2 290 106</b>	<b>2 631 492</b>	<b>2 631 492</b>	<b>2 606 551</b>	<b>2 845 908</b>	<b>3 099 933</b>	<b>3 409 502</b>
<b>TOTAL ASSETS</b>	<b>2 111 793</b>	<b>2 288 950</b>	<b>2 442 906</b>	<b>2 344 399</b>	<b>2 701 933</b>	<b>2 701 933</b>	<b>2 822 278</b>	<b>2 953 527</b>	<b>3 210 751</b>	<b>3 506 243</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Borrowing	(682)	-	-	4 555	-	-	(118)	-	-	-
Consumer deposits	1 606	1 768	1 863	1 845	2 008	2 008	1 980	2 155	2 304	2 447
Trade and other payables	224 836	155 391	122 194	68 734	89 888	89 888	140 221	91 336	83 121	75 012
Provisions	9 574	11 000	13 294	10 148	13 294	13 294	13 294	13 294	13 853	13 813
<b>Total current liabilities</b>	<b>235 334</b>	<b>168 160</b>	<b>137 351</b>	<b>85 282</b>	<b>105 190</b>	<b>105 190</b>	<b>155 378</b>	<b>106 785</b>	<b>99 278</b>	<b>91 271</b>
<b>Non current liabilities</b>										
Borrowing	28 482	37 730	26 469	3 485	16 040	16 040	17 069	1 878	146	-
Provisions	22 949	18 940	18 479	24 326	21 385	21 385	18 479	23 797	26 119	28 384
<b>Total non current liabilities</b>	<b>51 431</b>	<b>56 670</b>	<b>44 948</b>	<b>27 811</b>	<b>37 425</b>	<b>37 425</b>	<b>35 548</b>	<b>25 676</b>	<b>26 265</b>	<b>28 384</b>
<b>TOTAL LIABILITIES</b>	<b>286 766</b>	<b>224 830</b>	<b>182 300</b>	<b>113 094</b>	<b>142 615</b>	<b>142 615</b>	<b>190 926</b>	<b>132 461</b>	<b>125 543</b>	<b>119 655</b>
<b>NET ASSETS</b>	<b>1 825 028</b>	<b>2 064 120</b>	<b>2 260 606</b>	<b>2 231 305</b>	<b>2 559 318</b>	<b>2 559 318</b>	<b>2 631 352</b>	<b>2 821 066</b>	<b>3 085 208</b>	<b>3 386 588</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	1 862 972	2 116 154	2 288 838	2 258 964	2 511 637	2 511 637	2 656 029	2 821 066	3 085 219	3 386 611
Reserves	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 862 972</b>	<b>2 116 154</b>	<b>2 288 838</b>	<b>2 258 964</b>	<b>2 511 637</b>	<b>2 511 637</b>	<b>2 656 029</b>	<b>2 821 066</b>	<b>3 085 219</b>	<b>3 386 611</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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates								-	-	-
Service charges	40 965	43 942	51 990	56 849	53 475	53 475	118 488	53 905	56 959	60 197
Other revenue	478	785	11 626	1 107	476	476	291	549	574	599
Transfers and Subsidies - Operational	259 545	322 557	339 907	960 372	424 206	424 206	227 583	395 084	414 394	418 011
Transfers and Subsidies - Capital	392 545	319 764	274 335	270 719	293 626	293 626	215 028	303 580	346 011	361 833
Interest	9 700	10 046	7 257	7 681	5 372	5 372	2 206	5 682	6 018	6 290
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees	(392 205)	(425 384)	(447 672)	922 890	467 803	467 803	575 160	(444 212)	(471 751)	(498 232)
Finance charges	(4 497)	(3 752)	(4 180)	4 385	1 507	1 507	-	(1 328)	(1 385)	(1 447)
Transfers and Grants	(3 692)	-						-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>302 839</b>	<b>267 958</b>	<b>233 262</b>	<b>2 224 003</b>	<b>1 246 466</b>	<b>1 246 466</b>	<b>1 138 756</b>	<b>313 261</b>	<b>350 820</b>	<b>347 252</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE								-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments								-	-	-
<b>Payments</b>										
Capital assets	(220 517)	(257 088)	(279 405)	(271 221)	(335 542)	(335 542)	(212 653)	(307 283)	(347 620)	(363 499)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(220 517)</b>	<b>(257 088)</b>	<b>(279 405)</b>	<b>(271 221)</b>	<b>(335 542)</b>	<b>(335 542)</b>	<b>(212 653)</b>	<b>(307 283)</b>	<b>(347 620)</b>	<b>(363 499)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits	(1 606)	(162)	(95)	18	(163)	(163)	(117)	147	149	143
<b>Payments</b>										
Repayment of borrowing	-	-	-	(1 370)	-	-	118	(3 676)	(2 300)	(146)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 606)</b>	<b>(162)</b>	<b>(95)</b>	<b>(1 351)</b>	<b>(163)</b>	<b>(163)</b>	<b>1</b>	<b>(3 529)</b>	<b>(2 151)</b>	<b>(3)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>80 716</b>	<b>10 708</b>	<b>(46 239)</b>	<b>1 951 430</b>	<b>910 760</b>	<b>910 760</b>	<b>926 104</b>	<b>2 448</b>	<b>1 048</b>	<b>(16 251)</b>
Cash/cash equivalents at the year begin:	24 272	99 878	58 363	12 922	48 731	48 731	-	48 731	51 179	52 228
Cash/cash equivalents at the year end:	104 989	110 587	12 124	1 964 352	959 491	959 491	926 104	51 179	52 228	35 977

**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 2020/21 original and adjusted period owing directly to a decrease in cash for the 2021/22 financial year.

As part of the 2020/21 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, rationalisation of spending priorities and cost containment policy.

The 2021/22 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Cash and cash equivalents totals R51, 1 million as at the end of the 2021/22 financial year and increases to R52, 2million by 2022/23 and deteriorates R35, 9m at the end of 2023/2024 financial year. The deterioration of the cash balance in 2023/2024 financial year is mainly attributed to the small increase in equitable share that does not match the increase in expenditure.

Repayment of borrowings totals R4, 4million in the 2020/2021 budget year. The municipality has only the ABSA loan under long term borrowings. The outstanding balance on the loan account will be settled in June 2021.

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

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	22 667	99 716	58 268	1 964 352	959 491	959 491	926 104	51 179	52 228	35 977
Other current investments > 90 days	74 285	(41 353)	(17 597)	(1 958 115)	(939 441)	(939 441)	(803 211)	0	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>96 952</b>	<b>58 363</b>	<b>40 671</b>	<b>6 237</b>	<b>20 050</b>	<b>20 050</b>	<b>122 893</b>	<b>51 179</b>	<b>52 228</b>	<b>35 977</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	60 822	43 814	15 000	236	236	236	51 881	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	(42 128)	(42 128)	-	(52 989)	(58 316)	(58 542)
Other working capital requirements	158 864	94 573	86 450	34 884	50 934	50 934	(105 049)	59 118	49 386	41 637
Other provisions	-	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>219 686</b>	<b>138 387</b>	<b>101 450</b>	<b>35 120</b>	<b>9 042</b>	<b>9 042</b>	<b>(53 168)</b>	<b>6 129</b>	<b>(8 929)</b>	<b>(16 905)</b>
<b>Surplus(shortfall)</b>	<b>(122 734)</b>	<b>(80 024)</b>	<b>(60 779)</b>	<b>(28 883)</b>	<b>11 008</b>	<b>11 008</b>	<b>176 061</b>	<b>45 050</b>	<b>61 157</b>	<b>52 882</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 2021/22 the budget is sitting on a surplus of R45million then R 61, 1million in 2022/23 there is a surplus of R61, 1million and in 2023/24 there is also a surplus of R52, 8million

Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2021/22 Adjusted Budget MTREF is funded owing to the significant surplus.

As part of the budgeting and planning guidelines that informed the compilation of the 2021/22 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 2021/22 final budget is funded.

Table 24 MBRR Table A9 - Asset Management

DC43 Harry Gwala - Table A9 Consolidated Asset Management

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	7 125	73 845	116 746	253 717	280 935	280 935	305 783	347 933	363 826
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	5 498	70 959	105 103	213 161	240 851	240 851	250 832	293 236	299 787
<i>Sanitation Infrastructure</i>	-	-	-	34 873	24 637	24 637	48 176	47 000	56 000
<i>Information and Communication Infrastructure</i>	-	1 728	-	-	-	-	-	-	-
<b>Infrastructure</b>	5 498	72 687	105 103	248 033	265 488	265 488	299 008	340 236	355 787
Housing	902	-	-	-	-	-	-	-	-
<b>Other Assets</b>	902	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	200	900	900	450	200	210
<b>Intangible Assets</b>	-	-	-	200	900	900	450	200	210
Computer Equipment	-	-	3 504	1 590	1 779	1 779	2 130	2 717	2 837
Furniture and Office Equipment	725	1 120	1 264	910	1 710	1 710	1 881	2 228	2 326
Machinery and Equipment	-	38	1 020	484	100	100	2 315	2 553	2 666
Transport Assets	-	-	5 855	2 500	10 958	10 958	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	215 128	191 501	76 976	830	23 200	23 200	1 050	-	-
<i>Water Supply Infrastructure</i>	-	41 249	38 675	780	-	-	1 000	-	-
<i>Sanitation Infrastructure</i>	215 128	138 696	38 302	-	6 500	6 500	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	215 128	179 945	76 976	780	6 500	6 500	1 000	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	85	-	50	-	-	50	-	-
Transport Assets	-	11 472	-	-	16 700	16 700	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	-	-	46 472	16 675	8 500	8 500	750	-	-
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	44 747	6 675	8 500	8 500	750	-	-
<i>Sanitation Infrastructure</i>	-	-	1 725	10 000	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	-	-	46 472	16 675	8 500	8 500	750	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	222 253	265 346	240 195	271 221	312 635	312 635	307 583	347 933	363 826
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	5 498	112 208	188 524	220 615	249 351	249 351	252 582	293 236	299 787
<i>Sanitation Infrastructure</i>	215 128	138 696	40 027	44 873	31 137	31 137	48 176	47 000	56 000
<i>Information and Communication Infrastructure</i>	-	1 728	-	-	-	-	-	-	-
<b>Infrastructure</b>	220 626	252 631	228 551	265 488	280 488	280 488	300 758	340 236	355 787
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	902	-	-	-	-	-	-	-	-
<b>Other Assets</b>	902	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	200	900	900	450	200	210
<b>Intangible Assets</b>	-	-	-	200	900	900	450	200	210
Computer Equipment	-	-	3 504	1 590	1 779	1 779	2 130	2 717	2 837
Furniture and Office Equipment	725	1 120	1 264	910	1 710	1 710	1 881	2 228	2 326
Machinery and Equipment	-	123	1 020	534	100	100	2 365	2 553	2 666
Transport Assets	-	11 472	5 855	2 500	27 658	27 658	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	222 253	265 346	240 195	271 221	312 635	312 635	307 583	347 933	363 826

DC43 Harry Gwala - Table A9 Consolidated Asset Management

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>CAPITAL EXPENDITURE</b>									
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	1 554 000	1 544 132	1 674 186	1 875 916	1 941 401	1 941 401	1 936 349	1 976 699	1 992 592
<i>Roads Infrastructure</i>	4 781	3 253	1 725	3 718	197	197	197	197	197
<i>Storm water Infrastructure</i>									
<i>Electrical Infrastructure</i>	15 422	13 387	12 096	14 902	10 098	10 098	10 098	10 098	10 098
<i>Water Supply Infrastructure</i>	1 361 691	1 335 309	1 440 181	1 639 662	1 673 453	1 673 453	1 670 184	1 710 837	1 717 389
<i>Sanitation Infrastructure</i>	125 974	142 854	156 749	174 209	176 209	176 209	199 748	198 572	207 572
<i>Information and Communication Infrastructure</i>	444	326	247	361	161	161	161	161	161
<b>Infrastructure</b>	<b>1 508 312</b>	<b>1 495 129</b>	<b>1 610 997</b>	<b>1 832 853</b>	<b>1 860 117</b>	<b>1 860 117</b>	<b>1 880 387</b>	<b>1 919 865</b>	<b>1 935 416</b>
<b>Community Assets</b>	27 086	26 846	2 846	28 498	2 619	2 619	2 619	2 619	2 619
<b>Other Assets</b>	902	(889)	37 105	114	36 037	36 037	36 037	36 037	36 037
<b>Intangible Assets</b>	1 455	1 191	875	1 489	1 529	1 529	1 079	829	839
<b>Computer Equipment</b>	1 615	309	5 205	2 395	5 184	5 184	5 535	6 122	6 241
<b>Furniture and Office Equipment</b>	2 128	4 456	1 993	2 630	2 570	2 570	2 740	3 087	3 185
<b>Machinery and Equipment</b>	419	503	1 379	192	258	258	2 523	2 711	2 825
<b>Transport Assets</b>	12 083	16 587	13 785	7 746	33 087	33 087	5 429	5 429	5 429
<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>1 544 132</b>	<b>1 674 186</b>	<b>1 875 916</b>	<b>1 941 401</b>	<b>1 941 401</b>	<b>1 936 349</b>	<b>1 976 699</b>	<b>1 992 592</b>
<b>EXPENDITURE OTHER ITEMS</b>	<b>81 299</b>	<b>103 035</b>	<b>92 424</b>	<b>107 146</b>	<b>126 752</b>	<b>126 752</b>	<b>121 410</b>	<b>126 496</b>	<b>132 074</b>
<u>Depreciation</u>	66 993	69 605	71 944	84 249	84 149	84 149	87 410	91 000	94 981
<u>Repairs and Maintenance by Asset Class</u>	<b>14 306</b>	<b>33 430</b>	<b>20 479</b>	<b>22 897</b>	<b>42 604</b>	<b>42 604</b>	<b>34 000</b>	<b>35 496</b>	<b>37 093</b>
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	2 587	11 693	18 521	18 685	36 695	36 695	29 000	30 276	31 638
<i>Sanitation Infrastructure</i>	1 606	4 396	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>4 193</b>	<b>16 089</b>	<b>18 521</b>	<b>18 685</b>	<b>36 695</b>	<b>36 695</b>	<b>29 000</b>	<b>30 276</b>	<b>31 638</b>
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>	119	96	85	153	96	96	90	94	98
<b>Community Assets</b>	<b>119</b>	<b>96</b>	<b>85</b>	<b>153</b>	<b>96</b>	<b>96</b>	<b>90</b>	<b>94</b>	<b>98</b>
<i>Non-revenue Generating</i>	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	1 727	1 167	1 497	2 500	3 766	3 766	3 000	3 132	3 273
<i>Housing</i>	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>1 727</b>	<b>1 167</b>	<b>1 497</b>	<b>2 500</b>	<b>3 766</b>	<b>3 766</b>	<b>3 000</b>	<b>3 132</b>	<b>3 273</b>
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	79	9	165	520	520	520	320	334	349
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	8 189	15 933	196	724	1 213	1 213	1 262	1 318	1 377
<b>Transport Assets</b>	-	136	15	315	315	315	328	342	357
<b>Land</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>81 299</b>	<b>103 035</b>	<b>92 424</b>	<b>107 146</b>	<b>126 752</b>	<b>126 752</b>	<b>121 410</b>	<b>126 496</b>	<b>132 074</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	96,8%	72,2%	51,4%	6,5%	10,1%	10,1%	0,6%	0,0%	0,0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	321,1%	275,1%	171,6%	20,8%	37,7%	37,7%	2,1%	0,0%	0,0%
<i>R&amp;M as a % of PPE</i>	0,7%	1,5%	0,9%	1,0%	1,6%	1,6%	1,3%	1,3%	1,4%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	15,0%	15,0%	9,0%	2,0%	4,0%	4,0%	2,0%	2,0%	2,0%

## 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

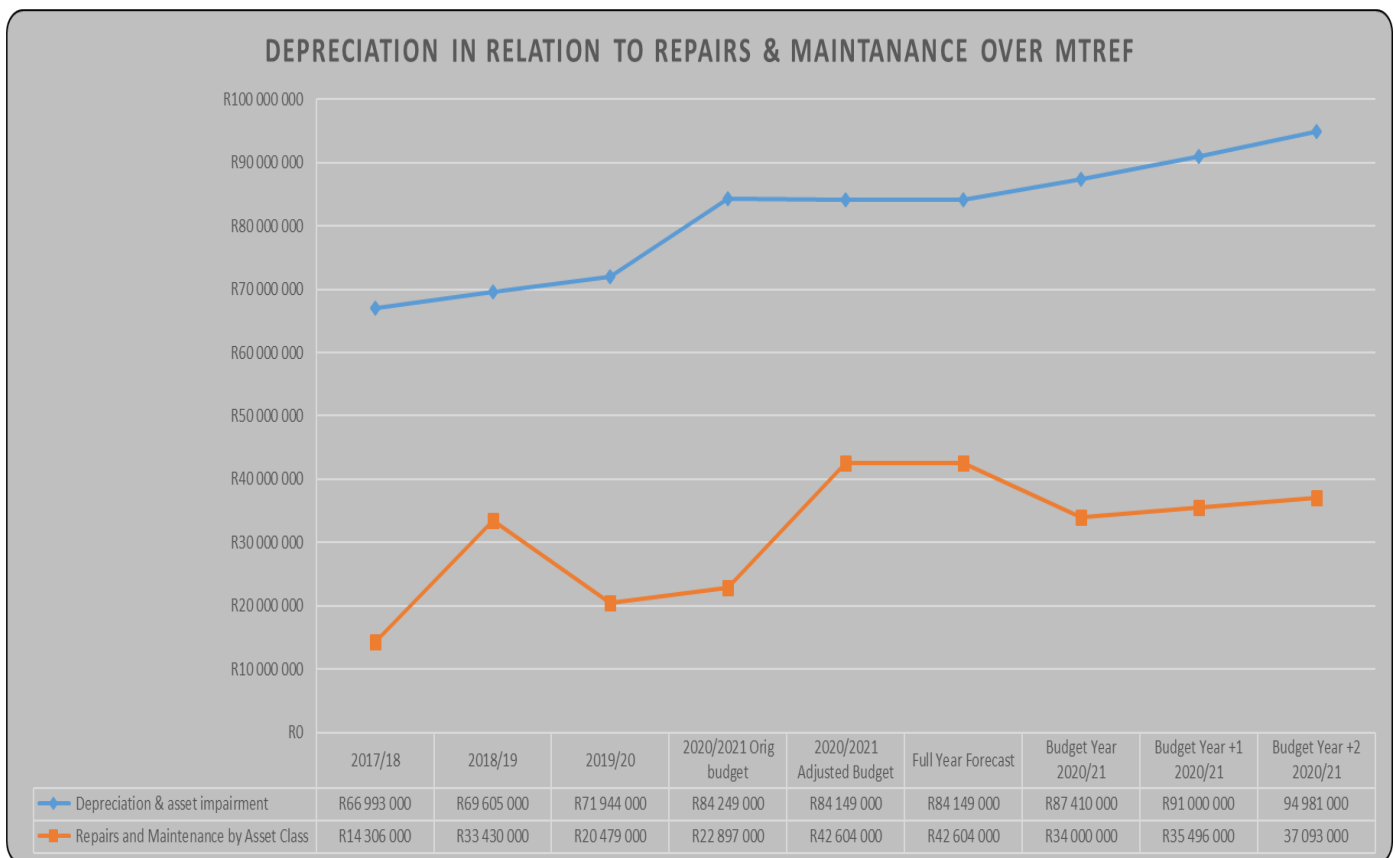


Table 25 MBRR Table A10 - Basic Service Delivery Measurement

DC43 Harry Gwala - Table A10 Consolidated basic service delivery measurement

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	-	48 246	48 641	-	48 418	48 418	52 292	55 691	59 311
Piped water inside yard (but not in dwelling)	-	20 086	19 885	-	19 686	19 686	21 261	22 643	24 115
Using public tap (at least min.service level)	-	26 109	30 026	-	34 529	34 529	37 292	39 716	42 298
Other water supply (at least min.service level)	-	-	30 152	-	28 645	28 645	30 936	32 947	35 089
<i>Minimum Service Level and Above sub-total</i>	-	94 441	128 704	-	131 278	131 278	141 781	150 997	160 812
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	31 739	30 152	-	-	-	30 936	32 947	35 088
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	31 739	30 152	-	-	-	30 936	32 947	35 088
<b>Total number of households</b>	-	<b>126 180</b>	<b>158 856</b>	-	<b>131 278</b>	<b>131 278</b>	<b>172 717</b>	<b>183 944</b>	<b>195 900</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	-	65 558	70 615	-	75 601	75 601	81 649	86 956	92 608
Flush toilet (with septic tank)	-	12 436	12 312	-	12 188	12 188	13 164	14 020	14 931
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	-	48 188	45 779	-	43 490	43 490	46 969	50 022	53 273
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	-	126 182	128 706	-	131 279	131 279	141 782	150 998	160 813
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>126 182</b>	<b>128 706</b>	-	<b>131 279</b>	<b>131 279</b>	<b>141 782</b>	<b>150 998</b>	<b>160 813</b>
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Water (6 kilolitres per indigent household per month)	2 347	343	693	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>	-	-	5	-	-	-	7	7	7
<b>Total cost of FBS provided</b>	<b>2 347</b>	<b>343</b>	<b>699</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Highest level of free service provided per household</b>									
Property rates (R value threshold)	-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)	-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)	-	-	-	-	-	-	-	-	-
Refuse (average litres per week)	-	-	-	-	-	-	-	-	-

### 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 2021/22, and therefore entitled to receiving Free Basic Services.

It is anticipated that these Free Basic Services will cost the municipality R6, 1million in the MTREF. This is covered by the municipality’s equitable share allocation from national government.



## 1.8 ANNUAL BUDGET TABLES- PARENT MUNICIPALITY

Table 26 MBRR Table A1 - Budget Summary

DC43 Harry Gwala - Table A1 Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	53 962	58 421	70 463	71 050	65 492	65 492	57 769	69 422	73 587	78 002
Investment revenue	8 599	9 202	6 196	7 501	5 282	5 282	2 448	5 592	5 838	6 101
Transfers recognised - operational	300 806	366 165	380 256	387 266	431 426	431 426	426 459	400 406	420 169	424 057
Other own revenue	12 673	11 587	15 464	11 045	10 355	10 355	8 991	10 748	11 384	12 058
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>376 041</b>	<b>445 375</b>	<b>472 379</b>	<b>476 863</b>	<b>512 555</b>	<b>512 555</b>	<b>495 667</b>	<b>486 168</b>	<b>510 979</b>	<b>520 218</b>
Employee costs	152 144	173 695	190 401	210 145	210 145	210 145	173 982	224 855	240 595	257 437
Remuneration of councillors	4 087	6 952	7 702	8 018	8 339	8 339	6 562	8 922	9 547	10 215
Depreciation & asset impairment	66 993	69 605	71 944	83 624	83 624	83 624	-	86 885	90 475	94 456
Finance charges	4 497	3 752	2 396	4 373	1 492	1 492	246	1 313	1 370	1 432
Inventory consumed and bulk purchases	10 790	35	-	-	-	-	-	31 249	32 610	34 064
Transfers and grants	11 708	14 000	14 000	-	17 000	17 000	17 000	17 000	20 000	20 000
Other expenditure	212 367	222 131	246 086	203 457	226 929	226 929	156 558	191 158	198 718	207 534
<b>Total Expenditure</b>	<b>462 585</b>	<b>490 171</b>	<b>532 530</b>	<b>509 616</b>	<b>547 528</b>	<b>547 528</b>	<b>354 348</b>	<b>561 382</b>	<b>593 316</b>	<b>625 138</b>
<b>Surplus/(Deficit)</b>	<b>(86 544)</b>	<b>(44 797)</b>	<b>(60 151)</b>	<b>(32 753)</b>	<b>(34 973)</b>	<b>(34 973)</b>	<b>141 319</b>	<b>(75 214)</b>	<b>(82 337)</b>	<b>(104 920)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 221	335 775	262 515	263 488	301 395	301 395	254 104	298 258	340 236	355 787
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	333 147	-	5 863	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>248 824</b>	<b>290 979</b>	<b>-</b>	<b>230 735</b>	<b>266 422</b>	<b>266 422</b>	<b>395 423</b>	<b>223 044</b>	<b>257 899</b>	<b>250 867</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>248 824</b>	<b>290 979</b>	<b>-</b>	<b>230 735</b>	<b>266 422</b>	<b>266 422</b>	<b>395 423</b>	<b>223 044</b>	<b>257 899</b>	<b>250 867</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>222 253</b>	<b>265 346</b>	<b>240 195</b>	<b>270 932</b>	<b>334 963</b>	<b>334 963</b>	<b>265 181</b>	<b>306 704</b>	<b>347 420</b>	<b>363 289</b>
Transfers recognised - capital	11 369	132 801	234 687	263 488	301 495	301 495	249 677	298 758	340 236	355 787
Borrowing	-	-	1 296	-	-	-	-	-	-	-
Internally generated funds	-	14 442	4 211	7 444	33 468	33 468	15 504	7 946	7 184	7 502
<b>Total sources of capital funds</b>	<b>11 369</b>	<b>147 243</b>	<b>240 195</b>	<b>270 932</b>	<b>334 963</b>	<b>334 963</b>	<b>265 181</b>	<b>306 704</b>	<b>347 420</b>	<b>363 289</b>
<b>Financial position</b>										
Total current assets	168 218	118 695	101 536	54 293	66 588	66 588	215 727	107 619	110 818	96 741
Total non current assets	1 943 575	2 170 255	2 341 369	2 289 817	2 630 912	2 630 912	2 606 551	2 845 328	3 099 733	3 409 292
Total current liabilities	235 334	168 160	137 351	85 282	105 190	105 190	155 378	106 785	99 278	91 271
Total non current liabilities	51 431	56 670	44 948	27 811	37 425	37 425	35 548	25 676	26 265	28 384
Community wealth/Equity	1 862 972	2 116 154	2 288 838	2 275 666	2 510 939	2 510 939	2 656 029	2 820 209	3 084 741	3 386 123
<b>Cash flows</b>										
Net cash from (used) operating	-	-	-	2 224 003	1 246 466	1 246 466	1 138 756	313 261	350 820	347 252
Net cash from (used) investing	-	-	-	(271 221)	(335 542)	(335 542)	(212 653)	(307 283)	(347 620)	(363 499)
Net cash from (used) financing	(1 606)	(162)	(95)	(1 351)	(163)	(163)	1	(3 529)	(2 151)	(3)
<b>Cash/cash equivalents at the year end</b>	<b>22 667</b>	<b>99 716</b>	<b>58 268</b>	<b>1 964 352</b>	<b>951 431</b>	<b>951 431</b>	<b>926 104</b>	<b>51 179</b>	<b>52 228</b>	<b>35 977</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	96 952	58 363	40 671	6 237	16 197	16 197	122 893	51 179	52 228	35 977
Application of cash and investments	219 686	138 387	101 450	34 997	9 042	9 042	(53 168)	6 129	(8 929)	(16 905)
<b>Balance - surplus (shortfall)</b>	<b>(122 734)</b>	<b>(80 024)</b>	<b>(60 779)</b>	<b>(28 760)</b>	<b>7 155</b>	<b>7 155</b>	<b>176 061</b>	<b>45 050</b>	<b>61 157</b>	<b>52 882</b>
<b>Asset management</b>										
Asset register summary (WDV)	1 554 000	1 544 132	1 674 186	1 875 627	1 963 729	1 963 729	1 963 729	2 178 145	2 432 549	2 742 108
Depreciation	66 993	69 605	71 944	83 624	83 624	83 624	83 624	86 885	90 475	94 456
Renewal and Upgrading of Existing Assets	215 128	191 501	124 468	17 505	39 793	39 793	39 793	1 950	-	-
Repairs and Maintenance	14 306	33 430	20 479	22 897	43 629	43 629	43 629	34 000	35 496	37 093
<b>Free services</b>										
Cost of Free Basic Services provided	2 347	343	699	-	-	-	7	7	7	7
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	-	32	30	-	-	-	31	31	33	35
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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

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

Functional Classification Description R thousand	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue - Functional</b>									
<i><b>Governance and administration</b></i>	297 378	331 363	368 076	391 887	434 637	434 637	404 553	429 229	433 781
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	297 378	331 363	368 076	391 887	434 637	434 637	404 553	429 229	433 781
Internal audit	-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>	-	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>	349 895	382 421	7 928	6 486	4 986	4 986	5 322	5 775	6 046
Planning and development	349 895	382 421	7 928	6 486	4 986	4 986	5 322	5 775	6 046
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>	64 136	67 365	364 753	341 978	374 327	374 327	374 551	416 210	436 179
Energy sources	-	-	-	-	-	-	-	-	-
Water management	43 483	49 012	348 448	321 468	339 935	339 935	353 995	394 421	413 083
Waste water management	20 653	18 353	16 305	20 510	34 392	34 392	20 555	21 789	23 096
Waste management	-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>711 409</b>	<b>781 150</b>	<b>740 757</b>	<b>740 351</b>	<b>813 950</b>	<b>813 950</b>	<b>784 426</b>	<b>851 214</b>	<b>876 006</b>
<b>Expenditure - Functional</b>									
<i><b>Governance and administration</b></i>	203 714	213 051	229 394	240 522	258 603	258 603	251 534	265 093	279 603
Executive and council	24 643	18 266	20 706	24 234	26 529	26 529	24 745	26 149	27 649
Finance and administration	174 688	188 610	198 889	208 209	223 735	223 735	217 553	229 088	241 434
Internal audit	4 384	6 175	9 799	8 078	8 338	8 338	9 236	9 856	10 519
<i><b>Community and public safety</b></i>	12 847	13 823	16 687	18 788	16 838	16 838	18 501	19 736	21 057
Community and social services	12 847	13 823	16 687	18 788	16 838	16 838	18 501	19 736	21 057
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>	165 408	167 800	139 476	131 097	129 058	129 058	138 302	146 458	152 781
Planning and development	165 408	167 800	139 476	131 097	129 058	129 058	138 302	146 458	152 781
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>	118 561	145 688	175 205	146 657	171 405	171 405	152 747	161 730	171 400
Energy sources	10 486	35	-	-	-	-	-	-	-
Water management	106 118	144 911	172 630	145 857	170 562	170 562	151 849	160 769	170 372
Waste water management	1 957	742	2 574	800	842	842	898	961	1 028
Waste management	-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>500 530</b>	<b>540 363</b>	<b>560 762</b>	<b>537 063</b>	<b>575 904</b>	<b>575 904</b>	<b>561 084</b>	<b>593 018</b>	<b>624 840</b>
<b>Surplus/(Deficit) for the year</b>	<b>210 879</b>	<b>240 787</b>	<b>179 995</b>	<b>203 288</b>	<b>238 046</b>	<b>238 046</b>	<b>223 342</b>	<b>258 197</b>	<b>251 165</b>

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

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

Vote Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue by Vote</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	296 330	330 039	366 522	391 887	434 002	434 002	404 553	429 229	433 781
Vote 04 - Summary Corporate Services	-	445	1 447	-	635	635	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	346	928	6 486	4 986	4 986	5 322	5 775	6 046
Vote 06 - Summary Infrastructure Services	349 895	382 076	287 979	270 928	293 835	293 835	305 129	342 623	358 177
Vote 07 - Summary Water Services	65 184	68 244	83 881	71 050	80 492	80 492	69 422	73 587	78 002
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>711 409</b>	<b>781 150</b>	<b>740 757</b>	<b>740 351</b>	<b>813 950</b>	<b>813 950</b>	<b>784 426</b>	<b>851 214</b>	<b>876 006</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 01 - Summary Council	10 232	8 421	10 296	15 677	16 003	16 003	16 256	17 203	18 215
Vote 02 - Summary Municipal Manager	18 794	16 020	20 209	16 635	18 865	18 865	17 726	18 802	19 953
Vote 03 - Summary Budget And Treasury Office	80 386	72 227	74 417	84 548	85 067	85 067	85 267	89 833	94 713
Vote 04 - Summary Corporate Services	76 498	85 564	86 493	81 310	89 774	89 774	89 530	94 174	99 154
Vote 05 - Summary Social Services & Development Planning	36 873	47 553	49 942	41 313	48 265	48 265	52 206	57 492	59 940
Vote 06 - Summary Infrastructure Services	154 303	149 530	114 515	112 989	101 820	101 820	109 078	113 497	119 028
Vote 07 - Summary Water Services	123 443	161 048	204 889	184 590	216 110	216 110	191 021	202 016	213 836
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>500 530</b>	<b>540 363</b>	<b>560 762</b>	<b>537 063</b>	<b>575 904</b>	<b>575 904</b>	<b>561 084</b>	<b>593 018</b>	<b>624 840</b>
<b>Surplus/(Deficit) for the year</b>	<b>210 879</b>	<b>240 787</b>	<b>179 995</b>	<b>203 288</b>	<b>238 046</b>	<b>238 046</b>	<b>223 342</b>	<b>258 197</b>	<b>251 165</b>

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

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue By Source</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	38 197	43 001	54 157	50 540	46 100	46 100	45 728	48 866	51 798	54 906
Service charges - sanitation revenue	15 766	15 419	16 305	20 510	19 392	19 392	11 567	20 555	21 789	23 096
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	8 599	9 202	6 196	7 501	5 282	5 282	2 206	5 592	5 838	6 101
Interest earned - outstanding debtors	11 963	10 556	12 632	10 238	9 621	9 621	8 332	10 198	10 810	11 459
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	576	694	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	300 806	366 165	380 256	387 266	431 426	431 426	426 459	400 406	420 169	424 057
Other revenue	135	337	1 770	807	733	733	653	549	574	599
Gains	-	-	1 062	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>376 041</b>	<b>445 375</b>	<b>472 379</b>	<b>476 863</b>	<b>512 555</b>	<b>512 555</b>	<b>494 946</b>	<b>486 168</b>	<b>510 979</b>	<b>520 218</b>
<b>Expenditure By Type</b>										
Employee related costs	152 144	173 695	190 401	210 145	210 145	210 145	173 982	224 855	240 595	257 437
Remuneration of councillors	4 087	6 952	7 702	8 018	8 339	8 339	6 562	8 922	9 547	10 215
Debt impairment	24 717	19 111	43 365	26 556	26 556	26 556	-	27 645	28 861	30 160
Depreciation & asset impairment	66 993	69 605	71 944	83 624	83 624	83 624	-	86 885	90 475	94 456
Finance charges	4 497	3 752	2 396	4 373	1 492	1 492	246	1 313	1 370	1 432
Bulk purchases - electricity	10 790	35	-	-	-	-	-	-	-	-
Inventory consumed	-	-	-	-	-	-	-	31 249	32 610	34 064
Contracted services	151 155	156 110	144 400	117 356	140 156	140 156	105 780	104 211	109 026	113 838
Transfers and subsidies	11 708	14 000	14 000	-	17 000	17 000	17 000	17 000	20 000	20 000
Other expenditure	36 084	37 963	55 607	59 545	60 216	60 216	43 614	59 303	60 832	63 537
Losses	410	8 948	2 714	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>462 585</b>	<b>490 171</b>	<b>532 530</b>	<b>509 616</b>	<b>547 528</b>	<b>547 528</b>	<b>347 184</b>	<b>561 382</b>	<b>593 316</b>	<b>625 138</b>
<b>Surplus/(Deficit)</b>	<b>(86 544)</b>	<b>(44 797)</b>	<b>(60 151)</b>	<b>(32 753)</b>	<b>(34 973)</b>	<b>(34 973)</b>	<b>147 761</b>	<b>(75 214)</b>	<b>(82 337)</b>	<b>(104 920)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 221	335 775	262 515	263 488	301 395	301 395	254 104	298 258	340 236	355 787
Transfers and subsidies - capital (in-kind - all)	333 147	-	5 863	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>248 824</b>	<b>290 979</b>	<b>208 227</b>	<b>230 735</b>	<b>266 422</b>	<b>266 422</b>	<b>401 866</b>	<b>223 044</b>	<b>257 899</b>	<b>250 867</b>
Taxation	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>248 824</b>	<b>290 979</b>	<b>208 227</b>	<b>230 735</b>	<b>266 422</b>	<b>266 422</b>	<b>401 866</b>	<b>223 044</b>	<b>257 899</b>	<b>250 867</b>
Atributable to minorities	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>248 824</b>	<b>290 979</b>	<b>208 227</b>	<b>230 735</b>	<b>266 422</b>	<b>266 422</b>	<b>401 866</b>	<b>223 044</b>	<b>257 899</b>	<b>250 867</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>248 824</b>	<b>290 979</b>	<b>208 227</b>	<b>230 735</b>	<b>266 422</b>	<b>266 422</b>	<b>401 866</b>	<b>223 044</b>	<b>257 899</b>	<b>250 867</b>

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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<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	-	38	281	324	560	560	-	-	-	-
Vote 04 - Summary Corporate Services	-	10 203	3 814	2 350	19 950	19 950	3 400	4 031	4 945	5 163
Vote 05 - Summary Social Services & Development Planning	-	62	-	2 770	11 058	11 058	7 355	1 291	1 587	1 658
Vote 06 - Summary Infrastructure Services	222 253	255 044	223 225	9 026	32 811	32 811	29 909	-	20 000	20 000
Vote 07 - Summary Water Services	-	-	11 855	256 462	270 584	270 584	217 976	301 383	320 888	336 468
Vote 15 - Other	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>222 253</b>	<b>265 346</b>	<b>239 175</b>	<b>270 932</b>	<b>334 963</b>	<b>334 963</b>	<b>258 640</b>	<b>306 704</b>	<b>347 420</b>	<b>363 289</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	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	-	-	1 020	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>1 020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>222 253</b>	<b>265 346</b>	<b>240 195</b>	<b>270 932</b>	<b>334 963</b>	<b>334 963</b>	<b>258 640</b>	<b>306 704</b>	<b>347 420</b>	<b>363 289</b>
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	-	10 240	4 095	2 674	20 510	20 510	3 400	4 031	4 945	5 163
Executive and council	-	-	-	-	-	-	-	-	-	-
Finance and administration	-	10 240	4 095	2 674	20 510	20 510	3 400	4 031	4 945	5 163
Internal audit	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	-	-	-	2 500	11 058	11 058	7 355	1 021	1 587	1 658
Community and social services	-	-	-	2 500	11 058	11 058	7 355	1 021	1 587	1 658
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	222 253	212 808	1 693	270	-	-	4 750	270	-	-
Planning and development	222 253	212 808	1 693	270	-	-	4 750	270	-	-
Road transport	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	-	42 298	234 406	265 488	303 395	303 395	243 136	301 383	340 888	356 468
Energy sources	-	-	-	-	-	-	-	-	-	-
Water management	-	43 737	198 896	220 615	278 758	278 758	228 898	253 207	293 888	300 468
Waste water management	-	(1 439)	35 511	44 873	24 637	24 637	14 238	48 176	47 000	56 000
Waste management	-	-	-	-	-	-	-	-	-	-
<b>Other</b>										
<b>Total Capital Expenditure - Functional</b>	<b>222 253</b>	<b>265 346</b>	<b>240 195</b>	<b>270 932</b>	<b>334 963</b>	<b>334 963</b>	<b>258 640</b>	<b>306 704</b>	<b>347 420</b>	<b>363 289</b>
<b>Funded by:</b>										
National Government	11 369	132 801	222 832	263 488	286 395	286 395	230 091	298 758	340 236	355 787
Provincial Government	-	-	11 855	-	15 000	15 000	13 045	-	-	-
District Municipality	-	-	-	-	100	100	-	-	-	-
<b>Transfers recognised - capital</b>	<b>11 369</b>	<b>132 801</b>	<b>234 687</b>	<b>263 488</b>	<b>301 495</b>	<b>301 495</b>	<b>243 136</b>	<b>298 758</b>	<b>340 236</b>	<b>355 787</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>1 296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>-</b>	<b>14 442</b>	<b>4 211</b>	<b>7 444</b>	<b>33 468</b>	<b>33 468</b>	<b>15 504</b>	<b>7 946</b>	<b>7 184</b>	<b>7 502</b>
<b>Total Capital Funding</b>	<b>11 369</b>	<b>147 243</b>	<b>240 195</b>	<b>270 932</b>	<b>334 963</b>	<b>334 963</b>	<b>258 640</b>	<b>306 704</b>	<b>347 420</b>	<b>363 289</b>

## MBRR Table A6 - Budgeted Financial Position

### DC43 Harry Gwala - Table A6 Budgeted Financial Position

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	64 700	53 026	23 704	568 181	8 812	8 812	(542 081)	11 058	11 896	(4 574)
Call investment deposits	32 252	5 337	16 967	(561 944)	11 239	11 239	664 974	40 121	40 332	40 551
Consumer debtors	9 880	26 933	33 060	33 454	27 208	27 208	59 743	30 951	30 504	30 087
Other debtors	61 216	33 151	27 538	14 334	22 917	22 917	32 825	25 222	27 820	30 410
Current portion of long-term receivables	-	-	-	-	-	-	-	-	-	-
Inventory	171	248	267	267	267	267	267	267	267	267
<b>Total current assets</b>	<b>168 218</b>	<b>118 695</b>	<b>101 536</b>	<b>54 293</b>	<b>70 441</b>	<b>70 441</b>	<b>215 727</b>	<b>107 619</b>	<b>110 818</b>	<b>96 741</b>
<b>Non current assets</b>										
Long-term receivables	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-
Investment in Associate	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1 942 120	2 169 063	2 340 494	2 288 618	2 629 962	2 629 962	2 605 675	2 843 962	3 097 877	3 407 572
Biological										
Intangible	1 455	1 191	875	1 489	1 529	1 529	875	1 946	2 056	1 929
Other non-current assets	0	0	0	0	0	0	0	0	0	0
<b>Total non current assets</b>	<b>1 943 575</b>	<b>2 170 255</b>	<b>2 341 369</b>	<b>2 290 106</b>	<b>2 631 492</b>	<b>2 631 492</b>	<b>2 606 551</b>	<b>2 845 908</b>	<b>3 099 933</b>	<b>3 409 502</b>
<b>TOTAL ASSETS</b>	<b>2 111 793</b>	<b>2 288 950</b>	<b>2 442 906</b>	<b>2 344 399</b>	<b>2 701 933</b>	<b>2 701 933</b>	<b>2 822 278</b>	<b>2 953 527</b>	<b>3 210 751</b>	<b>3 506 243</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Borrowing	(682)	-	-	4 555	-	-	(118)	-	-	-
Consumer deposits	1 606	1 768	1 863	1 845	2 008	2 008	1 980	2 155	2 304	2 447
Trade and other payables	224 836	155 391	122 194	68 734	89 888	89 888	140 221	91 336	83 121	75 012
Provisions	9 574	11 000	13 294	10 148	13 294	13 294	13 294	13 294	13 853	13 813
<b>Total current liabilities</b>	<b>235 334</b>	<b>168 160</b>	<b>137 351</b>	<b>85 282</b>	<b>105 190</b>	<b>105 190</b>	<b>155 378</b>	<b>106 785</b>	<b>99 278</b>	<b>91 271</b>
<b>Non current liabilities</b>										
Borrowing	28 482	37 730	26 469	3 485	16 040	16 040	17 069	1 878	146	-
Provisions	22 949	18 940	18 479	24 326	21 385	21 385	18 479	23 797	26 119	28 384
<b>Total non current liabilities</b>	<b>51 431</b>	<b>56 670</b>	<b>44 948</b>	<b>27 811</b>	<b>37 425</b>	<b>37 425</b>	<b>35 548</b>	<b>25 676</b>	<b>26 265</b>	<b>28 384</b>
<b>TOTAL LIABILITIES</b>	<b>286 766</b>	<b>224 830</b>	<b>182 300</b>	<b>113 094</b>	<b>142 615</b>	<b>142 615</b>	<b>190 926</b>	<b>132 461</b>	<b>125 543</b>	<b>119 655</b>
<b>NET ASSETS</b>	<b>1 825 028</b>	<b>2 064 120</b>	<b>2 260 606</b>	<b>2 231 305</b>	<b>2 559 318</b>	<b>2 559 318</b>	<b>2 631 352</b>	<b>2 821 066</b>	<b>3 085 208</b>	<b>3 386 588</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	1 862 972	2 116 154	2 288 838	2 258 964	2 511 637	2 511 637	2 656 029	2 821 066	3 085 219	3 386 611
Reserves	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 862 972</b>	<b>2 116 154</b>	<b>2 288 838</b>	<b>2 258 964</b>	<b>2 511 637</b>	<b>2 511 637</b>	<b>2 656 029</b>	<b>2 821 066</b>	<b>3 085 219</b>	<b>3 386 611</b>

## MBRR Table A7 - Budgeted Cash Flow Statement

DC43 Harry Gwala - Table A7 Budgeted Cash Flows

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates								-	-	-
Service charges	40 965	43 942	51 990	56 849	53 475	53 475	118 488	53 905	56 959	60 197
Other revenue	478	785	11 626	1 107	476	476	291	549	574	599
Transfers and Subsidies - Operational	259 545	322 557	339 907	960 372	424 206	424 206	227 583	395 084	414 394	418 011
Transfers and Subsidies - Capital	392 545	319 764	274 335	270 719	293 626	293 626	215 028	303 580	346 011	361 833
Interest	9 700	10 046	7 257	7 681	5 372	5 372	2 206	5 682	6 018	6 290
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees	(392 205)	(425 384)	(447 672)	922 890	467 803	467 803	575 160	(444 212)	(471 751)	(498 232)
Finance charges	(4 497)	(3 752)	(4 180)	4 385	1 507	1 507	-	(1 328)	(1 385)	(1 447)
Transfers and Grants	(3 692)	-						-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>302 839</b>	<b>267 958</b>	<b>233 262</b>	<b>2 224 003</b>	<b>1 246 466</b>	<b>1 246 466</b>	<b>1 138 756</b>	<b>313 261</b>	<b>350 820</b>	<b>347 252</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE								-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments								-	-	-
<b>Payments</b>										
Capital assets	(220 517)	(257 088)	(279 405)	(271 221)	(335 542)	(335 542)	(212 653)	(307 283)	(347 620)	(363 499)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(220 517)</b>	<b>(257 088)</b>	<b>(279 405)</b>	<b>(271 221)</b>	<b>(335 542)</b>	<b>(335 542)</b>	<b>(212 653)</b>	<b>(307 283)</b>	<b>(347 620)</b>	<b>(363 499)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits	(1 606)	(162)	(95)	18	(163)	(163)	(117)	147	149	143
<b>Payments</b>										
Repayment of borrowing	-	-	-	(1 370)	-	-	118	(3 676)	(2 300)	(146)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 606)</b>	<b>(162)</b>	<b>(95)</b>	<b>(1 351)</b>	<b>(163)</b>	<b>(163)</b>	<b>1</b>	<b>(3 529)</b>	<b>(2 151)</b>	<b>(3)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>80 716</b>	<b>10 708</b>	<b>(46 239)</b>	<b>1 951 430</b>	<b>910 760</b>	<b>910 760</b>	<b>926 104</b>	<b>2 448</b>	<b>1 048</b>	<b>(16 251)</b>
Cash/cash equivalents at the year begin:	24 272	99 878	58 363	12 922	48 731	48 731	-	48 731	51 179	52 228
Cash/cash equivalents at the year end:	104 989	110 587	12 124	1 964 352	959 491	959 491	926 104	51 179	52 228	35 977

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	22 667	99 716	58 268	1 964 352	959 491	959 491	926 104	51 179	52 228	35 977
Other current investments > 90 days	74 285	(41 353)	(17 597)	(1 958 115)	(939 441)	(939 441)	(803 211)	0	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>96 952</b>	<b>58 363</b>	<b>40 671</b>	<b>6 237</b>	<b>20 050</b>	<b>20 050</b>	<b>122 893</b>	<b>51 179</b>	<b>52 228</b>	<b>35 977</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	60 822	43 814	15 000	236	236	236	51 881	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	(42 128)	(42 128)	-	(52 989)	(58 316)	(58 542)
Other working capital requirements	158 864	94 573	86 450	34 884	50 934	50 934	(105 049)	59 118	49 386	41 637
Other provisions										
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>219 686</b>	<b>138 387</b>	<b>101 450</b>	<b>35 120</b>	<b>9 042</b>	<b>9 042</b>	<b>(53 168)</b>	<b>6 129</b>	<b>(8 929)</b>	<b>(16 905)</b>
<b>Surplus(shortfall)</b>	<b>(122 734)</b>	<b>(80 024)</b>	<b>(60 779)</b>	<b>(28 883)</b>	<b>11 008</b>	<b>11 008</b>	<b>176 061</b>	<b>45 050</b>	<b>61 157</b>	<b>52 882</b>

Table 27 MBRR Table A9 - Asset Management

DC43 Harry Gwala - Table A9 Asset Management

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	7 125	73 845	116 746	253 427	280 356	280 356	305 204	347 733	363 616
<i>Water Supply Infrastructure</i>	5 498	70 959	105 103	213 161	240 851	240 851	250 832	293 236	299 787
<i>Sanitation Infrastructure</i>	-	-	-	34 873	24 637	24 637	48 176	47 000	56 000
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	1 728	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>5 498</b>	<b>72 687</b>	<b>105 103</b>	<b>248 033</b>	<b>265 488</b>	<b>265 488</b>	<b>299 008</b>	<b>340 236</b>	<b>355 787</b>
Housing	902	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>902</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Licences and Rights	-	-	-	-	500	500	-	-	-
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment	-	-	3 504	1 500	1 600	1 600	2 000	2 717	2 837
Furniture and Office Equipment	725	1 120	1 264	910	1 710	1 710	1 881	2 228	2 326
Machinery and Equipment	-	38	1 020	484	100	100	2 315	2 553	2 666
Transport Assets	-	-	5 855	2 500	10 958	10 958	-	-	-
<b>Total Renewal of Existing Assets</b>	<b>215 128</b>	<b>191 501</b>	<b>76 976</b>	<b>830</b>	<b>23 200</b>	<b>23 200</b>	<b>1 050</b>	<b>-</b>	<b>-</b>
<i>Water Supply Infrastructure</i>	-	41 249	38 675	780	-	-	1 000	-	-
<i>Sanitation Infrastructure</i>	215 128	138 696	38 302	-	6 500	6 500	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>215 128</b>	<b>179 945</b>	<b>76 976</b>	<b>780</b>	<b>6 500</b>	<b>6 500</b>	<b>1 000</b>	<b>-</b>	<b>-</b>
Machinery and Equipment	-	85	-	50	-	-	50	-	-
Transport Assets	-	11 472	-	-	16 700	16 700	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	<b>-</b>	<b>-</b>	<b>46 472</b>	<b>16 675</b>	<b>8 500</b>	<b>8 500</b>	<b>750</b>	<b>-</b>	<b>-</b>
<i>Water Supply Infrastructure</i>	-	-	44 747	6 675	8 500	8 500	750	-	-
<i>Sanitation Infrastructure</i>	-	-	1 725	10 000	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>-</b>	<b>-</b>	<b>46 472</b>	<b>16 675</b>	<b>8 500</b>	<b>8 500</b>	<b>750</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure</b>	<b>222 253</b>	<b>265 346</b>	<b>240 195</b>	<b>270 932</b>	<b>312 056</b>	<b>312 056</b>	<b>307 004</b>	<b>347 733</b>	<b>363 616</b>
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	5 498	112 208	188 524	220 615	249 351	249 351	252 582	293 236	299 787
<i>Sanitation Infrastructure</i>	215 128	138 696	40 027	44 873	31 137	31 137	48 176	47 000	56 000
<i>Information and Communication Infrastructure</i>	-	1 728	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>220 626</b>	<b>252 631</b>	<b>228 551</b>	<b>265 488</b>	<b>280 488</b>	<b>280 488</b>	<b>300 758</b>	<b>340 236</b>	<b>355 787</b>
Community Facilities	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing	902	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>902</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Licences and Rights	-	-	-	-	500	500	-	-	-
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment	-	-	3 504	1 500	1 600	1 600	2 000	2 717	2 837
Furniture and Office Equipment	725	1 120	1 264	910	1 710	1 710	1 881	2 228	2 326
Machinery and Equipment	-	123	1 020	534	100	100	2 365	2 553	2 666
Transport Assets	-	11 472	5 855	2 500	27 658	27 658	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>222 253</b>	<b>265 346</b>	<b>240 195</b>	<b>270 932</b>	<b>312 056</b>	<b>312 056</b>	<b>307 004</b>	<b>347 733</b>	<b>363 616</b>



DC43 Harry Gwala - Table A9 Asset Management

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>									
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	1 554 000	1 544 132	1 674 186	1 875 627	1 940 822	1 940 822	1 935 769	1 976 499	1 992 382
<i>Roads Infrastructure</i>	4 781	3 253	1 725	3 718	197	197	197	197	197
<i>Storm water Infrastructure</i>									
<i>Electrical Infrastructure</i>	15 422	13 387	12 096	14 902	10 098	10 098	10 098	10 098	10 098
<i>Water Supply Infrastructure</i>	1 361 691	1 335 309	1 440 181	1 639 662	1 673 453	1 673 453	1 670 184	1 710 837	1 717 389
<i>Sanitation Infrastructure</i>	125 974	142 854	156 749	174 209	176 209	176 209	199 748	198 572	207 572
<i>Solid Waste Infrastructure</i>									
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infrastructure</i>	444	326	247	361	161	161	161	161	161
<b>Infrastructure</b>	<b>1 508 312</b>	<b>1 495 129</b>	<b>1 610 997</b>	<b>1 832 853</b>	<b>1 860 117</b>	<b>1 860 117</b>	<b>1 880 387</b>	<b>1 919 865</b>	<b>1 935 416</b>
<b>Community Assets</b>	27 086	26 846	2 846	28 498	2 619	2 619	2 619	2 619	2 619
<b>Other Assets</b>	902	(889)	37 105	114	36 037	36 037	36 037	36 037	36 037
<b>Biological or Cultivated Assets</b>									
<b>Intangible Assets</b>	1 455	1 191	875	1 289	1 129	1 129	629	629	629
<b>Computer Equipment</b>	1 615	309	5 205	2 305	5 005	5 005	5 405	6 122	6 241
<b>Furniture and Office Equipment</b>	2 128	4 456	1 993	2 630	2 570	2 570	2 740	3 087	3 185
<b>Machinery and Equipment</b>	419	503	1 379	192	258	258	2 523	2 711	2 825
<b>Transport Assets</b>	12 083	16 587	13 785	7 746	33 087	33 087	5 429	5 429	5 429
<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>1 544 132</b>	<b>1 674 186</b>	<b>1 875 627</b>	<b>1 940 822</b>	<b>1 940 822</b>	<b>1 935 769</b>	<b>1 976 499</b>	<b>1 992 382</b>
<b>EXPENDITURE OTHER ITEMS</b>	<b>81 299</b>	<b>103 035</b>	<b>92 424</b>	<b>106 521</b>	<b>126 227</b>	<b>126 227</b>	<b>120 885</b>	<b>125 971</b>	<b>131 549</b>
<b>Depreciation</b>	66 993	69 605	71 944	83 624	83 624	83 624	86 885	90 475	94 456
<b>Repairs and Maintenance by Asset Class</b>	<b>14 306</b>	<b>33 430</b>	<b>20 479</b>	<b>22 897</b>	<b>42 604</b>	<b>42 604</b>	<b>34 000</b>	<b>35 496</b>	<b>37 093</b>
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	2 587	11 693	18 521	18 685	36 695	36 695	29 000	30 276	31 638
<i>Sanitation Infrastructure</i>	1 606	4 396	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>4 193</b>	<b>16 089</b>	<b>18 521</b>	<b>18 685</b>	<b>36 695</b>	<b>36 695</b>	<b>29 000</b>	<b>30 276</b>	<b>31 638</b>
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>	119	96	85	153	96	96	90	94	98
<b>Community Assets</b>	<b>119</b>	<b>96</b>	<b>85</b>	<b>153</b>	<b>96</b>	<b>96</b>	<b>90</b>	<b>94</b>	<b>98</b>
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	1 727	1 167	1 497	2 500	3 766	3 766	3 000	3 132	3 273
<i>Housing</i>	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>1 727</b>	<b>1 167</b>	<b>1 497</b>	<b>2 500</b>	<b>3 766</b>	<b>3 766</b>	<b>3 000</b>	<b>3 132</b>	<b>3 273</b>
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	79	9	165	520	520	520	320	334	349
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	8 189	15 933	196	724	1 213	1 213	1 262	1 318	1 377
<b>Transport Assets</b>	-	136	15	315	315	315	328	342	357
<b>Land</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>81 299</b>	<b>103 035</b>	<b>92 424</b>	<b>106 521</b>	<b>126 227</b>	<b>126 227</b>	<b>120 885</b>	<b>125 971</b>	<b>131 549</b>
<b>Renewal and upgrading of Existing Assets as % of total capex</b>	96,8%	72,2%	51,4%	6,5%	10,2%	10,2%	0,6%	0,0%	0,0%
<b>Renewal and upgrading of Existing Assets as % of deprecn</b>	321,1%	275,1%	171,6%	20,9%	37,9%	37,9%	2,1%	0,0%	0,0%
<b>R&amp;M as a % of PPE</b>	0,7%	1,5%	0,9%	1,0%	1,6%	1,6%	1,3%	1,3%	1,4%
<b>Renewal and upgrading and R&amp;M as a % of PPE</b>	15,0%	15,0%	9,0%	2,0%	4,0%	4,0%	2,0%	2,0%	2,0%

DC43 Harry Gwala - Table A10 Consolidated basic service delivery measurement

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	-	48 246	48 641	-	48 418	48 418	52 292	55 691	59 311
Piped water inside yard (but not in dwelling)	-	20 086	19 885	-	19 686	19 686	21 261	22 643	24 115
Using public tap (at least min.service level)	-	26 109	30 026	-	34 529	34 529	37 292	39 716	42 298
Other water supply (at least min.service level)	-	-	30 152	-	28 645	28 645	30 936	32 947	35 089
<i>Minimum Service Level and Above sub-total</i>	-	94 441	128 704	-	131 278	131 278	141 781	150 997	160 812
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	31 739	30 152	-	-	-	30 936	32 947	35 088
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	31 739	30 152	-	-	-	30 936	32 947	35 088
<b>Total number of households</b>	-	<b>126 180</b>	<b>158 856</b>	-	<b>131 278</b>	<b>131 278</b>	<b>172 717</b>	<b>183 944</b>	<b>195 900</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	-	65 558	70 615	-	75 601	75 601	81 649	86 956	92 608
Flush toilet (with septic tank)	-	12 436	12 312	-	12 188	12 188	13 164	14 020	14 931
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	-	48 188	45 779	-	43 490	43 490	46 969	50 022	53 273
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	-	126 182	128 706	-	131 279	131 279	141 782	150 998	160 813
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>126 182</b>	<b>128 706</b>	-	<b>131 279</b>	<b>131 279</b>	<b>141 782</b>	<b>150 998</b>	<b>160 813</b>
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Water (6 kilolitres per indigent household per month)	2 347	343	693	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>	-	-	5	-	-	-	7	7	7
<b>Total cost of FBS provided</b>	<b>2 347</b>	<b>343</b>	<b>699</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Highest level of free service provided per household</b>									
Property rates (R value threshold)									
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									

## 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 2020) 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 2020. Key dates applicable to the process were:

- a) **August 2020** – 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 2021/22 MTREF;
- b) **November 2020** – 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 2021** - 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 2021** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- e) **January 2021** - Council considers the 2020/21 Mid-year Review and Adjustments Budget;
- f) **February 2021** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2021/22 MTREF is revised accordingly;
- g) **26 March 2021** - Tabling in Council of the draft 2021/22 IDP and 2021/22 MTREF for public consultation;
- h) **April 2021** – Public consultation;
- i) **May 2021** - Closing date for written comments;
- j) **May 2021** – finalization of the 2021/22 IDP and 2021/22 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) **May 2021** - Tabling of the 2021/22 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 2021/22 MTREF, based on the approved 2020/21 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 2021/22 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 2020/21 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 2021/22 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 2021/22 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 2020/21 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 final draft 2021/22 MTREF as tabled before Council on 27 May 2021 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 23 May 2021, 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 2021/22 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- a) Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The district is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- b) Several complaints were received regarding poor service delivery, especially poor condition of water (drinking water) and the state of road infrastructure;
- c) Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- d) The affordability of tariff increases was raised on numerous occasions. This concern was also raised by organised business as an obstacle to economic growth;
- e) Pensioners cannot afford the tariff increases due to low annual pension increases; and
- f) During the community consultation process large sections of the community made it clear that they are not in favor of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

## **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 2021/22 MTREF and further planning refinements that have directly informed the compilation of the budget:



Table 28 IDP Strategic Objectives

2020/21 Financial Year	2021/22 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 2021/22 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 29 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
GOOD GOVERNANCE	-	-	-	-	-	-	-	-	-
FINANCIAL VIABILITY AND MANAGEMENT	296 330	330 039	366 522	391 887	434 002	434 002	404 553	429 229	433 781
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	-	346	928	6 966	25 576	25 576	22 412	25 955	26 235
BASIC SERVICE DELIVERY	79 711	114 545	103 481	78 490	72 932	72 932	76 293	75 974	80 392
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	-	445	1 447	-	635	635	-	-	-
CROSS-CUTTING	-	-	-	-	-	-	-	-	-
<b>Allocations to other priorities</b>									
<b>Total Revenue (excluding capital transfers)</b>	<b>376 041</b>	<b>445 375</b>	<b>472 379</b>	<b>477 343</b>	<b>533 145</b>	<b>533 145</b>	<b>503 258</b>	<b>531 159</b>	<b>540 407</b>

Table 30 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>									
GOOD GOVERNANCE	33 054	27 725	33 030	35 866	37 903	37 903	37 425	39 666	42 062
FINANCIAL VIABILITY AND MANAGEMENT	80 386	72 227	74 417	84 548	85 067	85 067	85 267	89 833	94 713
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	17 524	27 264	27 396	32 987	45 055	45 055	41 799	48 788	49 343
BASIC SERVICE DELIVERY	277 746	310 579	319 404	297 579	317 930	317 930	300 099	315 513	332 865
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	76 498	85 564	86 493	81 310	89 774	89 774	89 530	94 174	99 154
CROSS-CUTTING	15 321	17 005	20 022	22 253	20 365	20 365	23 474	25 024	26 683
<b>Allocations to other priorities</b>									
<b>Total Expenditure</b>	<b>500 530</b>	<b>540 363</b>	<b>560 762</b>	<b>554 543</b>	<b>596 094</b>	<b>596 094</b>	<b>577 594</b>	<b>612 998</b>	<b>644 819</b>

Table 31 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
FINANCIAL VIABILITY AND MANAGEMENT	-	38	281	324	560	560	-	-	-
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	-	62	-	560	579	579	850	200	210
BASIC SERVICE DELIVERY	222 253	255 044	236 099	265 488	303 395	303 395	301 383	340 888	356 468
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	-	10 203	3 814	2 350	19 950	19 950	4 031	4 945	5 163
CROSS-CUTTING	-	-	-	2 500	11 058	11 058	1 021	1 587	1 658
<b>Allocations to other priorities</b>									
<b>Total Capital Expenditure</b>	<b>222 253</b>	<b>265 346</b>	<b>240 195</b>	<b>271 221</b>	<b>335 542</b>	<b>335 542</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</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:

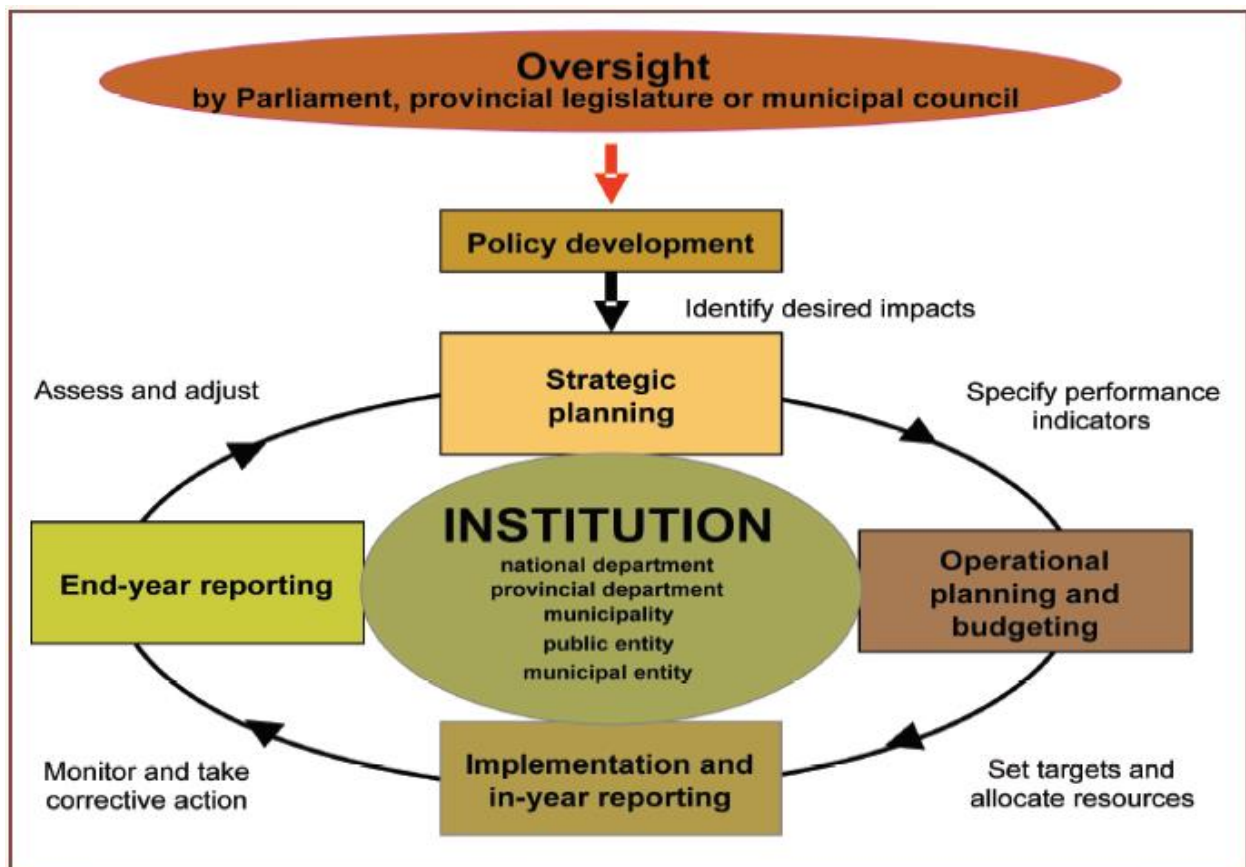


Figure 4 Planning, budgeting and reporting cycle

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:

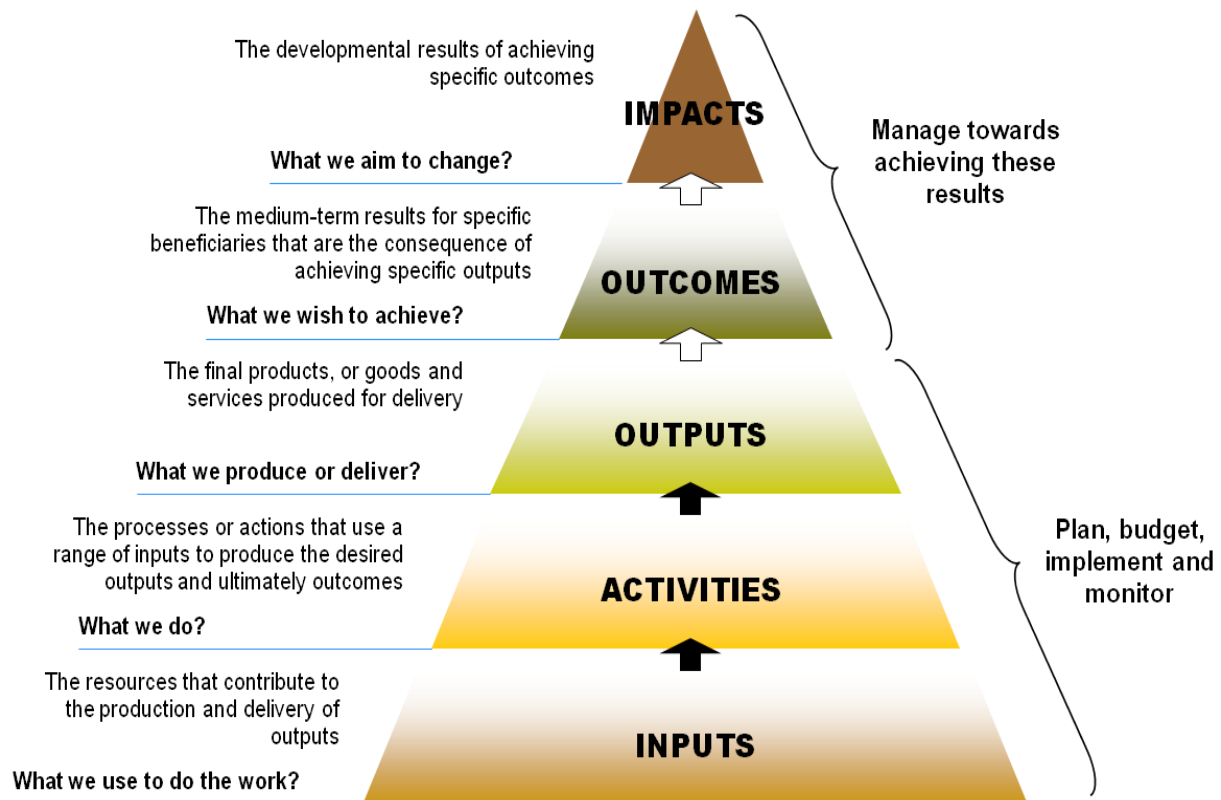




Figure 5 Definition of performance information concepts

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	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>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	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>										
Activities	Number of Programmes	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>										
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>										
relations 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	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	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>										
access to an environment that is not harmful to their health and	% Enforcements undertaken	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	Surveillance of Business	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%
	Percentage of samples taken	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	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs
	Construction of Disaster									
<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	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	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	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>										
environment	Frequency of building	9500,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9000,0%
environment										
<b>Vote6 - Water Services</b>										
<b>Function 1 - Water</b>										
<b>Sub-function 1 - Water &amp; Sanitation infrastructure</b>										
To ensure the effective management of all water Infrastructure	Water Feasibility Studies	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	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</b>										
To render effective water & sanitation services	% Reduction in water losses	98,0%	98,0%	98,0%	98,0%	98,0%	95,0%	95,0%	95,0%	95,0%
	% reduction in the number of	100,0%	100,0%	100,0%	100,0%	100,0%	95,0%	95,0%	95,0%	95,0%
	% Progress made towards	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 2021/22 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	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1,0%	0,8%	0,4%	1,1%	0,3%	0,3%	0,0%	0,2%	0,2%	0,2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6,0%	4,7%	2,6%	6,4%	1,9%	1,9%	0,2%	1,5%	1,5%	1,5%
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>Safety of Capital</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>Liquidity</b>											
Current Ratio	Current assets/current liabilities	0,7	0,7	0,7	0,6	0,7	0,7	1,5	1,0	1,1	1,3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,7	0,7	0,7	0,6	0,7	0,7	1,5	1,0	1,1	1,3
Liquidity Ratio	Monetary Assets/Current Liabilities	0,4	0,3	0,3	0,1	0,2	0,2	0,9	0,5	0,5	0,6
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0,0%	0,0%	0,0%	80,0%	81,7%	81,7%	206,8%	77,6%	77,4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0,0%	0,0%	0,0%	80,0%	81,7%	81,7%	206,8%	77,6%	77,4%	77,2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	18,9%	13,5%	12,8%	10,0%	9,4%	9,4%	18,2%	11,2%	11,0%	11,2%
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		700,9%	93,7%	147,0%	3,5%	9,0%	9,0%	6,6%	-743,7%	-223,4%	-94,0%
<b>Other Indicators</b>											
Employee costs	Employee costs/(Total Revenue - capital revenue)	40,5%	39,0%	40,3%	46,7%	41,7%	41,7%	35,2%	47,1%	47,6%	49,9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	41,5%	40,6%	41,9%	48,3%	43,3%	43,3%		48,9%	49,4%	51,8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3,8%	7,5%	4,3%	4,8%	8,2%	8,2%		6,8%	6,7%	6,9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	19,0%	16,5%	15,7%	18,6%	16,1%	16,1%	0,0%	17,6%	17,4%	17,8%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	-	10,2	16,8	16,8	16,8	12,1	14,3	14,5	15,3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	131,8%	102,8%	86,0%	67,3%	76,5%	76,5%	157,3%	80,9%	79,3%	77,6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0,7	3,2	1,6	58,4	26,0	26,0	34,6	(0,4)	(1,0)	(2,2)

## 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 2021/22 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 0 per cent to nothing in 2021/22, 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 2021/22 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 2021/22 MTREF the current ratio is 1.0 in the 2021/22 financial year and 1.1, 1.3 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 2021/22 financial year the ratio was 0.5 and it remained constant at 0.5 in the 2022/23 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 is striving 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 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 decreased from 31.2 per cent in 2020/21 to 31 per cent in 2021/22. 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 31.2 per cent in 2020/21 to at least 30 per cent by 2021/22.

Employee costs as a percentage of operating revenue continues to increase from 47 per cent in 2021/22 and again 48 per cent for the outer year. This is primarily owing to slight increase in allocation relating to operating grants and transfers as well as service charges, which is not matching the increasing in employee related costs.

Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to the lower revenue base for the municipality and increases in costs above the inflation rate. 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 2021/22 financial year all registered indigents 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. Ubuhlebezwe local municipal area is a districts is

purchased in bulk from 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 2021/22 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 70 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. The municipality is in the process of appointing a debt collector to assist the municipality in collection debt that is older than 90 days. In addition, a debt amnesty program was approved by council which allows customers to pay a certain percentage of the debt and rest written off.

### **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. Due to the limited capital funding from National Treasury the municipality continues to prioritise the new assets because of the projects that takes long to be capitalised due to limited funds.

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.

### **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**

Council adopted the Supply Chain Management Policy in May 2021.

### **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 2021/22 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 2020/21 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
- g) Travel and subsistence 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 effects of COVID 19. 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 2021/22 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 37 per cent of total operating expenditure in the 2021/22 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.
6. Collection rate for revenue services

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

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

## **Growth or decline in tax base of the municipality**

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

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

## **Salary increases**

The collective agreement regarding salaries/wages for the period 01 July 2018 to 31 June 2020 has come to an end and a new agreement is under consultation therefore in the absence of the agreement the municipality projected 7% increase until South African Local Government Bargaining Council finalised the wage agreement.

## **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 2021/22 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 32 Breakdown of the operating revenue over the medium-term

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

Description	Current Year		2021/22 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2021/22	%	Budget Year +1 2022/23	%	Budget Year +2 2023/24	%
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-
Service charges - water revenue	46 100	9%	48 866	10%	51 798	10%	54 906	10%
Service charges - sanitation revenue	19 392	4%	20 555	4%	21 789	4%	23 096	4%
Rental of facilities and equipment								
Interest earned - external investments	5 372	1%	5 682	1%	6 018	1%	6 290	1%
Interest earned - outstanding debtors	9 621	2%	10 198	2%	10 810	2%	11 459	2%
Fines, penalties and forfeits	-	0%	-		-		-	
Transfers and subsidies	451 926	85%	417 406	83%	440 169	83%	444 057	82%
Other revenue	733	0%	549	0%	574	0%	599	0%
Gains	-	0%	-		-		-	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>533 145</b>	<b>100%</b>	<b>503 258</b>	<b>100%</b>	<b>531 159</b>	<b>100%</b>	<b>540 407</b>	<b>100%</b>
<b>Total Operating Expenditure</b>	<b>567 420</b>		<b>577 594</b>		<b>612 998</b>		<b>644 819</b>	
<b>Surplus/Deficit</b>	<b>(34 275)</b>		<b>(74 336)</b>		<b>(81 839)</b>		<b>(104 412)</b>	

The following graph is a breakdown of the operational revenue per main category for the 2021/22 financial year.

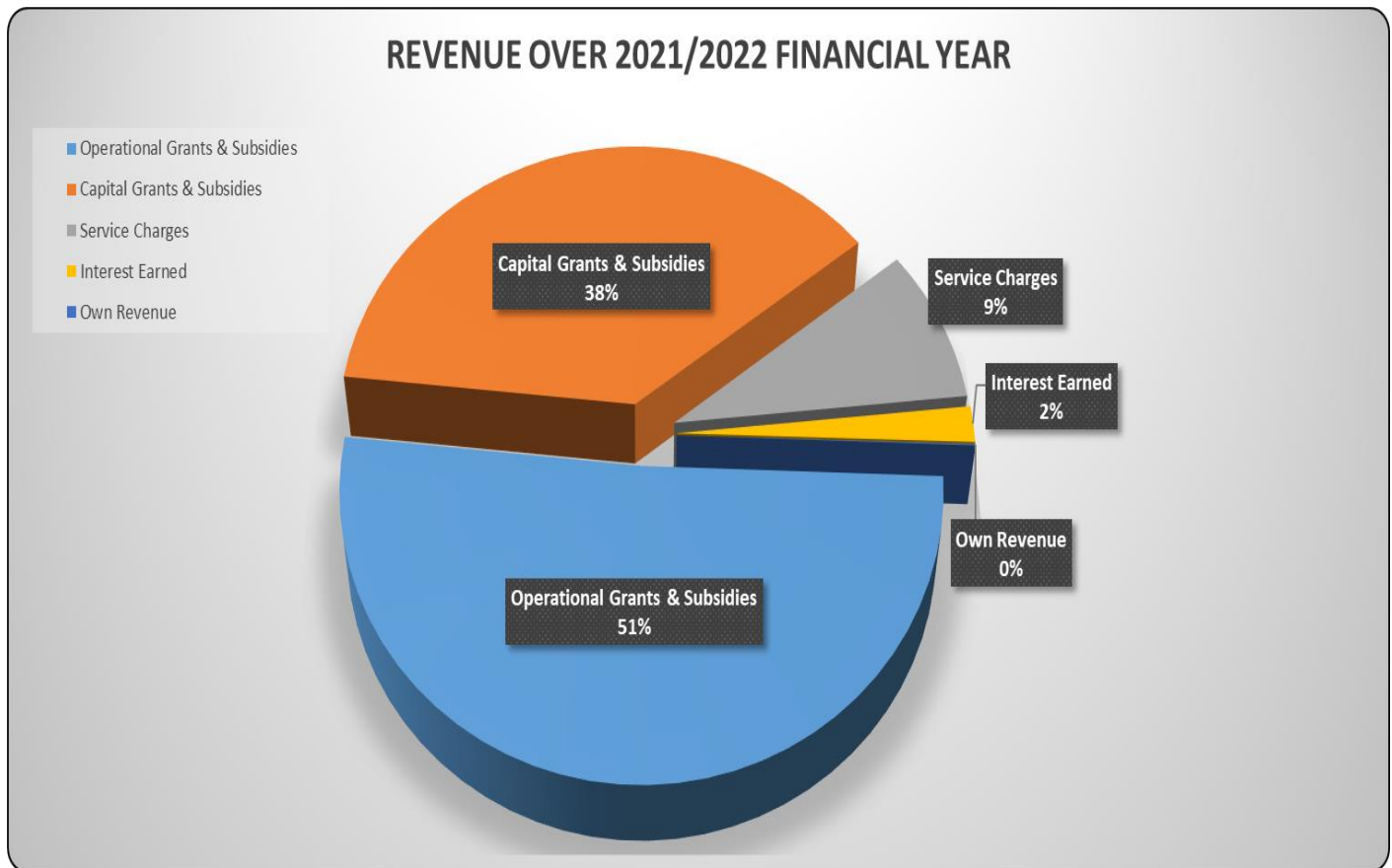


Figure 6 Breakdown of operating revenue over the 2021/22 MTREF

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 2021/22 MTREF on the different revenue categories are:

Table 33 Proposed tariff increases over the medium-term

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

Description	2021/2022	2022/2023	2023/2024	2021/2022	2022/2023	2023/2024
	Proposed Tariffs Increase	Proposed Tariffs Increase	Proposed Tariffs Increase	Additional Revenue for 1% tariffs increase	Additional Revenue for 1% tariffs increase	Additional Revenue for 1% tariffs increase
Service Charges-Water	0,06	0,06	0,06	R 384 093	R 407 138	R 431 566
Service Charges -Sanitation	0,06	0,06	0,06	R 164 611	R 174 488	R 184 957
TOTAL				R 548 704	R 581 626	R 616 524

Services charges relating to water and sanitation constitute the biggest component of the revenue basket of the district totaling R506, 7 million for the 2021/22 financial year increasing to R548, 7 million in 2021/22. For the 2021/22 financial year services charges amount to 14 per cent of the total revenue base and increase by 2 per cent per annum over the medium-term. This increase is in line with the general increase in the price of bulk water and the cost water provision from our own sources.

Operational grants and subsidies amount to R417, 4 million, R440, 1 million and R444million for each of the respective financial years of the MTREF. Grants receipts from national government are growing rapidly over the MTREF. The actual operational grants and subsidies amount to R 400, 2 million, R420, 1 million and R424 million for the 2021/2022, 2022/23 and 2023/24 financial years respectively. The amount reflected on the tables SA18 per consolidated budget is distorted due to transfer paid over to Harry Gwala Development Agency amounting to R17 million in 2021/2021 financial year, 20million and 20 million for the respective outer years as per the attached SA18. These transfers were supposed to be eliminated as intercompany transfers on consolidation however, the municipality encountered system challenges resulting in the failure to eliminate these amounts.

Investment revenue contributes marginally to the revenue base of the District with a budget allocation of R5, 8 million, R5, 9million and R12million for the respective three financial years of the 2021/22 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

Table 34 MBRR SA15 – Detail Investment Information

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

Table 35 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 deficit of R74, 3 million in 2021/22, R81, 8million in 2022/23and R104, 4 million in 2023/24 financial year. The deficit is mainly attributed to non-cash items and they 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 2021/22 medium-term capital programme:

Table 36 Sources of capital revenue over the MTREF

<b>DC43 Harry Gwala - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding</b>								
Vote Description	Current Year		2021/22 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2021/22	%	Budget Year +1 2022/23	%	Budget Year +2 2023/24	%
<b>Funded by:</b>								
National Government	286 395	85%	298 758	97%	340 236	98%	355 787	98%
Provincial Government	15 000	4%	–		–		–	
District Municipality	100	0%	–		–		–	
<b>Borrowing</b>	–	0%	–		–		–	
<b>Internally generated funds</b>	34 048	10%	8 525	3%	7 384	2%	7 712	2%
<b>Total Capital Funding</b>	<b>335 542</b>	<b>100%</b>	<b>307 283</b>	<b>100%</b>	<b>347 620</b>	<b>100%</b>	<b>363 499</b>	<b>100%</b>



The above table is graphically represented as follows for the 2021/22 financial year.

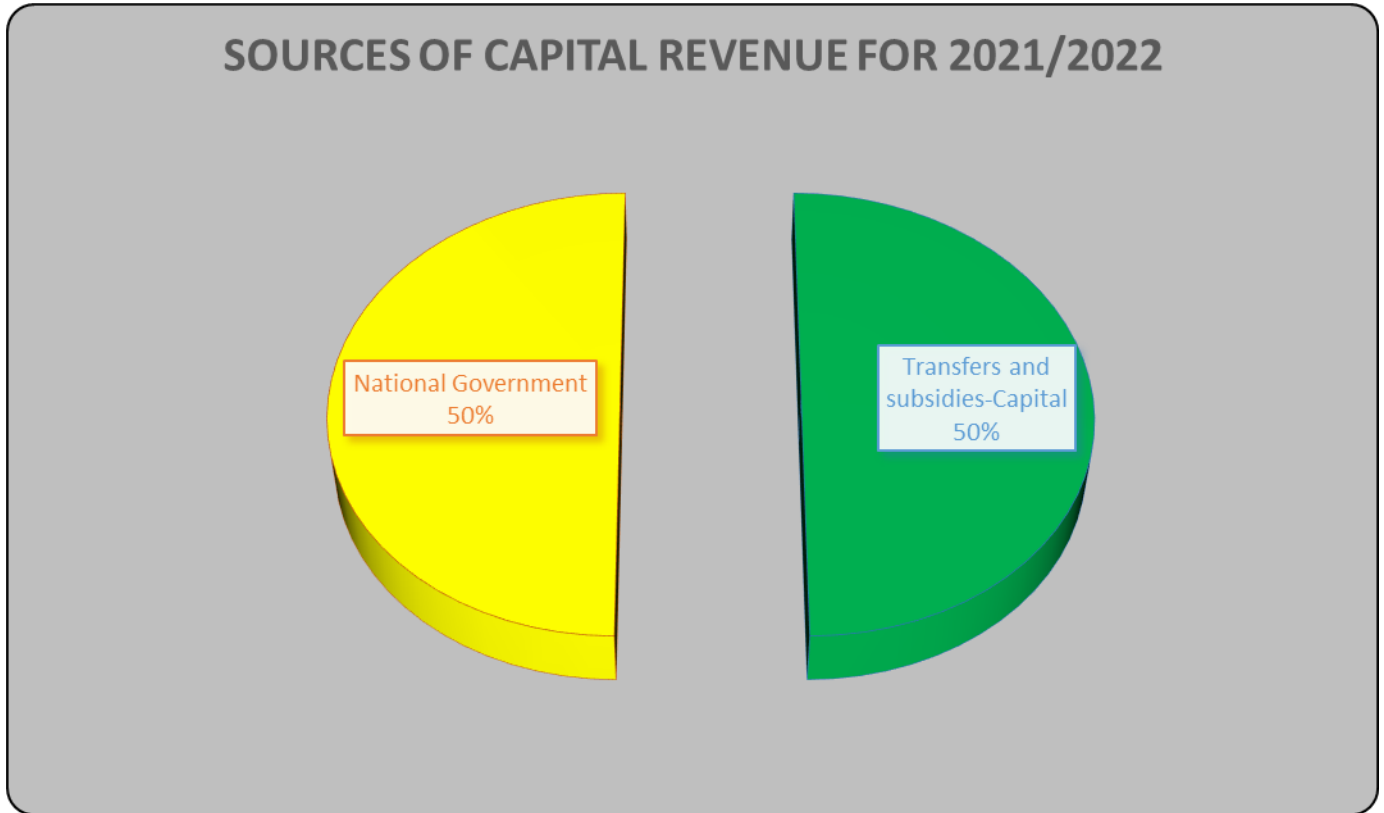


Figure 7 Sources of capital revenue for the 2021/22 financial year

Capital grants and receipts equates to 97 per cent of the total funding source which represents R307, 2 million for the 2021/22 financial year and steadily increase to R347, 6million and increase to R363, 4million for 2023/24. Growth relating to an average receipts of 18 per cent over the medium-term.

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

Table 37 MBRR Table SA 17 - Detail of borrowings

**DC43 Harry Gwala - Supporting Table SA17 Borrowing**

Borrowing - Categorised by type R thousand	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Parent municipality</b>									
Annuity and Bullet Loans	14 816	8 657	4 555	-	-	-	-	-	-
Long-Term Loans (non-annuity)	-	11 661	11 661	-	11 661	11 661	-	-	-
Local registered stock									
Instalment Credit									
Financial Leases	13 666	17 412	10 253	3 485	4 378	4 378	1 878	146	-
<b>Municipality sub-total</b>	<b>28 482</b>	<b>37 730</b>	<b>26 469</b>	<b>3 485</b>	<b>16 040</b>	<b>16 040</b>	<b>1 878</b>	<b>146</b>	<b>-</b>
<b>Total Borrowing</b>	<b>28 482</b>	<b>37 730</b>	<b>26 469</b>	<b>3 485</b>	<b>16 040</b>	<b>16 040</b>	<b>1 878</b>	<b>146</b>	<b>-</b>

The following graph illustrates the growth in outstanding borrowing for the 2017/18 to 2023/24 period.

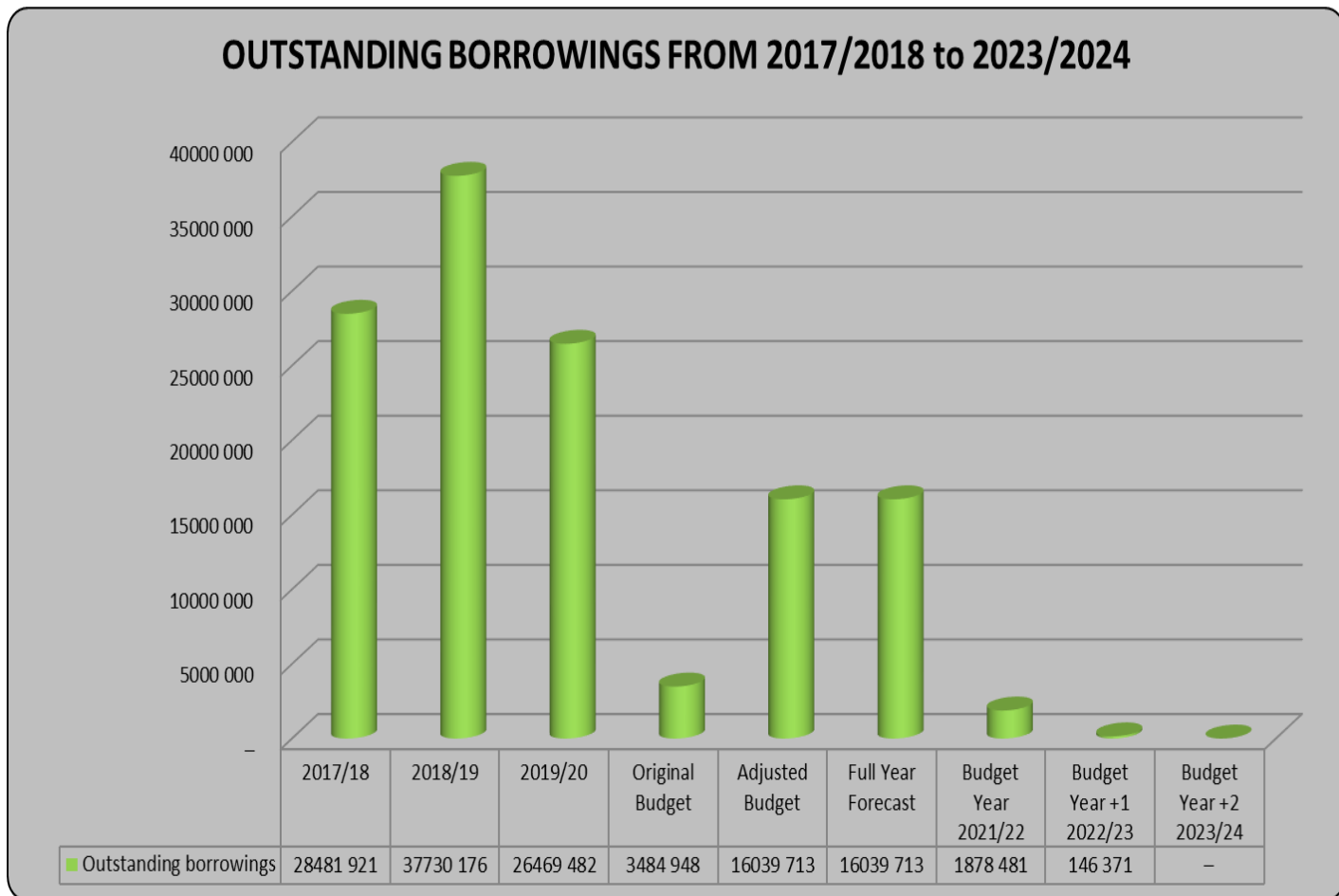


Figure 8 Growth in outstanding borrowing (long-term liabilities)

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 38 MBRR Table SA 18 - Capital transfers and grant receipts

DC43 Harry Gwala - Supporting Table SA18 Transfers and grant receipts

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	287 997	321 592	372 924	385 766	431 049	431 049	400 406	420 169	424 057
Local Government Equitable Share									
Equitable Share	286 279	318 074	345 309	372 340	417 623	417 623	387 013	410 807	414 421
Expanded Public Works Programme Integrated Grant	1 718	2 518	5 316	5 195	5 195	5 195	4 596	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	-	1 000	1 000	1 000	1 000	1 000	1 200	1 200	1 200
Municipal Disaster Relief Grant	-	-	596	-	-	-	-	-	-
Municipal Infrastructure Grant	-	-	9 808	4 986	4 986	4 986	5 322	5 775	6 046
Rural Road Asset Management Systems Grant	-	-	2 358	2 245	2 245	2 245	2 275	2 387	2 390
Water Services Infrastructure Grant	-	-	8 537	-	-	-	-	-	-
<b>Provincial Government:</b>	-	43 783	332	1 500	1 500	1 500	-	-	-
Other	-	43 783	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	332	1 500	1 500	1 500	-	-	-
<b>District Municipality:</b>	-	-	-	-	17 000	17 000	17 000	20 000	20 000
Specify (Add grant description)	-	-	-	-	17 000	17 000	17 000	20 000	20 000
<b>Other grant providers:</b>	-	791	-	-	3 877	3 877	-	-	-
Chemical Industry Seta	-	-	-	-	377	377	-	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
Unspecified	-	791	-	-	3 500	3 500	-	-	-
<b>Total Operating Transfers and Grants</b>	287 997	366 165	373 256	387 266	453 426	453 426	417 406	440 169	444 057
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	335 368	335 775	262 515	263 488	286 395	286 395	298 258	340 236	355 787
Equitable Share	263 913	47 223	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	331	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	68 903	152 755	191 052	194 462	204 014	204 014	207 558	225 236	235 787
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	-	70 000	20 000	9 026	22 381	22 381	-	20 000	20 000
Rural Road Asset Management Systems Grant	2 221	2 226	-	-	-	-	-	-	-
Water Services Infrastructure Grant	-	63 571	51 463	60 000	60 000	60 000	90 700	95 000	100 000
<b>Provincial Government:</b>	-	-	5 863	-	15 000	15 000	-	-	-
Specify (Add grant description)	-	-	5 863	-	15 000	15 000	-	-	-
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	335 368	335 775	268 379	263 488	301 395	301 395	298 258	340 236	355 787
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	623 365	701 941	641 634	650 754	754 821	754 821	715 664	780 405	799 844

## **Cash Flow Management**

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

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

Table 39 MBRR Table A7 - Budget cash flow statement

DC43 Harry Gwala - Table A7 Consolidated Budgeted Cash Flows

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates								-	-	-
Service charges	40 965	43 942	51 990	66 849	53 475	53 475	118 488	53 905	56 959	60 197
Other revenue	478	785	11 626	1 107	476	476	291	549	574	599
Transfers and Subsidies - Operational	259 545	322 557	339 907	960 372	424 206	424 206	227 583	395 084	414 394	418 011
Transfers and Subsidies - Capital	392 545	319 764	274 335	270 719	293 626	293 626	215 028	303 580	346 011	361 833
Interest	9 700	10 046	7 257	7 681	5 372	5 372	2 206	5 682	6 018	6 290
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees	(392 205)	(425 384)	(447 672)	922 890	467 803	467 803	575 160	(444 212)	(471 751)	(498 232)
Finance charges	(4 497)	(3 752)	(4 180)	4 385	1 507	1 507	-	(1 328)	(1 385)	(1 447)
Transfers and Grants	(3 692)	-						-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>302 839</b>	<b>267 958</b>	<b>233 262</b>	<b>2 224 003</b>	<b>1 246 466</b>	<b>1 246 466</b>	<b>1 138 756</b>	<b>313 261</b>	<b>350 820</b>	<b>347 252</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE								-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments								-	-	-
<b>Payments</b>										
Capital assets	(220 517)	(257 088)	(279 405)	(271 221)	(335 542)	(335 542)	(212 653)	(307 283)	(347 620)	(363 499)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(220 517)</b>	<b>(257 088)</b>	<b>(279 405)</b>	<b>(271 221)</b>	<b>(335 542)</b>	<b>(335 542)</b>	<b>(212 653)</b>	<b>(307 283)</b>	<b>(347 620)</b>	<b>(363 499)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term financing								-	-	-
Increase (decrease) in consumer deposits	(1 606)	(162)	(95)	18	(163)	(163)	(117)	147	149	143
<b>Payments</b>										
Repayment of borrowing	-	-	-	(1 370)	-	-	118	(3 676)	(2 300)	(146)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 606)</b>	<b>(162)</b>	<b>(95)</b>	<b>(1 351)</b>	<b>(163)</b>	<b>(163)</b>	<b>1</b>	<b>(3 529)</b>	<b>(2 151)</b>	<b>(3)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>80 716</b>	<b>10 708</b>	<b>(46 239)</b>	<b>1 951 430</b>	<b>910 760</b>	<b>910 760</b>	<b>926 104</b>	<b>2 448</b>	<b>1 048</b>	<b>(16 251)</b>
Cash/cash equivalents at the year begin:	24 272	99 878	58 363	12 922	48 731	48 731	-	48 731	51 179	52 228
Cash/cash equivalents at the year end:	104 989	110 587	12 124	1 964 352	959 491	959 491	926 104	51 179	52 228	35 977

The above table shows that cash and cash equivalents of the District were largely increasing between the 2018/19 and 2021/22 financial year moving from a cash balance of 48,7 million to R51, 1 million then increase in 2022/23 then start decreasing in 2023/24 MTREF. With the 2020/21 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 R51, 1 million by the financial year end. For the 2021/22 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 R51, 1 million by 2021/22 and steadily increasing to R52, 2 million by 2022/23 then decrease in 2023/2024 to R 35, 9million.

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

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	22 667	99 716	58 268	1 964 352	959 491	959 491	926 104	51 179	52 228	35 977
Other current investments > 90 days	74 285	(41 353)	(17 597)	(1 958 115)	(939 441)	(939 441)	(803 211)	0	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>96 952</b>	<b>58 363</b>	<b>40 671</b>	<b>6 237</b>	<b>20 050</b>	<b>20 050</b>	<b>122 893</b>	<b>51 179</b>	<b>52 228</b>	<b>35 977</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	60 822	43 814	15 000	236	236	236	51 881	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	(42 128)	(42 128)	-	(52 989)	(58 316)	(58 542)
Other working capital requirements	158 864	94 573	86 450	34 884	50 934	50 934	(105 049)	59 118	49 386	41 637
Other provisions	-	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>219 686</b>	<b>138 387</b>	<b>101 450</b>	<b>35 120</b>	<b>9 042</b>	<b>9 042</b>	<b>(53 168)</b>	<b>6 129</b>	<b>(8 929)</b>	<b>(16 905)</b>
<b>Surplus(shortfall)</b>	<b>(122 734)</b>	<b>(80 024)</b>	<b>(60 779)</b>	<b>(28 883)</b>	<b>11 008</b>	<b>11 008</b>	<b>176 061</b>	<b>45 050</b>	<b>61 157</b>	<b>52 882</b>

From the above table it can be seen that the cash and investments available total R45 million in the 2021/22 financial year and progressively increase to R61, 1million by 2022/23, 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 impact on 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 2021/22 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the District will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

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

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

## 2.6.5 Funding compliance measurement

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

Table 41 MBRR SA10 – Funding compliance measurement

DC43 Harry Gwala Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	43 023	112 336	71 593	120 138	12 922	12 922	12 922	5 839	5 907	12 122
Cash + investments at the yr end less applications - R'000	18(1)b	2	(133 203)	(78 518)	(43 615)	136 438	12 010	12 010	34 584	10 514	4 140	4 410
Cash year end/monthly employee/supplier payments	18(1)b	3	1,5	3,6	2,2	3,8	0,4	0,4	0,6	0,2	0,2	0,3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	163 079	210 879	240 350	282 636	191 864	191 864	163 250	186 288	197 664	215 811
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	39,2%	2,3%	45,3%	(30,1%)	(6,0%)	(37,2%)	(0,1%)	(0,1%)	(0,1%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	46,4%	62,2%	63,9%	49,1%	74,6%	74,6%	111,4%	65,3%	65,3%	65,3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	93,8%	45,8%	32,7%	28,6%	37,7%	37,7%	0,0%	37,4%	37,0%	36,6%
Capital payments % of capital expenditure	18(1)c,19	8	90,8%	99,2%	96,4%	100,0%	100,1%	100,1%	176,7%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	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	18(1)a	10								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	53,5%	(15,1%)	24,9%	13,3%	0,0%	10,8%	93,1%	(42,2%)	6,0%
Long term receivables % change - incr(decr)	18(1)a	12	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	20(1)(vi)	13	4,9%	0,7%	1,5%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%
Asset renewal % of capital budget	20(1)(vi)	14	1,5%	96,8%	72,3%	34,5%	35,5%	35,5%	0,0%	35,5%	36,0%	38,5%

## 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 2021/22 MTREF show R5, 8 million, R5, 9 million and R12million 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 2016/17 to 2017/18, moving from 1.5 to 3.6 this ratio improved from 3.6 to 2.2 in the 2020/21 then declined from 2021/2022 to 0, 2 and then to 0, 3 in the 2023/2024 financial year.

### **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 2021/22 MTREF the indicative outcome is a surplus of R186, 2million, R197, 6million and R215, 8 million.

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 2021/22 MTREF. Considering tariff increase in relation to revenue generated from rates and services charges is 6 per cent. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

### **Cash receipts as a percentage of ratepayer and other revenue**

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 60.2 for the each of the respective financial years. Given that the assumed collection rate was based on a 70 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

### **Debt impairment expense as a percentage of billable revenue**

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

### **Capital payments percentage of capital expenditure**

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

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

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

### **Consumer debtors change (Current and Non-current)**

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

### **Repairs and maintenance expenditure level**

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

### **Asset renewal/rehabilitation expenditure level**

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

## **1.15 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS**

Table 42 MBRR SA19 - Expenditure on transfers and grant programmes

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	475 399	509 122	486 343	467 489	512 579	512 579	507 017	536 315	565 323
Local Government Equitable Share									
Equitable Share	415 318	476 416	460 586	454 063	499 265	499 265	492 387	521 739	550 065
Expanded Public Works Programme Integrated Grant	1 530	179	5 218	5 195	5 195	5 195	5 917	5 261	5 629
Local Government Financial Management Grant	892	685	309	1 000	888	888	1 117	1 153	1 192
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	55 403	29 839	12 708	4 986	4 986	4 986	5 322	5 775	6 046
Municipal Systems Improvement Grant	307	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	1 948	2 003	2 050	2 245	2 245	2 245	2 275	2 387	2 390
Water Services Infrastructure Grant	-	-	5 471	-	-	-	-	-	-
<b>Provincial Government:</b>	433	1 332	-	1 500	-	-	-	-	-
Development Planning and Shared Services	433	1 332	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	1 500	-	-	-	-	-
<b>District Municipality:</b>	-	-	-	17 480	20 190	20 190	16 510	19 980	19 979
Specify (Add grant description)	-	-	-	17 480	20 190	20 190	16 510	19 980	19 979
<b>Other grant providers:</b>	-	-	-	-	377	377	-	-	-
Chemical Industry Seta	-	-	-	-	377	377	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>	<b>475 831</b>	<b>510 455</b>	<b>486 343</b>	<b>486 469</b>	<b>533 146</b>	<b>533 146</b>	<b>523 528</b>	<b>556 295</b>	<b>585 302</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	11 369	132 801	222 832	263 488	286 395	286 395	298 758	340 236	355 787
Local Government Financial Management Grant	-	-	281	-	-	-	-	-	-
Municipal Infrastructure Grant	-	10 090	155 868	194 462	204 014	204 014	207 558	225 236	235 787
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	-	65 476	19 379	9 026	22 381	22 381	-	20 000	20 000
Water Services Infrastructure Grant	11 369	57 235	47 304	60 000	60 000	60 000	91 200	95 000	100 000
<b>Provincial Government:</b>	-	-	11 855	-	15 000	15 000	-	-	-
Specify (Add grant description)	-	-	11 855	-	15 000	15 000	-	-	-
<b>District Municipality:</b>	-	-	-	-	100	100	-	-	-
Specify (Add grant description)	-	-	-	-	100	100	-	-	-
<b>Other grant providers:</b>	-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>	<b>11 369</b>	<b>132 801</b>	<b>234 687</b>	<b>263 488</b>	<b>301 495</b>	<b>301 495</b>	<b>298 758</b>	<b>340 236</b>	<b>355 787</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>487 201</b>	<b>643 256</b>	<b>721 030</b>	<b>749 957</b>	<b>834 640</b>	<b>834 640</b>	<b>822 286</b>	<b>896 531</b>	<b>941 089</b>

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

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>									
<b>Operating transfers and grants:</b>									
<b>National Government:</b>	-	-	(15 000)	-	-	-	-	-	-
Balance unspent at beginning of the year	(7 215)	(846)	(334)	(236)	(832)	(832)	-	-	-
Current year receipts	(7 254)	(3 518)	(13 912)	(6 195)	(6 195)	(6 195)	(5 796)	(1 200)	(1 200)
<b>Conditions met - transferred to revenue</b>	<b>13 619</b>	<b>4 030</b>	<b>14 148</b>	<b>6 195</b>	<b>6 791</b>	<b>6 791</b>	<b>5 796</b>	<b>1 200</b>	<b>1 200</b>
Conditions still to be met - transferred to liabilities	(850)	(334)	(196)	(236)	(236)	(236)	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
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									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
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									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	0	0	0	-	-	-	-	-	-
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	0	0	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>	<b>13 619</b>	<b>4 030</b>	<b>14 148</b>	<b>6 195</b>	<b>6 791</b>	<b>6 791</b>	<b>5 796</b>	<b>1 200</b>	<b>1 200</b>
<b>Total operating transfers and grants - CTBM</b>	<b>(850)</b>	<b>(334)</b>	<b>(196)</b>	<b>(236)</b>	<b>(236)</b>	<b>(236)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	(110 000)	(59 734)	(23 238)	-	-	-	-	-	-
Current year receipts	(283 207)	(349 213)	(283 218)	(270 719)	(293 626)	(293 626)	(305 855)	(348 398)	(364 223)
<b>Conditions met - transferred to revenue</b>	<b>333 477</b>	<b>336 443</b>	<b>283 218</b>	<b>270 719</b>	<b>293 626</b>	<b>293 626</b>	<b>305 855</b>	<b>348 398</b>	<b>364 223</b>
Conditions still to be met - transferred to liabilities	(59 729)	(121 770)	(46 476)	-	-	-	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
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									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
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									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	(649)	(242)	(20 242)	-	-	-	-	-	-
Current year receipts	-	(20 000)	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>406</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	(242)	(20 242)	(40 485)	-	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>	<b>333 884</b>	<b>336 443</b>	<b>283 218</b>	<b>270 719</b>	<b>293 626</b>	<b>293 626</b>	<b>305 855</b>	<b>348 398</b>	<b>364 223</b>
<b>Total capital transfers and grants - CTBM</b>	<b>(59 972)</b>	<b>(142 012)</b>	<b>(86 961)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>347 503</b>	<b>340 472</b>	<b>297 366</b>	<b>276 914</b>	<b>300 417</b>	<b>300 417</b>	<b>311 651</b>	<b>349 598</b>	<b>365 423</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>(60 822)</b>	<b>(142 346)</b>	<b>(87 157)</b>	<b>(236)</b>	<b>(236)</b>	<b>(236)</b>	<b>-</b>	<b>-</b>	<b>-</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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
	A	B	C	D	E	F	G	H	I
<b><u>Councillors (Political Office Bearers plus Other)</u></b>									
Basic Salaries and Wages	2 606	4 538	5 041	5 844	6 021	6 021	6 442	6 893	7 376
Pension and UIF Contributions	243	581	507	319	370	370	396	424	453
Medical Aid Contributions	73	96	54	48	48	48	51	55	58
Motor Vehicle Allowance	-	45	-	-	-	-	-	-	-
Cellphone Allowance	362	534	622	440	461	461	493	528	564
Other benefits and allowances	804	1 159	1 478	1 367	1 439	1 439	1 540	1 648	1 763
<b>Sub Total - Councillors</b>	<b>4 087</b>	<b>6 952</b>	<b>7 702</b>	<b>8 018</b>	<b>8 339</b>	<b>8 339</b>	<b>8 922</b>	<b>9 547</b>	<b>10 215</b>
<b>% increase</b>		<b>70,1%</b>	<b>10,8%</b>	<b>4,1%</b>	<b>4,0%</b>	<b>-</b>	<b>7,0%</b>	<b>7,0%</b>	<b>7,0%</b>
<b><u>Senior Managers of the Municipality</u></b>									
Basic Salaries and Wages	182	4 005	3 637	3 719	4 229	4 229	4 525	4 842	5 181
Pension and UIF Contributions	7	10	10	10	11	11	11	12	13
Medical Aid Contributions	97	91	122	117	170	170	182	194	208
Performance Bonus	-	146	53	56	111	111	118	127	136
Motor Vehicle Allowance	511	883	928	923	1 052	1 052	1 126	1 205	1 289
Cellphone Allowance	52	91	108	104	117	117	125	134	143
Housing Allowances	64	129	160	163	160	160	171	183	196
Other benefits and allowances	0	110	434	385	459	459	492	526	563
Payments in lieu of leave	-	22	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>913</b>	<b>5 488</b>	<b>5 452</b>	<b>5 478</b>	<b>6 308</b>	<b>6 308</b>	<b>6 750</b>	<b>7 223</b>	<b>7 728</b>
<b>% increase</b>		<b>501,3%</b>	<b>(0,7%)</b>	<b>0,5%</b>	<b>15,2%</b>	<b>-</b>	<b>7,0%</b>	<b>7,0%</b>	<b>7,0%</b>
<b><u>Other Municipal Staff</u></b>									
Basic Salaries and Wages	90 608	100 145	108 070	119 067	127 568	127 568	136 498	146 053	156 277
Pension and UIF Contributions	10 738	14 873	16 177	17 188	18 286	18 286	19 567	20 936	22 402
Medical Aid Contributions	7 533	7 261	8 220	8 585	8 728	8 728	9 338	9 992	10 692
Overtime	17 064	22 215	22 043	26 225	15 200	15 200	16 264	17 403	18 621
Performance Bonus	6 565	6 855	7 833	7 670	7 211	7 211	7 716	8 256	8 834
Motor Vehicle Allowance	11 027	13 814	14 366	15 269	16 038	16 038	17 160	18 362	19 647
Cellphone Allowance	651	699	781	833	802	802	858	918	982
Housing Allowances	718	413	487	510	548	548	586	627	671
Other benefits and allowances	2 844	3 349	4 034	4 351	4 450	4 450	4 761	5 095	5 451
Payments in lieu of leave	1 532	1 967	3 208	780	1 125	1 125	1 204	1 288	1 378
Long service awards	515	626	193	1 065	757	757	810	866	927
Post-retirement benefit obligations	1 434	(4 009)	(461)	3 125	3 125	3 125	3 343	3 577	3 828
<b>Sub Total - Other Municipal Staff</b>	<b>151 231</b>	<b>168 207</b>	<b>184 950</b>	<b>204 667</b>	<b>203 836</b>	<b>203 836</b>	<b>218 105</b>	<b>233 372</b>	<b>249 708</b>
<b>% increase</b>		<b>11,2%</b>	<b>10,0%</b>	<b>10,7%</b>	<b>(0,4%)</b>	<b>-</b>	<b>7,0%</b>	<b>7,0%</b>	<b>7,0%</b>
<b>Total Parent Municipality</b>	<b>156 231</b>	<b>180 647</b>	<b>198 103</b>	<b>218 163</b>	<b>218 484</b>	<b>218 484</b>	<b>233 777</b>	<b>250 142</b>	<b>267 652</b>

SA 22 Continue...

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

Summary of Employee and Councillor remuneration R thousand	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
	A	B	C	D	E	F	G	H	I
		15,6%	9,7%	10,1%	0,1%	-	7,0%	7,0%	7,0%
<b>Board Members of Entities</b>									
Basic Salaries and Wages	-	-	-	373	373	373	373	373	373
<b>Sub Total - Board Members of Entities</b>	-	-	-	373	373	373	373	373	373
% increase		-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	-	-	-	2 130	1 730	1 730	1 730	1 730	1 730
<b>Sub Total - Senior Managers of Entities</b>	-	-	-	2 130	1 730	1 730	1 730	1 730	1 730
% increase		-	-	-	(18,8%)	-	-	-	-
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	-	-	-	7 575	7 675	7 675	7 675	7 675	7 675
Pension and UIF Contributions	-	-	-	1 470	1 470	1 470	1 470	1 470	1 470
Medical Aid Contributions	-	-	-	479	479	479	479	479	479
Performance Bonus	-	-	-	533	533	533	533	533	533
Payments in lieu of leave	-	-	-	43	43	43	43	43	43
<b>Sub Total - Other Staff of Entities</b>	-	-	-	10 099	10 199	10 199	10 199	10 199	10 199
% increase		-	-	-	1,0%	-	-	-	-
<b>Total Municipal Entities</b>	-	-	-	12 601	12 301	12 301	12 301	12 301	12 301
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	156 231	180 647	198 103	230 764	230 785	230 785	246 079	262 443	279 953
% increase		15,6%	9,7%	16,5%	0,0%	-	6,6%	6,7%	6,7%
<b>TOTAL MANAGERS AND STAFF</b>	152 144	173 695	190 401	222 374	222 074	222 074	236 784	252 524	269 365

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.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		775 541	96 407	396 337			1 268 285
Chief Whip			622 361	51 736	128 542			802 639
Executive Mayor			969 666	24 505	46 353			1 040 524
Deputy Executive Mayor			722 541	14 230	385 341			1 122 112
Executive Committee			1 067 144	90 382	413 098			1 570 624
Total for all other councillors			2 285 216	169 782	663 273			3 118 271
<b>Total Councillors</b>	8	-	<b>6 442 469</b>	<b>447 042</b>	<b>2 032 944</b>			<b>8 922 455</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			989 661	62 596	349 628	-		1 401 885
Chief Finance Officer			672 255	41 725	311 863	-		1 025 843
SM					-			-
SM D01			568 967	31 578	425 297	-		1 025 842
SM D02			651 134	53 270	267 178	-		971 582
SM D03			932 483	1 910	305 449	-		1 239 842
SM D04			710 868	1 910	253 824	118 478		1 085 080
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	-	<b>4 525 368</b>	<b>192 989</b>	<b>1 913 239</b>	<b>118 478</b>		<b>6 750 074</b>
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								
<b>Harry Gwala Development Agency</b>								
BM D01			372 750					372 750
								-
<b>Total for municipal entities</b>	8,10	-	<b>372 750</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>372 750</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	-	<b>11 340 587</b>	<b>640 031</b>	<b>3 946 183</b>	<b>118 478</b>		<b>16 045 279</b>



Table 46 MBRR SA24- Summary of personnel numbers

DC43 Harry Gwala - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	2019/20			Current Year 2020/21			Budget Year 2021/22		
	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	32	-	32	32	-	32
Board Members of municipal entities	3		3	3		3	3		3
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	3	-	3	5	-	5	5	-	5
Other Managers	8	-	8	9	-	9	9	-	9
Professionals	251	247	13	280	260	16	280	285	16
<i>Finance</i>	13	13	3	13	13	-	13	13	-
<i>Spatial/town planning</i>	1	1	2	2	1	1	2	1	1
<i>Information Technology</i>	5	5	-	5	5	-	5	5	-
<i>Roads</i>	2	2	-	2	2	-	2	2	-
<i>Electricity</i>	4	4	-	4	4	-	4	4	-
<i>Water</i>	110	109	8	126	110	13	126	135	13
<i>Sanitation</i>	75	75	-	87	87	2	87	87	2
<i>Refuse</i>	1	1	-	1	1	-	1	1	-
<i>Other</i>	40	37	-	40	37	-	40	37	-
Technicians	28	27	-	28	27	-	28	27	-
<i>Finance</i>	-	-	-	-	-	-	-	-	-
<i>Spatial/town planning</i>	4	4	-	4	4	-	4	4	-
<i>Information Technology</i>	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)	-	-	6	38	38	10	38	38	10
Service and sales workers	2	2	-	2	2	-	2	2	-
Skilled agricultural and fishery workers	2	2	-	2	2	-	2	2	-
Craft and related trades	1	1	-	1	1	7	1	1	7
Plant and Machine Operators	82	73	9	95	45	-	95	95	-
Elementary Occupations	48	47	3	48	47	3	48	47	3
<b>TOTAL PERSONNEL NUMBERS</b>	<b>454</b>	<b>399</b>	<b>71</b>	<b>543</b>	<b>422</b>	<b>85</b>	<b>543</b>	<b>497</b>	<b>85</b>
<b>% increase</b>				19,6%	5,8%	19,7%	-	17,8%	-
<b>Total municipal employees headcount</b>	<b>526</b>	<b>464</b>	<b>73</b>	<b>617</b>	<b>492</b>	<b>105</b>	<b>617</b>	<b>567</b>	<b>105</b>
Finance personnel headcount	68	58	5	68	61	23	68	61	23
Human Resources personnel headcount	7	7	-	9	9	-	9	9	-

### 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 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>															
<b>Revenue By Source</b>															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue															
Service charges - water revenue	4 072	4 072	4 072	4 072	4 072	4 072	4 072	4 072	4 072	4 072	4 072	4 072	48 866	51 798	54 906
Service charges - sanitation revenue	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	20 555	21 789	23 096
Interest earned - external investments	474	474	474	474	474	474	474	474	474	474	474	474	5 682	6 018	6 290
Interest earned - outstanding debtors	850	850	850	850	850	850	850	850	850	850	850	850	10 198	10 810	11 459
Transfers and subsidies	34 784	34 784	34 784	34 784	34 784	34 784	34 784	34 784	34 784	34 784	34 784	34 784	417 406	440 169	444 057
Other revenue	46	46	46	46	46	46	46	46	46	46	46	46	549	574	599
Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and cont</b>	<b>41 938</b>	<b>41 938</b>	<b>41 938</b>	<b>41 938</b>	<b>41 938</b>	<b>41 938</b>	<b>41 938</b>	<b>41 938</b>	<b>41 938</b>	<b>41 938</b>	<b>41 938</b>	<b>41 938</b>	<b>503 258</b>	<b>531 159</b>	<b>540 407</b>
<b>Expenditure By Type</b>															
Employee related costs	19 763	19 763	19 763	19 763	19 763	19 763	19 763	19 763	19 763	19 763	19 763	19 761	237 156	252 896	269 738
Remuneration of councillors	744	744	744	744	744	744	744	744	744	744	744	743	8 922	9 547	10 215
Debt impairment	2 304	2 304	2 304	2 304	2 304	2 304	2 304	2 304	2 304	2 304	2 304	2 304	27 645	28 861	30 160
Depreciation & asset impairment	7 284	7 284	7 284	7 284	7 284	7 284	7 284	7 284	7 284	7 284	7 284	7 284	87 410	91 000	94 981
Finance charges	111	111	111	111	111	111	111	111	111	111	111	111	1 328	1 385	1 447
Inventory consumed	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	31 249	32 610	34 064
Contracted services	8 775	8 775	8 775	8 775	8 775	8 775	8 775	8 775	8 775	8 775	8 775	8 774	105 296	110 111	114 923
Transfers and subsidies	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	17 000	20 000	20 000
Other expenditure	5 132	5 132	5 132	5 132	5 132	5 132	5 132	5 132	5 132	5 132	5 132	5 132	61 589	66 587	69 291
<b>Total Expenditure</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 130</b>	<b>577 594</b>	<b>612 998</b>	<b>644 819</b>
<b>Surplus/(Deficit)</b>	<b>(6 195)</b>	<b>(6 195)</b>	<b>(6 195)</b>	<b>(6 195)</b>	<b>(6 195)</b>	<b>(6 195)</b>	<b>(6 195)</b>	<b>(6 195)</b>	<b>(6 195)</b>	<b>(6 195)</b>	<b>(6 195)</b>	<b>(6 191)</b>	<b>(74 336)</b>	<b>(81 839)</b>	<b>(104 412)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	24 855	24 855	24 855	24 855	24 855	24 855	24 855	24 855	24 855	24 855	24 855	24 855	298 258	340 236	355 787
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 664</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</b>
<b>Surplus/(Deficit)</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 664</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</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 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<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	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	404 553	429 229	433 781
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	22 412	25 955	26 235
Vote 06 - Summary Infrastructure Services	25 427	25 427	25 427	25 427	25 427	25 427	25 427	25 427	25 427	25 427	25 427	25 427	305 129	342 623	358 177
Vote 07 - Summary Water Services	5 785	5 785	5 785	5 785	5 785	5 785	5 785	5 785	5 785	5 785	5 785	5 785	69 422	73 587	78 002
Vote 15 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>801 516</b>	<b>871 394</b>	<b>896 195</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 01 - Summary Council	1 355	1 355	1 355	1 355	1 355	1 355	1 355	1 355	1 355	1 355	1 355	1 354	16 256	17 203	18 215
Vote 02 - Summary Municipal Manager	1 477	1 477	1 477	1 477	1 477	1 477	1 477	1 477	1 477	1 477	1 477	1 477	17 726	18 802	19 953
Vote 03 - Summary Budget And Treasury Office	7 106	7 106	7 106	7 106	7 106	7 106	7 106	7 106	7 106	7 106	7 106	7 105	85 267	89 833	94 713
Vote 04 - Summary Corporate Services	7 461	7 461	7 461	7 461	7 461	7 461	7 461	7 461	7 461	7 461	7 461	7 460	89 530	94 174	99 154
Vote 05 - Summary Social Services & Development Planning	5 726	5 726	5 726	5 726	5 726	5 726	5 726	5 726	5 726	5 726	5 726	5 726	68 717	77 472	79 919
Vote 06 - Summary Infrastructure Services	9 090	9 090	9 090	9 090	9 090	9 090	9 090	9 090	9 090	9 090	9 090	9 090	109 078	113 497	119 028
Vote 07 - Summary Water Services	15 918	15 918	15 918	15 918	15 918	15 918	15 918	15 918	15 918	15 918	15 918	15 918	191 021	202 016	213 836
Vote 15 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 130</b>	<b>577 594</b>	<b>612 998</b>	<b>644 819</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 664</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</b>
<b>Surplus/(Deficit)</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 664</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</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 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>															
<b>Revenue - Functional</b>															
<i>Governance and administration</i>	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	404 553	429 229	433 781
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	33 713	404 553	429 229	433 781
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	22 412	25 955	26 235
Planning and development	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	22 412	25 955	26 235
<i>Trading services</i>	31 213	31 213	31 213	31 213	31 213	31 213	31 213	31 213	31 213	31 213	31 213	31 213	374 551	416 210	436 179
Energy sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management	29 500	29 500	29 500	29 500	29 500	29 500	29 500	29 500	29 500	29 500	29 500	29 500	353 995	394 421	413 083
Waste water management	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	20 555	21 789	23 096
<i>Other</i>													-	-	-
<b>Total Revenue - Functional</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>66 793</b>	<b>801 516</b>	<b>871 394</b>	<b>896 195</b>
		68 661	68 661	68 661	68 661	68 661	68 661	68 661	68 661	68 661	68 661	68 661			
<b>Expenditure - Functional</b>															
<i>Governance and administration</i>	20 961	20 961	20 961	20 961	20 961	20 961	20 961	20 961	20 961	20 961	20 961	20 959	251 534	265 093	279 603
Executive and council	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	24 745	26 149	27 649
Finance and administration	18 130	18 130	18 130	18 130	18 130	18 130	18 130	18 130	18 130	18 130	18 130	18 128	217 553	229 088	241 434
Internal audit	770	770	770	770	770	770	770	770	770	770	770	770	9 236	9 856	10 519
<i>Community and public safety</i>	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	18 501	19 736	21 057
Community and social services	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	18 501	19 736	21 057
<i>Economic and environmental services</i>	12 901	12 901	12 901	12 901	12 901	12 901	12 901	12 901	12 901	12 901	12 901	12 900	154 812	166 438	172 760
Planning and development	12 901	12 901	12 901	12 901	12 901	12 901	12 901	12 901	12 901	12 901	12 901	12 900	154 812	166 438	172 760
<i>Trading services</i>	12 729	12 729	12 729	12 729	12 729	12 729	12 729	12 729	12 729	12 729	12 729	12 728	152 747	161 730	171 400
Energy sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management	12 654	12 654	12 654	12 654	12 654	12 654	12 654	12 654	12 654	12 654	12 654	12 654	151 849	160 769	170 372
Waste water management	75	75	75	75	75	75	75	75	75	75	75	75	898	961	1 028
<i>Other</i>													-	-	-
<b>Total Expenditure - Functional</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 133</b>	<b>48 130</b>	<b>577 594</b>	<b>612 998</b>	<b>644 819</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 664</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</b>
Share of surplus/ (deficit) of associate													-	-	-
<b>Surplus/(Deficit)</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 660</b>	<b>18 664</b>	<b>223 922</b>	<b>258 397</b>	<b>251 375</b>

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 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<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	336	336	336	336	336	336	336	336	336	336	336	336	4 031	4 945	5 163
Vote 05 - Summary Social Services & Development Planning	156	156	156	156	156	156	156	156	156	156	156	156	1 870	1 787	1 868
Vote 06 - Summary Infrastructure Services	-	-	-	-	-	-	-	-	-	-	-	-	-	20 000	20 000
Vote 07 - Summary Water Services	25 115	25 115	25 115	25 115	25 115	25 115	25 115	25 115	25 115	25 115	25 115	25 115	301 383	320 888	336 468
Vote 15 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</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 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>															
<b>Capital Expenditure - Functional</b>															
<i>Governance and administration</i>	384	384	384	384	384	384	384	384	384	384	384	384	4 610	5 145	5 373
Executive and council													-	-	-
Finance and administration	384	384	384	384	384	384	384	384	384	384	384	384	4 610	5 145	5 373
Internal audit													-	-	-
<i>Community and public safety</i>	85	85	85	85	85	85	85	85	85	85	85	85	1 021	1 587	1 658
Community and social services	85	85	85	85	85	85	85	85	85	85	85	85	1 021	1 587	1 658
<i>Economic and environmental services</i>	23	23	23	23	23	23	23	23	23	23	23	22	270	-	-
Planning and development	23	23	23	23	23	23	23	23	23	23	23	22	270	-	-
Road transport													-	-	-
Environmental protection													-	-	-
<i>Trading services</i>	25 115	25 115	25 115	25 115	25 115	25 115	25 115	25 115	25 115	25 115	25 115	25 115	301 383	340 888	356 468
Energy sources													-	-	-
Water management	21 101	21 101	21 101	21 101	21 101	21 101	21 101	21 101	21 101	21 101	21 101	21 100	253 207	293 888	300 468
Waste water management	4 015	4 015	4 015	4 015	4 015	4 015	4 015	4 015	4 015	4 015	4 015	4 015	48 176	47 000	56 000
Waste management													-	-	-
Other													-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</b>
<b>Funded by:</b>															
National Government	24 897	24 897	24 897	24 897	24 897	24 897	24 897	24 897	24 897	24 897	24 897	24 896	298 758	340 236	355 787
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>24 897</b>	<b>24 897</b>	<b>24 897</b>	<b>24 897</b>	<b>24 897</b>	<b>24 897</b>	<b>24 897</b>	<b>24 897</b>	<b>24 897</b>	<b>24 897</b>	<b>24 897</b>	<b>24 896</b>	<b>298 758</b>	<b>340 236</b>	<b>355 787</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>8 525</b>	<b>7 384</b>	<b>7 712</b>
<b>Total Capital Funding</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>25 607</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</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 2021/22												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	
<b>R thousand</b>																
<b>Cash Receipts By Source</b>																
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	3 307	3 307	3 307	3 307	3 307	3 307	3 307	3 307	3 307	3 307	3 307	3 307	39 680	41 881	44 214	
Service charges - sanitation revenue	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	14 225	15 078	15 983	
Interest earned - external investments	474	474	474	474	474	474	474	474	474	474	474	474	5 682	6 018	6 290	
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	30 753	30 753	30 753	30 753	30 753	30 753	30 753	30 753	30 753	30 753	30 753	30 753	369 036	381 955	383 786	
Other revenue	46	46	46	46	46	46	46	46	46	46	46	46	549	574	599	
<b>Cash Receipts by Source</b>	<b>35 764</b>	<b>35 764</b>	<b>35 764</b>	<b>35 764</b>	<b>35 764</b>	<b>35 764</b>	<b>35 764</b>	<b>35 764</b>	<b>35 764</b>	<b>35 764</b>	<b>35 764</b>	<b>35 764</b>	<b>429 173</b>	<b>445 506</b>	<b>450 872</b>	
<b>Other Cash Flows by Source</b>																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	25 488	25 488	25 488	25 488	25 488	25 488	25 488	25 488	25 488	25 488	25 488	25 488	305 855	348 398	364 223	
Borrowing long term/refinancing													-			
Increase (decrease) in consumer deposits	12	12	12	12	12	12	12	12	12	12	12	12	147	149	143	
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments													-			
<b>Total Cash Receipts by Source</b>	<b>61 265</b>	<b>61 265</b>	<b>61 265</b>	<b>61 265</b>	<b>61 265</b>	<b>61 265</b>	<b>61 265</b>	<b>61 265</b>	<b>61 265</b>	<b>61 265</b>	<b>61 265</b>	<b>61 265</b>	<b>735 175</b>	<b>794 053</b>	<b>815 238</b>	
<b>Cash Payments by Type</b>																
Employee related costs	20 507	20 507	20 507	20 507	20 507	20 507	20 507	20 507	20 507	20 507	20 507	20 505	246 079	262 443	279 953	
Remuneration of councillors													-			
Finance charges	111	111	111	111	111	111	111	111	111	111	111	111	1 328	1 385	1 447	
Acquisitions - water & other inventory	1 616	1 616	1 616	1 616	1 616	1 616	1 616	1 616	1 616	1 616	1 616	1 616	19 396	20 250	21 161	
Contracted services	8 775	8 775	8 775	8 775	8 775	8 775	8 775	8 775	8 775	8 775	8 775	8 774	105 296	110 111	114 923	
Other expenditure	6 120	6 120	6 120	6 120	6 120	6 120	6 120	6 120	6 120	6 120	6 120	6 120	73 441	78 948	82 195	
<b>Cash Payments by Type</b>	<b>37 129</b>	<b>37 129</b>	<b>37 129</b>	<b>37 129</b>	<b>37 129</b>	<b>37 129</b>	<b>37 129</b>	<b>37 129</b>	<b>37 129</b>	<b>37 129</b>	<b>37 129</b>	<b>37 125</b>	<b>445 539</b>	<b>473 136</b>	<b>499 679</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	25 607	25 607	25 607	25 607	25 607	25 607	25 607	25 607	25 607	25 607	25 607	25 607	307 283	347 620	363 499	
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments													-			
<b>Total Cash Payments by Type</b>	<b>62 736</b>	<b>62 736</b>	<b>62 736</b>	<b>62 736</b>	<b>62 736</b>	<b>62 736</b>	<b>62 736</b>	<b>62 736</b>	<b>62 736</b>	<b>62 736</b>	<b>62 736</b>	<b>62 732</b>	<b>752 823</b>	<b>820 757</b>	<b>863 177</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(1 471)</b>	<b>(1 471)</b>	<b>(1 471)</b>	<b>(1 471)</b>	<b>(1 471)</b>	<b>(1 471)</b>	<b>(1 471)</b>	<b>(1 471)</b>	<b>(1 471)</b>	<b>(1 471)</b>	<b>(1 471)</b>	<b>(1 468)</b>	<b>(17 648)</b>	<b>(26 704)</b>	<b>(47 939)</b>	
Cash/cash equivalents at the month/year begin:	4 568	3 098	1 627	156	(1 315)	(2 786)	(4 257)	(5 728)	(7 199)	(8 670)	(10 141)	(11 612)	4 568	(13 079)	(39 783)	
Cash/cash equivalents at the month/year end:	3 098	1 627	156	(1 315)	(2 786)	(4 257)	(5 728)	(7 199)	(8 670)	(10 141)	(11 612)	(13 079)	(13 079)	(39 783)	(87 722)	



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

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

Description	Vote 01 - Summary Council	Vote 02 - Summary Municipal	Vote 03 - Summary Budget And	Vote 04 - Summary Corporate	Vote 05 - Summary Social Services	Vote 06 - Summary Infrastructure	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	-	-	-	-	-	-	48 866	48 866
Service charges - sanitation revenue	-	-	-	-	-	-	20 555	20 555
Rental of facilities and equipment	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	5 592	-	90	-	-	5 682
Interest earned - outstanding debtors	-	-	10 198	-	-	-	-	10 198
Other revenue	-	-	549	-	-	-	-	549
Transfers and subsidies	-	-	388 213	-	22 322	6 871	-	417 406
Gains	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	<b>404 553</b>	-	<b>22 412</b>	<b>6 871</b>	<b>69 422</b>	<b>503 258</b>
<b>Expenditure By Type</b>								
Employee related costs	-	11 408	32 317	28 377	40 751	22 154	102 148	237 156
Remuneration of councillors	8 922	-	-	-	-	-	-	8 922
Debt impairment	-	-	27 645	-	-	-	-	27 645
Depreciation & asset impairment	-	-	8	11 382	1 182	71 722	3 115	87 410
Finance charges	-	-	1 313	-	15	-	-	1 328
Inventory consumed	-	-	11 852	-	-	-	19 396	31 249
Contracted services	4 308	4 372	14 679	23 188	3 236	13 597	41 916	105 296
Transfers and subsidies	-	-	-	-	17 000	-	-	17 000
Other expenditure	3 025	1 946	9 307	26 545	4 135	1 604	15 028	61 589
Losses	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>16 256</b>	<b>17 726</b>	<b>97 120</b>	<b>89 493</b>	<b>66 319</b>	<b>109 078</b>	<b>181 604</b>	<b>577 594</b>
<b>Surplus/(Deficit)</b>	<b>(16 256)</b>	<b>(17 726)</b>	<b>307 434</b>	<b>(89 493)</b>	<b>(43 907)</b>	<b>(102 207)</b>	<b>(112 182)</b>	<b>(74 336)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)						298 258	-	298 258
Transfers and subsidies - capital (in-kind - all)						-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(16 256)</b>	<b>(17 726)</b>	<b>307 434</b>	<b>(89 493)</b>	<b>(43 907)</b>	<b>196 051</b>	<b>(112 182)</b>	<b>223 922</b>

Table 45 Water Services Department – Performance objectives and indicators

DC43 Harry Gwala - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>06 - Summary Infrastructure Services</b>										
<b>Waste Water Management</b>										
<b>Sewerage</b>										
<i>Flush Toilet (Connected To Sewerage)</i>	Households	-	65 558	70 615	-	75 601	75 601	81 649	86 956	92 608
<i>Flush Toilet (With Septic Tank)</i>	Households	-	12 436	12 312	-	12 188	12 188	13 164	14 020	14 931
<i>Pit Toilet (Ventilated)</i>	Households	-	48 188	45 779	-	43 490	43 490	46 969	50 022	53 273
<b>Water Management</b>										
<b>Water Distribution</b>										
<i>Informal Settlements (R000)</i>	Rand Value	-	-	5 189	-	-	-	6 561	6 954	7 406
<i>Other Water Supply (&lt; Min.Service Level)</i>	Households	-	31 739	30 152	-	-	-	30 936	32 947	35 088
<i>Other Water Supply (At Least Min.Service Level)</i>	Households	-	-	30 152	-	28 645	28 645	30 936	32 947	35 089
<i>Piped Water Inside Dwelling</i>	Households	-	48 246	48 641	-	48 418	48 418	52 292	55 691	59 311
<i>Piped Water Inside Yard (But Not In Dwelling)</i>	Households	-	20 086	19 885	-	19 686	19 686	21 261	22 643	24 115
<i>Using Public Tap (At Least Min.Service Level)</i>	Households	-	26 109	30 026	-	34 529	34 529	37 292	39 716	42 298

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), four directors and 7 professional engineers. As part of the performance objectives for the 2021/22 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 R34 million, R35, 4 million and R37 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water and charges for sanitation of which budget appropriation for the 2021/22 financial year is R69, 4 million and increases to R73, 5million by 2022/23 by the 2023/24 and has been informed by a collection rate of 73 per cent and distribution losses of 31, 2 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 2021/22 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 Sisonke - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	5 498	72 687	105 103	248 033	265 488	265 488	299 008	340 236	355 787
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	5 498	70 959	105 103	213 161	240 851	240 851	250 832	293 236	299 787
Dams and Weirs	-	65 476	32 289	16 526	16 653	16 653	18 000	47 000	40 000
Boreholes	3 638	3 203	12 718	31 965	21 901	21 901	52 775	56 000	50 750
Reservoirs	-	-	15 642	6 900	1 000	1 000	-	10 000	5 000
Pump Stations	-	-	-	21 437	65 051	65 051	37 000	8 000	-
Water Treatment Works	-	2 281	-	12 000	25 080	25 080	15 500	5 000	4 000
Bulk Mains	-	-	20 996	27 669	38 398	38 398	18 832	33 000	30 000
Distribution	1 860	-	23 458	95 963	72 770	72 770	108 725	134 236	170 037
Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	700	-	-	-	-	-
Sanitation Infrastructure	-	-	-	34 873	24 637	24 637	48 176	47 000	56 000
Pump Station	-	-	-	8 700	11 300	11 300	19 326	3 000	-
Reticulation	-	-	-	19 506	10 861	10 861	28 850	34 000	42 000
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	-	-	6 667	2 476	2 476	-	10 000	14 000
Capital Spares	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	1 728	-	-	-	-	-	-	-
Data Centres	-	1 728	-	-	-	-	-	-	-
<b>Other assets</b>	902	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	902	-	-	-	-	-	-	-	-
Staff Housing	902	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	200	900	900	450	200	210
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	200	900	900	450	200	210
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	200	900	900	450	200	210
<b>Computer Equipment</b>	-	-	3 504	1 590	1 779	1 779	2 130	2 717	2 837
Computer Equipment	-	-	3 504	1 590	1 779	1 779	2 130	2 717	2 837
<b>Furniture and Office Equipment</b>	725	1 120	1 264	910	1 710	1 710	1 881	2 228	2 326
Furniture and Office Equipment	725	1 120	1 264	910	1 710	1 710	1 881	2 228	2 326
<b>Machinery and Equipment</b>	-	38	1 020	484	100	100	2 315	2 553	2 666
Machinery and Equipment	-	38	1 020	484	100	100	2 315	2 553	2 666
<b>Transport Assets</b>	-	-	5 855	2 500	10 958	10 958	-	-	-
Transport Assets	-	-	5 855	2 500	10 958	10 958	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>7 125</b>	<b>73 845</b>	<b>116 746</b>	<b>253 717</b>	<b>280 935</b>	<b>280 935</b>	<b>305 783</b>	<b>347 933</b>	<b>363 826</b>

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

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	215 128	179 945	76 976	780	8 796	8 796	1 000	-	-
Roads Infrastructure	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>									
Water Supply Infrastructure	-	41 249	38 675	780	982	982	1 000	-	-
<i>Dams and Weirs</i>	-	-	-	-	-	-	-	-	-
<i>Bulk Mains</i>	-	-	-	780	-	-	1 000	-	-
<i>Distribution</i>	-	26 126	38 675	-	982	982	-	-	-
<i>Distribution Points</i>	-	15 123	-	-	-	-	-	-	-
<i>PRV Stations</i>									
<i>Capital Spares</i>									
Sanitation Infrastructure	215 128	138 696	38 302	-	7 814	7 814	-	-	-
<i>Pump Station</i>									
<i>Reticulation</i>	-	(1 439)	-	-	-	-	-	-	-
<i>Waste Water Treatment Works</i>	215 128	140 135	38 302	-	7 814	7 814	-	-	-
<i>Outfall Sewers</i>									
<b>Machinery and Equipment</b>	-	85	-	50	-	-	200	-	-
Machinery and Equipment	-	85	-	50	-	-	200	-	-
<b>Transport Assets</b>	-	11 472	-	-	16 550	16 550	-	-	-
Transport Assets	-	11 472	-	-	16 550	16 550	-	-	-
<b>Land</b>	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>215 128</b>	<b>191 501</b>	<b>76 976</b>	<b>830</b>	<b>25 346</b>	<b>25 346</b>	<b>1 200</b>	<b>-</b>	<b>-</b>
<b>Renewal of Existing Assets as % of total capex</b>	0,0%	72,2%	32,0%	0,3%	7,6%	7,6%	0,4%	0,0%	0,0%
<b>Renewal of Existing Assets as % of deprecn"</b>	321,1%	275,1%	107,0%	1,0%	30,1%	30,1%	1,4%	0,0%	0,0%

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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	4 193	16 089	18 521	18 685	37 721	37 721	29 000	30 276	31 638
Roads Infrastructure	–	–	–	–	–	–	–	–	–
Water Supply Infrastructure	2 587	11 693	18 521	18 685	37 721	37 721	29 000	30 276	31 638
Dams and Weirs									
Boreholes									
Reservoirs	1 964	5 240	8 428	7 863	17 718	17 718	14 000	14 616	15 274
Pump Stations	32	3 138	6 698	7 034	12 914	12 914	8 000	8 352	8 728
PRV Stations									
Capital Spares	590	3 314	3 395	3 788	7 088	7 088	7 000	7 308	7 637
Sanitation Infrastructure	1 606	4 396	–	–	–	–	–	–	–
Pump Station									
Reticulation	1 606	4 396	–	–	–	–	–	–	–
<b>Community Assets</b>	119	96	85	153	96	96	90	94	98
Community Facilities	–	–	–	–	–	–	–	–	–
Halls									
Capital Spares									
Sport and Recreation Facilities	119	96	85	153	96	96	90	94	98
Indoor Facilities	119	96	85	153	96	96	90	94	98
<b>Other assets</b>	1 727	1 167	1 497	2 500	3 766	3 766	3 000	3 132	3 273
Operational Buildings	1 727	1 167	1 497	2 500	3 766	3 766	3 000	3 132	3 273
Municipal Offices	1 727	1 167	1 497	2 500	3 766	3 766	3 000	3 132	3 273
<b>Computer Equipment</b>	79	9	165	520	520	520	320	334	349
Computer Equipment	79	9	165	520	520	520	320	334	349
<b>Furniture and Office Equipment</b>	–	–	–	–	–	–	–	–	–
Furniture and Office Equipment	–	–	–	–	–	–	–	–	–
<b>Machinery and Equipment</b>	8 189	15 933	196	724	1 213	1 213	1 262	1 318	1 377
Machinery and Equipment	8 189	15 933	196	724	1 213	1 213	1 262	1 318	1 377
<b>Transport Assets</b>	–	136	15	315	315	315	328	342	357
Transport Assets	–	136	15	315	315	315	328	342	357
<b>Total Repairs and Maintenance Expenditure</b>	<b>14 306</b>	<b>33 430</b>	<b>20 479</b>	<b>22 897</b>	<b>43 629</b>	<b>43 629</b>	<b>34 000</b>	<b>35 496</b>	<b>37 093</b>
<b>R&amp;M as a % of PPE</b>	0,7%	1,5%	0,9%	1,0%	1,7%	1,7%	1,3%	1,2%	1,2%
<b>R&amp;M as % Operating Expenditure</b>	3,1%	6,8%	3,8%	4,3%	7,7%	7,7%	9,8%	6,1%	6,1%

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 R thousand	2021/22 Medium Term Revenue & Expenditure Framework		
	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Capital expenditure</b>			
Vote 01 - Summary Council	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-
Vote 04 - Summary Corporate Services	4 031	4 945	5 163
Vote 05 - Summary Social Services & Development Planning	1 870	1 787	1 868
Vote 06 - Summary Infrastructure Services	-	20 000	20 000
Vote 07 - Summary Water Services	301 383	320 888	336 468
Vote 15 - Other	-	-	-
<i>List entity summary if applicable</i>			
<b>Total Capital Expenditure</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</b>
<b>Future operational costs by vote</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 Planning			
Vote 06 - Summary Infrastructure Services			
Vote 07 - Summary Water Services			
Vote 15 - Other			
<b>Total future operational costs</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Future revenue by source</b>			
Property rates	-	-	-
Service charges - electricity revenue			
Service charges - water revenue	48 866	51 798	54 906
Service charges - sanitation revenue	20 555	21 789	23 096
Service charges - refuse revenue			
Rental of facilities and equipment			
<i>List other revenues sources if applicable</i>	5 682	6 018	6 290
<i>List entity summary if applicable</i>			
<b>Total future revenue</b>	<b>75 104</b>	<b>79 605</b>	<b>84 292</b>
<b>Net Financial Implications</b>	<b>232 180</b>	<b>268 015</b>	<b>279 207</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	Project Number	Type	MTSF Service Outcome	IUDF	Asset Class	Asset Sub-Class	Ward Location	2021/22 Medium Term Revenue & Expenditure Framework				
										Audited Outcome 2019/20	Current Year 2020/21 Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Parent municipality: <i>List all capital projects grouped by Function</i>														
Finance And Administration	Capital/Non-Infrastructure/Existing/Renewal/Machinery And Equipment	-	RENEWAL		Governance	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	-	-	150	-	-	
Finance And Administration	Capital/Non-Infrastructure/Existing/Renewal/Transport Assets	-	RENEWAL		Governance	Transport Assets	Transport Assets	R-ADMIN OR HEAD OFFICE	-	568	-	-	-	
Finance And Administration	Capital/Non-Infrastructure/Existing/Renewal/Transport Assets	-	RENEWAL		Governance	Transport Assets	Transport Assets	R-WHOLE OF THE DISTRICT	-	15 982	-	-	-	
Finance And Administration	Capital/Non-Infrastructure/New/Computer Equipment	-	NEW	An efficient; effective and development-oriented public service	Growth	Computer Equipment	Computer Equipment	R-ADMIN OR HEAD OFFICE	2 208	1 600	2 000	2 717	2 837	
Finance And Administration	Capital/Non-Infrastructure/New/Computer Equipment	-	NEW	An efficient; effective and development-oriented public service	Growth	Computer Equipment	Computer Equipment	R-WHOLE OF THE DISTRICT	1 296	-	-	-	-	
Finance And Administration	Capital/Non-Infrastructure/New/Furniture And Office Equipment	-	NEW	An efficient; effective and development-oriented public service	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-ADMIN OR HEAD OFFICE	591	1 800	1 881	2 228	2 326	
Finance And Administration	Capital/Non-Infrastructure/New/Furniture And Office Equipment	-	NEW	An efficient; effective and development-oriented public service	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF THE DISTRICT	-	60	-	-	-	
Finance And Administration	Capital/Non-Infrastructure/New/Intangible Assets/Computer Software And Applic	-	NEW	An efficient; effective and development-oriented public service	Growth	Licences And Rights	Computer Software And Applications	R-ADMIN OR HEAD OFFICE	-	500	-	-	-	
Community And Social Services	Capital/Non-Infrastructure/New/Furniture And Office Equipment	-	NEW	An efficient; effective and development-oriented public service	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-ADMIN OR HEAD OFFICE	-	-	521	543	567	
Community And Social Services	Capital/Non-Infrastructure/New/Intangible Assets/Computer Software And Applic	-	NEW	An efficient; effective and development-oriented public service	Growth	Licences And Rights	Computer Software And Applications	R-ADMIN OR HEAD OFFICE	-	-	500	1 044	1 091	
Community And Social Services	Capital/Non-Infrastructure/New/Machinery And Equipment	-	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	-	100	-	-	-	
Community And Social Services	Capital/Non-Infrastructure/New/Transport Assets	-	NEW		Growth	Transport Assets	Transport Assets	R-WHOLE OF THE DISTRICT	-	10 958	-	-	-	
Planning And Development	Capital/Non-Infrastructure/Existing/Renewal/Machinery And Equipment	-	RENEWAL		Governance	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	-	-	50	-	-	
Planning And Development	Capital/Non-Infrastructure/New/Furniture And Office Equipment	-	NEW	An efficient; effective and development-oriented public service	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-ADMIN OR HEAD OFFICE	673	-	-	-	-	
Planning And Development	Capital/Non-Infrastructure/New/Machinery And Equipment	-	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-WHOLE OF THE DISTRICT	1 020	-	220	-	-	
Water Management	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-GREATER KOKSTAD	-	-	1 000	-	-	
Water Management	Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Distribution	Distrib010	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-GREATER KOKSTAD	2 926	506	-	-	-	
Water Management	Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Distribution	Distrib010	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-INGWEIKWA SANI	9 915	-	-	-	-	
Water Management	Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Distribution	Distrib010	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-UBUHLEBEZWE	10 545	476	-	-	-	
Water Management	Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Distribution	Distrib010	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-WHOLE OF THE DISTRICT	15 288	-	-	-	-	
Water Management	Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Tre	-	RENEWAL	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-GREATER KOKSTAD	4 416	6 500	-	-	-	
Water Management	Capital/Infrastructure/Existing/Upgrading/Water Supply Infrastructure/Boreholes	-	UPGRADING	efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Boreholes	R-INGWEIKWA SANI	8 203	-	-	-	-	

DC43 Harry Gwala - Supporting Table SA36 Consolidated detailed capital budget

R thousand	Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Asset Class	Asset Sub-Class	Ward Location	2021/22 Medium Term Revenue & Expenditure Framework					
										Audited Outcome 2019/20	Current Year 2020/21 Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	
Parent municipality:															
Water Management	Capital:Infrastructure:Existing:Upgrading:Water Supply Infrastructure:Water Treatment	-	UPGRADING	efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Water Treatment Works	R-INGWEIKWA SANI	6 591	8 500	-	-	-		
Water Management	Capital:Infrastructure:Existing:Upgrading:Water Supply Infrastructure:Water Treatment	-	UPGRADING	efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Water Treatment Works	R-UBUHLEBEZWE	2 692	-	-	-	-		
Water Management	Capital:Infrastructure:Existing:Upgrading:Water Supply Infrastructure:Water Treatment	-	UPGRADING	efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Water Treatment Works	R-WHOLE OF THE DISTRICT	27 261	582	-	-	-		
Water Management	Capital:Infrastructure:Existing:Upgrading:Water Supply Infrastructure:Distribution	-	UPGRADING	efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-INGWEIKWA SANI	-	-	250	-	-		
Water Management	Capital:Infrastructure:Existing:Upgrading:Water Supply Infrastructure:Distribution	-	UPGRADING	efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-UBUHLEBEZWE	-	-	500	-	-		
Water Management	Capital:Infrastructure:Existing:Upgrading:Sanitation Infrastructure:Reticulation	-	UPGRADING	efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Reticulation	R-UBUHLEBEZWE	101	-	-	-	-		
Water Management	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-GREATER KOKSTAD	-	5 500	18 000	15 000	10 000		
Water Management	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-INGWEIKWA SANI	19 379	22 381	-	20 000	20 000		
Water Management	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-WHOLE OF THE DISTRICT	12 911	1 048	-	12 000	10 000		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Boreholes	PA2_SDO3_OD04_W	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Boreholes	R-GREATER KOKSTAD	-	4 500	13 425	13 500	15 250		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Boreholes	PA2_SDO3_OD04_W	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Boreholes	R-INGWEIKWA SANI	10 186	6 867	15 823	16 000	11 250		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Boreholes	PA2_SDO3_OD04_W	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Boreholes	R-UBUHLEBEZWE	-	4 849	9 527	14 500	11 250		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Boreholes	PA2_SDO3_OD04_W	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Boreholes	R-WHOLE OF THE DISTRICT	2 532	5 716	14 000	12 000	13 000		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Reservoirs	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Reservoirs	R-INGWEIKWA SANI	15 642	870	-	10 000	-		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Reservoirs	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Reservoirs	R-UBUHLEBEZWE	-	1 000	-	-	5 000		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Pump Station	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Pump Stations	R-GREATER KOKSTAD	-	6 713	10 000	1 000	-		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Pump Station	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Pump Stations	R-UBUHLEBEZWE	-	3 018	10 000	5 000	-		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Pump Station	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Pump Stations	R-WHOLE OF THE DISTRICT	-	26 124	17 000	2 000	-		
Water Management	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-INGWEIKWA SANI	-	5 075	15 000	5 000	4 000		
Water Management	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	-	2 000	500	-	-		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Bulk Mains	PA2_SDO3_OS04_W	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Bulk Mains	R-GREATER KOKSTAD	-	28 839	150	4 000	-		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Bulk Mains	PA2_SDO3_OS04_W	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Bulk Mains	R-INGWEIKWA SANI	1 389	44 267	11 500	8 000	10 000		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Bulk Mains	PA2_SDO3_OS04_W	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Bulk Mains	R-UBUHLEBEZWE	-	6 399	7 182	21 000	20 000		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Bulk Mains	PA2_SDO3_OS04_W	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Bulk Mains	R-WHOLE OF THE DISTRICT	19 607	5 278	-	-	-		
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	-	2 000	2 000	-	-		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Distribution	R-GREATER KOKSTAD	-	598	4 300	5 000	7 000		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Distribution	R-INGWEIKWA SANI	12 817	49 314	61 500	76 500	98 000		
Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Distribution	R-UBUHLEBEZWE	1 651	14 920	27 875	17 500	24 250		
Water Management	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	8 991	14 919	13 050	35 236	40 787		

DC43 Harry Gwala - Supporting Table SA36 Consolidated detailed capital budget

R thousand	Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Asset Class	Asset Sub-Class	Ward Location	2021/22 Medium Term Revenue & Expenditure Framework					
										Audited Outcome 2019/20	Current Year 2020/21 Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	
<b>Parent municipality:</b>															
Water Management	Capital:Non-Infrastructure:New:Furniture And Office Equipment	-	NEW	An efficient, effective and development-oriented public service	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-ADMIN OR HEAD OFFICE	-	-	156	163	170		
Water Management	Capital:Non-Infrastructure:New:Intangible Assets:Computer Software And Applications	-	NEW	An efficient, effective and development-oriented public service	Growth	Licences And Rights	Computer Software And Applications	R-ADMIN OR HEAD OFFICE	-	-	468	489	511		
Water Management	Capital:Non-Infrastructure:New:Transport Assets	-	NEW		Growth	Transport Assets	Transport Assets	R-WHOLE OF THE DISTRICT	5 855	-	-	-	-		
Waste Water Management	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	32 125	725	-	-	-		
Waste Water Management	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	1 760	590	-	-	-		
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Sanitation Infrastructure:Reticulation	-	UPGRADING	efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Reticulation	R-GREATER KOKSTAD	-	5 365	-	-	-		
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Sanitation Infrastructure:Waste Water Treatment Works	-	UPGRADING	efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-WHOLE OF THE DISTRICT	1 625	-	-	-	-		
Waste Water Management	Capital:Infrastructure:New:Sanitation Infrastructure:Pump Station	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	Pump Station	R-GREATER KOKSTAD	-	5 210	19 326	3 000	-		
Waste Water Management	Capital:Infrastructure:New:Sanitation Infrastructure:Reticulation	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	Reticulation	R-GREATER KOKSTAD	-	-	1 000	5 000	17 000		
Waste Water Management	Capital:Infrastructure:New:Sanitation Infrastructure:Reticulation	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	Reticulation	R-INGWEIKWA SANI	-	2 694	15 850	5 000	10 000		
Waste Water Management	Capital:Infrastructure:New:Sanitation Infrastructure:Reticulation	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	Reticulation	R-UBUHLEBEZWE	-	6 000	12 000	10 000	5 000		
Waste Water Management	Capital:Infrastructure:New:Sanitation Infrastructure:Reticulation	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	Reticulation	R-WHOLE OF THE DISTRICT	-	1 577	-	14 000	10 000		
Waste Water Management	Capital:Infrastructure:New:Sanitation Infrastructure:Toilet Facilities	-	NEW	efficient, competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	Toilet Facilities	R-UBUHLEBEZWE	-	2 476	-	10 000	14 000		
<b>Parent Capital expenditure</b>									<b>240 195</b>	<b>334 963</b>	<b>306 704</b>	<b>347 420</b>	<b>363 289</b>		
<b>Entities:</b>															
<i>List all capital projects grouped by Entity</i>															
<b>Harry Gwala Development Agency</b>															
Finance And Administration	Capital:Non-Infrastructure:New:Computer Equipment	-	NEW	An efficient, effective and development-oriented public service	Growth	Computer Equipment	Computer Equipment	R-ADMIN OR HEAD OFFICE	-	179	130	-	-		
Finance And Administration	Capital:Non-Infrastructure:New:Intangible Assets:Computer Software And Applications	-	NEW	An efficient, effective and development-oriented public service	Growth	Licences And Rights	Computer Software And Applications	R-ADMIN OR HEAD OFFICE	-	400	450	200	210		
<b>Entity Capital expenditure</b>									<b>-</b>	<b>579</b>	<b>580</b>	<b>200</b>	<b>210</b>		
<b>Total Capital expenditure</b>									<b>240 195</b>	<b>335 542</b>	<b>307 283</b>	<b>347 620</b>	<b>363 499</b>		

Table 60 MBRR SA37-Projects delayed from previous financial year

DC43 Sisonke - Supporting Table SA37 Projects delayed from previous financial year/s

R thousand	Function	Project name	Type	MTSF Service Outcome	IUDF	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Current Year 2009/10		2010/11 Medium Term Revenue & Expenditure Framework		
											Original Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Parent municipality:															
<i>List all capital projects grouped by Function</i>															
	Water Management	Capital Infrastructure:Existing Upgrading Water Supply Infrastructure:Distribution	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-INGWEKWA SANI	0	0	-	-	250	-	-
	Water Management	Capital Infrastructure:Existing Upgrading Water Supply Infrastructure:Distribution	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-UBUHLEBEZWE	0	0	-	-	500	-	-
<i>List all capital projects grouped by Entity</i>															
Harry Gwala Development Agency															

Table 61 MBRR SA38 - Consolidated detailed operational projects

DC43 Harry Gwala - Supporting Table SA38 Consolidated detailed operational projects

R thousand	Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Asset Class	Prior year outcomes		2021/22 Medium Term Revenue & Expenditure Framework		
								Audited Outcome 2019/20	Current Year 2020/21 Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Parent municipality: <i>List all operational projects grouped by Function</i>												
<b>Executive And Council</b>	<b>O_Municipal Running Cost</b>		<b>M123</b>	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		18 718	22 596	19 500	20 615	21 808
Executive And Council	O_Municipal Running Cost		M123	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		1 377	2 067	2 212	2 366	2 532
Executive And Council	O_Tws_Capacity Build Train & Dev_Workshops; Seminars & Subject Matter Train		-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Governance		166	331	400	418	436
Executive And Council	O_Tws_Cd_Holiday Program		-	Work Streams	A comprehensive; responsive and sustainable social protection system	Inclusion and Access		-	200	208	217	227
Executive And Council	O_Tws_Communic & Public Participaton_Awareness Campaign		-	Work Streams	Sustainable human settlements and improved quality of household life	Inclusion and Access		90	226	235	246	257
Executive And Council	O_Tws_Communic & Public Participaton_Mayoral/Executive Mayor Campaigns		-	Work Streams	Sustainable human settlements and improved quality of household life	Inclusion and Access		132	228	500	522	545
Executive And Council	O_Tws_Communic & Public Participaton_Newsletters		-	Work Streams	Sustainable human settlements and improved quality of household life	Inclusion and Access		205	300	500	522	545
Executive And Council	O_Tws_Efficient And Effective Public Service		-	Work Streams	An efficient; effective and development-oriented public service	Inclusion and Access		13	-	-	-	-
Executive And Council	O_Tws_Sm&G_Government Information System (Gis) Project And Support		-	Work Streams	Responsive; accountable; effective and efficient local government	Spatial Integration		5	-	250	261	273
Executive And Council	Tws:Capacity Building Training & Dev:Capacity Building Local Municipalities		-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Governance		-	-	340	355	371
Executive And Council	Tws:Capacity Building Training & Development/ Capacity Building Councillors		-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Governance		-	581	600	626	655
Finance And Administration	O_Municipal Running Cost		M123	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		131 676	144 217	144 681	152 622	161 110
Finance And Administration	O_Municipal Running Cost		M123	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		34 673	29 708	51 909	54 617	57 524
Finance And Administration	O_Tws_Capacity Build Train & Dev_Abet And Life Long Learning Programme		-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Governance		5	395	589	589	589
Finance And Administration	O_Tws_Capacity Build Train & Dev_Workshops; Seminars & Subject Matter Train		-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Governance		917	2 640	1 750	1 827	1 909
Finance And Administration	O_Tws_Distr Initiat & Assist Lm_Assistance To Lnts (Cap Build)		-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Inclusion and Access		15	400	400	418	436
Finance And Administration	O_Tws_Financial Mng Grant_Financial Systems		-	Work Streams	Responsive; accountable; effective and efficient local government	Governance		7 174	4 077	3 500	3 654	3 818
Finance And Administration	O_Tws_Human Resources_Employee Assistance Programme		-	Work Streams	Responsive; accountable; effective and efficient local government	Governance		446	267	500	522	545
Finance And Administration	O_Tws_Human Resources_Human Resource Management		-	Work Streams	Responsive; accountable; effective and efficient local government	Governance		65	84	86	90	94
Finance And Administration	O_Tws_Sm&G_Government Information System (Gis) Project And Support		-	Work Streams	Responsive; accountable; effective and efficient local government	Spatial Integration		7 171	9 826	8 716	9 090	9 493
Finance And Administration	Tws:Capacity Building Training & Dev:Capacity Building Local Municipalities		-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Governance		-	-	80	84	87
Finance And Administration	Tws:Emergency & Disaster Management/ Disaster Relief		-	Work Streams	A comprehensive; responsive and sustainable social protection system	Governance		1 456	933	1 000	1 044	1 091
Finance And Administration	O_Mai_Ninf_Cm_Pl_Computer Equipment		-	Corrective Maintenance	An efficient; effective and development-oriented public service	Governance	Computer Equipment	165	520	320	334	349
Finance And Administration	Operational/Maintenance/Non-Infrastructure/Preventative Maintenance/Interval Based		-	Preventative Maintenance	A long and healthy life for all South Africans	Inclusion and Access	Sport And Recreation Facilities	85	96	90	94	98
Finance And Administration	O_Mai_Ninf_Pm_Ib_Transport Assets		-	Preventative Maintenance		Governance	Transport Assets	15	315	328	342	357
Finance And Administration	O_Mai_Inf_Pm_Cb_Wsi_Capital Spares		-	Preventative Maintenance	An efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	3 395	7 088	7 000	7 308	7 637
Finance And Administration	O_Mai_Inf_Pm_Cb_Wsi_Pump Station_Mechanical Equipment		-	Preventative Maintenance	An efficient; competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	6 698	12 914	8 000	8 352	8 728

DC43 Harry Gwala - Supporting Table SA38 Consolidated detailed operational projects

R thousand	Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Asset Class	Prior year outcomes		2021/22 Medium Term Revenue & Expenditure Framework		
								Audited Outcome 2019/20	Current Year 2020/21 Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Parent municipality:												
<i>List all operational projects grouped by Function</i>												
	Finance And Administration	O_Mai_Inf_Pm_Cb_Wsi_Reservoirs_Buildings	-	Preventative Maintenance	<i>In efficient; competitive and responsive economic infrastructure network</i>	<i>Inclusion and Access</i>	<i>Water Supply Infrastructure</i>	424	-	-	-	-
	Finance And Administration	O_Mai_Inf_Pm_Cb_Wsi_Reservoirs_Pipe Work	-	Preventative Maintenance	<i>In efficient; competitive and responsive economic infrastructure network</i>	<i>Inclusion and Access</i>	<i>Water Supply Infrastructure</i>	4 509	10 257	8 000	8 352	8 728
	Internal Audit	O_Municipal Running Cost	M123	Municipal Running Cost	<i>Sustainable human settlements and improved quality of household life</i>	<i>Governance</i>		9 799	7 716	8 384	8 955	9 565
	Internal Audit	O_Municipal Running Cost	M123	Municipal Running Cost	<i>Sustainable human settlements and improved quality of household life</i>	<i>Governance</i>		-	423	452	484	518
	Internal Audit	Tws:Strategic Management & Governance:Risk Management	-	Work Streams	<i>Responsive; accountable; effective and efficient local government</i>	<i>Inclusion and Access</i>		-	200	400	418	436
	Community And Social Services	O_Municipal Running Cost	M123	Municipal Running Cost	<i>Sustainable human settlements and improved quality of household life</i>	<i>Governance</i>		14 580	15 477	16 551	17 700	18 929
	Community And Social Services	O_Tws_Drinking Water Quality	-	Work Streams	<i>A long and healthy life for all South Africans</i>	<i>Inclusion and Access</i>		120	77	150	157	164
	Community And Social Services	O_Tws_Emergency & Disaster Mng_Disaster Management	-	Work Streams	<i>A comprehensive; responsive and sustainable social protection system</i>	<i>Governance</i>		137	662	1 400	1 462	1 527
	Community And Social Services	Tws:Emergency & Disaster Management:Disaster Relief	-	Work Streams	<i>A comprehensive; responsive and sustainable social protection system</i>	<i>Governance</i>		1 850	622	400	418	436
	Planning And Development	O_Municipal Running Cost	M123	Municipal Running Cost	<i>Sustainable human settlements and improved quality of household life</i>	<i>Governance</i>		9 478	11 911	12 723	13 603	14 545
	Planning And Development	O_Municipal Running Cost	M123	Municipal Running Cost	<i>Sustainable human settlements and improved quality of household life</i>	<i>Governance</i>		96 443	88 930	112 853	120 490	125 186
	Planning And Development	O_Tws_Capacity Build Train & Dev_Workshops; Seminars & Subject Matter Train	-	Work Streams	<i>A skilled and capable workforce to support an inclusive growth path</i>	<i>Governance</i>		199	-	-	-	-
	Planning And Development	O_Tws_Capacity Build Train & Dev_Workshops; Seminars & Subject Matter Train	-	Work Streams	<i>A skilled and capable workforce to support an inclusive growth path</i>	<i>Governance</i>		301	1 028	1 166	1 217	1 272
	Planning And Development	O_Tws_Cd_Elderly	-	Work Streams	<i>A comprehensive; responsive and sustainable social protection system</i>	<i>Inclusion and Access</i>		66	-	-	-	-
	Planning And Development	O_Tws_Cd_Social Development Programme (Welfare)	-	Work Streams	<i>A comprehensive; responsive and sustainable social protection system</i>	<i>Inclusion and Access</i>		274	-	-	-	-
	Planning And Development	O_Tws_Cd_Youth Projects_Youth Development	-	Work Streams	<i>A comprehensive; responsive and sustainable social protection system</i>	<i>Inclusion and Access</i>		-	500	500	522	545
	Planning And Development	O_Tws_Communic & Public Participation_Awareness Campaign	-	Work Streams	<i>Sustainable human settlements and improved quality of household life</i>	<i>Inclusion and Access</i>		5 063	-	-	-	-
	Planning And Development	O_Tws_Development Agency Establishment	-	Work Streams	<i>An efficient; effective and development-oriented public service</i>	<i>Governance</i>		-	17 000	-	-	-
	Planning And Development	O_Tws_Emergency & Disaster Mng_Disaster Management	-	Work Streams	<i>A comprehensive; responsive and sustainable social protection system</i>	<i>Governance</i>		-	-	700	731	764
	Planning And Development	O_Tws_Municipal Properties	-	Work Streams	<i>An efficient; effective and development-oriented public service</i>	<i>Inclusion and Access</i>		6 087	-	-	-	-
	Planning And Development	O_Tws_Sm&G_Government Information System (Gis) Project And Support	-	Work Streams	<i>Responsive; accountable; effective and efficient local government</i>	<i>Spatial Integration</i>		1 092	270	200	209	218
	Planning And Development	O_Tws_Sm&G_Idp Planning And Revision	-	Work Streams	<i>Responsive; accountable; effective and efficient local government</i>	<i>Spatial Integration</i>		357	561	800	835	873
	Planning And Development	O_Tws_Sport Development_Marathons; Sport And Recreation	-	Work Streams	<i>An efficient; effective and development-oriented public service</i>	<i>Inclusion and Access</i>		2 082	-	-	-	-
	Planning And Development	Tws:Capacity Building Training & Dev.Capacity Building Local Municipalities	-	Work Streams	<i>A skilled and capable workforce to support an inclusive growth path</i>	<i>Governance</i>		-	-	52	54	57
	Planning And Development	Tws:City Cleanliness & Clean-Up:Clean-Up Actions	-	Work Streams	<i>Protect and enhance our environmental assets and natural resources</i>	<i>Inclusion and Access</i>		5 215	5 093	5 807	5 144	5 504

DC43 Harry Gwala - Supporting Table SA38 Consolidated detailed operational projects

R thousand	Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Asset Class	Prior year outcomes		2021/22 Medium Term Revenue & Expenditure Framework		
								Audited Outcome 2019/20	Current Year 2020/21 Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Parent municipality:</b>												
	Planning And Development	Tws:Environmental:Air Quality Management	-	Work Streams	Protect and enhance our environmental assets and natural resources	Spatial Integration		-	-	500	521	544
	Planning And Development	Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Base	-	Preventative Maintenance	An efficient, effective and development-oriented public service	Governance	Operational Buildings	1 497	3 766	3 000	3 132	3 273
	Planning And Development	Operational:Infrastructure Projects:New:Sanitation Infrastructure:Toilet Facilities	-	NEW	an efficient, competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	3 635	-	-	-	-
	Planning And Development	Operational:Infrastructure Projects:New:Sanitation Infrastructure:Toilet Facilities	-	NEW	an efficient, competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	4 060	-	-	-	-
	Planning And Development	Operational:Infrastructure Projects:New:Sanitation Infrastructure:Toilet Facilities	-	NEW	an efficient, competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	3 626	-	-	-	-
	Water Management	O_Municipal Running Cost	M123	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		26 824	12 471	11 036	11 756	12 527
	Water Management	O_Municipal Running Cost	M123	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		117 095	119 405	105 483	112 129	119 302
	Water Management	O_Tws_Capacity Build Train & Dev_Workshops; Seminars & Subject Matter Train	-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Governance		152	1 076	656	685	716
	Water Management	O_Tws_Drinking Water Quality	-	Work Streams	A long and healthy life for all South Africans	Inclusion and Access		1 926	2 099	1 500	1 566	1 636
	Water Management	O_Tws_Sm&G_Government Information System (Gis) Project And Support	-	Work Streams	Responsive; accountable; effective and efficient local government	Spatial Integration		11 955	24 837	5 500	5 742	6 000
	Water Management	O_Tws_Sm&G_Policy Review	-	Work Streams	Responsive; accountable; effective and efficient local government	Inclusion and Access		1 443	2 000	1 000	1 044	1 091
	Water Management	O_Tws_Sm&G_Strategic Planning_Workshops And Sessions	-	Work Streams	Responsive; accountable; effective and efficient local government	Inclusion and Access		5 230	-	-	-	-
	Water Management	Tws:Capacity Building Training & Dev.Capacity Building Local Municipalities	-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Governance		-	-	15	16	16
	Water Management	Operational:Non-Infrastructure:New:Machinery And Equipment	-	NEW		Growth	Machinery And Equipment	4 315	-	-	-	-
	Water Management	Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Base	-	Preventative Maintenance		Governance	Machinery And Equipment	196	1 213	1 262	1 318	1 377
	Water Management	O_Mai_Inf_Pm_Ch_Wsi_Reservoirs_Buildings	-	Preventative Maintenance	an efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	3 496	7 461	6 000	6 264	6 546
	Waste Water Management	O_Municipal Running Cost	M123	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		738	842	898	961	1 028
	Waste Water Management	Operational:Infrastructure Projects:New:Sanitation Infrastructure:Toilet Facilities	-	NEW	an efficient, competitive and responsive economic infrastructure network	Growth	Sanitation Infrastructure	1 837	-	-	-	-
<b>Parent Operational expenditure</b>								<b>560 762</b>	<b>575 904</b>	<b>561 084</b>	<b>593 018</b>	<b>624 840</b>
<b>Entities:</b>												
<i>List all Operational projects grouped by Entity</i>												
<b>Harry Gwala Development Agency</b>												
	Executive And Council	O_Municipal Running Cost	M123	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		-	-	-	-	-
	Executive And Council	O_Tws_Distr Initiat & Assist Lm Assistance To Lrfs (Cap Build)	-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Inclusion and Access		-	-	-	-	-
	Finance And Administration	O_Municipal Running Cost	M123	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		-	-	-	-	-
	Finance And Administration	O_Municipal Running Cost	M123	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		-	-	-	-	-
	Finance And Administration	O_Tws_Distr Initiat & Assist Lm Assistance To Lrfs (Cap Build)	-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Inclusion and Access		-	-	-	-	-
	Planning And Development	O_Municipal Running Cost	M123	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		-	15 936	15 336	15 936	15 936
	Planning And Development	O_Municipal Running Cost	M123	Municipal Running Cost	Sustainable human settlements and improved quality of household life	Governance		-	-	-	-	-
	Planning And Development	O_Tws_Distr Initiat & Assist Lm Assistance To Lrfs (Cap Build)	-	Work Streams	A skilled and capable workforce to support an inclusive growth path	Inclusion and Access		-	824	24	824	824
	Planning And Development	O_Tws_Local Economic Development_Project Implementation	-	Work Streams	An efficient, effective and development-oriented public service	Spatial Integration		-	1 225	425	1 195	1 194
	Planning And Development	Tws:Tourism:Tourism Development	-	Work Streams	An efficient, effective and development-oriented public service	Growth		-	2 206	726	2 026	2 026
	Other		-		An efficient, effective and development-oriented public service	Inclusion and Access	Community Facilities	-	-	-	-	-
<b>Entity Operational expenditure</b>								<b>-</b>	<b>20 190</b>	<b>16 510</b>	<b>19 980</b>	<b>19 979</b>
<b>Total Operational expenditure</b>								<b>560 762</b>	<b>596 094</b>	<b>577 594</b>	<b>612 998</b>	<b>644 819</b>

## **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 2020 and the contract will take 5 years as required by National Treasury. Since the introduction of the Internship programme the district has successfully employed and trained 18 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 final stage and will be finalised after approval of the 2021/22 MTREF in May 2021 directly aligned and informed by the 2021/22 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 46 MBRR Table SA1 - Supporting detail to budgeted financial performance

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand										
<b>REVENUE ITEMS:</b>										
<b>Service charges - water revenue</b>										
Total Service charges - water revenue	40 544	43 344	54 851	50 540	46 100	46 100	45 728	48 866	51 798	54 906
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)	2 347	343	693	-	-	-		-	-	-
<b>Net Service charges - water revenue</b>	<b>38 197</b>	<b>43 001</b>	<b>54 157</b>	<b>50 540</b>	<b>46 100</b>	<b>46 100</b>	<b>45 728</b>	<b>48 866</b>	<b>51 798</b>	<b>54 906</b>
<b>Service charges - sanitation revenue</b>										
Total Service charges - sanitation revenue	15 766	15 419	16 305	20 510	19 392	19 392	11 567	20 555	21 789	23 096
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>15 766</b>	<b>15 419</b>	<b>16 305</b>	<b>20 510</b>	<b>19 392</b>	<b>19 392</b>	<b>11 567</b>	<b>20 555</b>	<b>21 789</b>	<b>23 096</b>
<b>Other Revenue by source</b>										
Fuel Levy										
Other Revenue	135	337	1 770	1 107	733	733	653	549	574	599
<b>Total 'Other' Revenue</b>	<b>135</b>	<b>337</b>	<b>1 770</b>	<b>1 107</b>	<b>733</b>	<b>733</b>	<b>653</b>	<b>549</b>	<b>574</b>	<b>599</b>

Table 47 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>EXPENDITURE ITEMS:</b>										
<b>Employee related costs</b>										
Basic Salaries and Wages	90 790	104 150	111 707	132 863	141 575	141 575	108 844	150 801	160 672	171 235
Pension and UIF Contributions	10 745	14 883	16 187	18 668	19 767	19 767	15 766	21 048	22 418	23 885
Medical Aid Contributions	7 630	7 352	8 342	9 182	9 376	9 376	7 702	9 999	10 666	11 379
Overtime	17 064	22 215	22 043	26 225	15 200	15 200	12 943	16 264	17 403	18 621
Performance Bonus	6 565	7 002	7 886	8 259	7 854	7 854	6 567	8 367	8 915	9 502
Motor Vehicle Allowance	11 539	14 697	15 293	16 192	17 090	17 090	14 287	18 286	19 566	20 936
Cellphone Allowance	703	790	889	937	918	918	797	983	1 052	1 125
Housing Allowances	783	542	647	673	707	707	607	757	810	866
Other benefits and allowances	2 844	3 459	4 468	4 735	4 909	4 909	4 207	5 253	5 621	6 014
Payments in lieu of leave	1 532	1 989	3 208	822	1 168	1 168	1 364	1 246	1 331	1 421
Long service awards	515	626	193	1 065	757	757	899	810	866	927
Post-retirement benefit obligations	1 434	(4 009)	(461)	3 125	3 125	3 125	-	3 343	3 577	3 828
<b>sub-total</b>	<b>152 144</b>	<b>173 695</b>	<b>190 401</b>	<b>222 746</b>	<b>222 446</b>	<b>222 446</b>	<b>173 982</b>	<b>237 156</b>	<b>252 896</b>	<b>269 738</b>
<u>Less: Employees costs capitalised to PPE</u>	-	-	-	-	-	-	-	-	-	-
<b>Total Employee related costs</b>	<b>152 144</b>	<b>173 695</b>	<b>190 401</b>	<b>222 746</b>	<b>222 446</b>	<b>222 446</b>	<b>173 982</b>	<b>237 156</b>	<b>252 896</b>	<b>269 738</b>
<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment	64 115	66 570	70 557	83 706	83 606	83 606	-	86 859	90 439	94 409
Lease amortisation	433	285	361	543	543	543	-	551	561	572
Capital asset impairment	2 445	2 750	1 026	-	-	-	-	-	-	-
<b>Total Depreciation &amp; asset impairment</b>	<b>66 993</b>	<b>69 605</b>	<b>71 944</b>	<b>84 249</b>	<b>84 149</b>	<b>84 149</b>	<b>-</b>	<b>87 410</b>	<b>91 000</b>	<b>94 981</b>
<b>Bulk purchases - electricity</b>										
Electricity bulk purchases	10 790	35	-	-	-	-	-	-	-	-
<b>Total bulk purchases</b>	<b>10 790</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers and grants</b>										
Cash transfers and grants	3 692	-	14 000	-	17 000	17 000	17 000	17 000	20 000	20 000
Non-cash transfers and grants	8 016	14 000	-	-	-	-	-	-	-	-
<b>Total transfers and grants</b>	<b>11 708</b>	<b>14 000</b>	<b>14 000</b>	<b>-</b>	<b>17 000</b>	<b>17 000</b>	<b>17 000</b>	<b>17 000</b>	<b>20 000</b>	<b>20 000</b>
<b>Contracted services</b>										
Outsourced Services	69 416	75 242	57 267	38 864	48 407	48 407	32 827	42 537	44 607	46 604
Consultants and Professional Services	68 198	70 575	64 540	63 445	79 965	79 965	62 704	53 065	55 392	57 761
Contractors	13 541	10 292	22 593	16 048	12 869	12 869	10 249	9 694	10 112	10 558
<b>Total contracted services</b>	<b>151 155</b>	<b>156 110</b>	<b>144 400</b>	<b>118 356</b>	<b>141 241</b>	<b>141 241</b>	<b>105 780</b>	<b>105 296</b>	<b>110 111</b>	<b>114 923</b>
<b>Other Expenditure By Type</b>										
Collection costs										
Contributions to 'other' provisions										
Audit fees	2 606	3 446	3 833	5 445	5 472	5 472	3 073	3 679	4 133	4 298
Other Expenditure	33 478	34 517	51 774	57 043	60 710	60 710	40 542	57 909	62 454	64 993
<b>Total 'Other' Expenditure</b>	<b>36 084</b>	<b>37 963</b>	<b>55 607</b>	<b>62 488</b>	<b>66 182</b>	<b>66 182</b>	<b>43 614</b>	<b>61 589</b>	<b>66 587</b>	<b>69 291</b>
<b>Repairs and Maintenance by Expenditure Item</b>										
Employee related costs										
Inventory Consumed (Project Maintenance)	8 268	15 942	196	724	1 213	1 213	606	1 262	1 318	1 377
Contracted Services	6 039	17 488	20 284	22 173	42 417	42 417	32 816	32 738	34 178	35 716
Other Expenditure										
<b>Total Repairs and Maintenance Expenditure</b>	<b>14 306</b>	<b>33 430</b>	<b>20 479</b>	<b>22 897</b>	<b>43 629</b>	<b>43 629</b>	<b>33 422</b>	<b>34 000</b>	<b>35 496</b>	<b>37 093</b>
<b>Inventory Consumed</b>										
Inventory Consumed - Water	-	-	-	-	-	-	-	19 396	20 250	21 161
Inventory Consumed - Other	-	-	-	-	-	-	-	11 852	12 361	12 904
<b>Total Inventory Consumed &amp; Other Material</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31 249</b>	<b>32 610</b>	<b>34 064</b>

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

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

Description	Vote 01 - Summary Council	Vote 02 - Summary Municipal	Vote 03 - Summary Budget And Treasury Office	Vote 04 - Summary Corporate	Vote 05 - Summary Social Services &	Vote 06 - Summary Infrastructure	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	-	-	-	-	-	-	48 866	48 866
Service charges - sanitation revenue	-	-	-	-	-	-	20 555	20 555
Rental of facilities and equipment	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	5 592	-	90	-	-	5 682
Interest earned - outstanding debtors	-	-	10 198	-	-	-	-	10 198
Dividends received	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-
Other revenue	-	-	549	-	-	-	-	549
Transfers and subsidies	-	-	388 213	-	22 322	6 871	-	417 406
Gains	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	404 553	-	22 412	6 871	69 422	503 258
<b>Expenditure By Type</b>								
Employee related costs	-	11 408	32 317	28 377	40 751	22 154	102 148	237 156
Remuneration of councillors	8 922	-	-	-	-	-	-	8 922
Debt impairment	-	-	27 645	-	-	-	-	27 645
Depreciation & asset impairment	-	-	8	11 382	1 182	71 722	3 115	87 410
Finance charges	-	-	1 313	-	15	-	-	1 328
Bulk purchases - electricity	-	-	-	-	-	-	-	-
Inventory consumed	-	-	11 852	-	-	-	19 396	31 249
Contracted services	4 308	4 372	14 679	23 188	3 236	13 597	41 916	105 296
Transfers and subsidies	-	-	-	-	17 000	-	-	17 000
Other expenditure	3 025	1 946	9 307	26 545	4 135	1 604	15 028	61 589
Losses	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	16 256	17 726	97 120	89 493	66 319	109 078	181 604	577 594
<b>Surplus/(Deficit)</b>	(16 256)	(17 726)	307 434	(89 493)	(43 907)	(102 207)	(112 182)	(74 336)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)						298 258	-	298 258
Transfers and subsidies - capital (in-kind - all)						-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	(16 256)	(17 726)	307 434	(89 493)	(43 907)	196 051	(112 182)	223 922

Table 48 MBRR Table SA3 – Supporting detail to Statement of Financial Position

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand										
<b>ASSETS</b>										
<u>Consumer debtors</u>										
Consumer debtors	217 638	205 714	227 137	230 190	228 468	228 468	232 513	260 956	287 047	314 704
Less: Provision for debt impairment	(207 758)	(178 781)	(194 077)	(196 735)	(201 261)	(201 261)	(172 770)	(230 005)	(256 543)	(284 617)
<b>Total Consumer debtors</b>	<b>9 880</b>	<b>26 933</b>	<b>33 060</b>	<b>33 454</b>	<b>27 208</b>	<b>27 208</b>	<b>59 743</b>	<b>30 951</b>	<b>30 504</b>	<b>30 087</b>
<u>Debt impairment provision</u>										
Balance at the beginning of the year	(159 670)	(159 670)	(150 710)	(131 628)	(169 635)	(169 635)	(172 770)	(204 092)	(230 005)	(256 543)
Contributions to the provision	-	8 960	(22 060)	(65 107)	(31 626)	(31 626)	512	(25 913)	(26 538)	(28 074)
Bad debts written off	(48 088)	(28 071)	(21 307)	-	-	-	(512)	-	-	-
<b>Balance at end of year</b>	<b>(207 758)</b>	<b>(178 781)</b>	<b>(194 077)</b>	<b>(196 735)</b>	<b>(201 261)</b>	<b>(201 261)</b>	<b>(172 770)</b>	<b>(230 005)</b>	<b>(256 543)</b>	<b>(284 617)</b>
<u>Inventory</u>										
<u>Water</u>										
Opening Balance	180	171	248	267	267	267	267	267	267	267
System Input Volume	(9)	77	19	-	-	-	-	19 396	20 250	21 161
Water Treatment Works	-	-	19	-	-	-	-	-	-	-
Bulk Purchases	(9)	77	-	-	-	-	-	19 396	20 250	21 161
Natural Sources	-	-	-	-	-	-	-	-	-	-
Authorised Consumption	-	-	-	-	-	-	-	(19 396)	(20 250)	(21 161)
Billed Authorised Consumption	-	-	-	-	-	-	-	(19 396)	(20 250)	(21 161)
Billed Metered Consumption	-	-	-	-	-	-	-	(19 396)	(20 250)	(21 161)
Free Basic Water	-	-	-	-	-	-	-	-	-	-
Subsidised Water	-	-	-	-	-	-	-	-	-	-
Revenue Water	-	-	-	-	-	-	-	(19 396)	(20 250)	(21 161)
Non-revenue Water	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance Water</b>	<b>171</b>	<b>248</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>
Opening Balance	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	11 852	12 361	12 904
Issues	-	-	-	-	-	-	-	(11 852)	(12 361)	(12 904)
<b>Closing Balance - Land</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing Balance - Inventory &amp; Consumables</b>	<b>171</b>	<b>248</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>
<u>Property, plant and equipment (PPE)</u>										
PPE at cost/valuation (excl. finance leases)	2 410 644	2 697 743	2 924 351	2 855 685	3 264 959	3 264 959	3 182 991	3 566 369	3 907 452	4 263 791
Leases recognised as PPE	-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation	468 524	528 680	583 857	567 068	634 997	634 997	583 857	718 575	761 238	802 882
<b>Total Property, plant and equipment (PPE)</b>	<b>1 942 120</b>	<b>2 169 063</b>	<b>2 340 494</b>	<b>2 288 618</b>	<b>2 629 962</b>	<b>2 629 962</b>	<b>2 599 134</b>	<b>2 847 794</b>	<b>3 146 214</b>	<b>3 460 910</b>

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand										
<b>ASSETS</b>										
<b>LIABILITIES</b>										
<b>Current liabilities - Borrowing</b>										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities	(682)	-	-	4 555	-	-	(118)	-	-	-
<b>Total Current liabilities - Borrowing</b>	<b>(682)</b>	<b>-</b>	<b>-</b>	<b>4 555</b>	<b>-</b>	<b>-</b>	<b>(118)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Trade and other payables</b>										
Trade Payables	158 864	93 409	85 631	68 498	86 102	86 102	61 265	97 273	88 876	82 476
Other creditors	-	1 164	818	-	486	486	486	-	-	-
Unspent conditional transfers	60 822	43 814	15 000	236	236	236	51 881	-	-	-
VAT	5 151	17 004	20 744	-	3 064	3 064	28 660	(5 937)	(5 755)	(7 465)
<b>Total Trade and other payables</b>	<b>224 836</b>	<b>155 391</b>	<b>122 194</b>	<b>68 734</b>	<b>89 888</b>	<b>89 888</b>	<b>142 292</b>	<b>91 336</b>	<b>83 121</b>	<b>75 012</b>
<b>Non current liabilities - Borrowing</b>										
Borrowing	14 816	8 657	4 555	-	-	-	2 338	-	-	-
Finance leases (including PPP asset element)	13 666	29 073	21 914	3 485	16 040	16 040	14 730	1 878	146	-
<b>Total Non current liabilities - Borrowing</b>	<b>28 482</b>	<b>37 730</b>	<b>26 469</b>	<b>3 485</b>	<b>16 040</b>	<b>16 040</b>	<b>17 069</b>	<b>1 878</b>	<b>146</b>	<b>-</b>
<b>Provisions - non-current</b>										
Retirement benefits	17 728	11 438	9 956	18 792	12 079	12 079	9 956	13 702	15 225	16 648
Other	5 221	7 502	8 523	5 535	9 306	9 306	8 523	10 095	10 894	11 736
<b>Total Provisions - non-current</b>	<b>22 949</b>	<b>18 940</b>	<b>18 479</b>	<b>24 326</b>	<b>21 385</b>	<b>21 385</b>	<b>18 479</b>	<b>23 797</b>	<b>26 119</b>	<b>28 384</b>
<b>CHANGES IN NET ASSETS</b>										
<b>Accumulated Surplus/(Deficit)</b>										
Accumulated Surplus/(Deficit) - opening balance	1 630 973	1 825 028	2 064 120	2 042 864	2 244 518	2 244 518	2 260 606	2 604 333	2 877 186	3 206 571
GRAP adjustments	-	-	-	-	-	-	-	-	-	-
Restated balance	1 630 973	1 825 028	2 064 120	2 042 864	2 244 518	2 244 518	2 260 606	2 604 333	2 877 186	3 206 571
Surplus/(Deficit)	248 824	290 979	208 227	214 033	267 120	267 120	401 866	223 922	258 397	251 375
Depreciation offsets	-	-	-	(82 867)	-	-	-	-	-	-
Other adjustments	(16 825)	148	16 491	84 934	-	-	-	-	-	-
<b>Accumulated Surplus/(Deficit)</b>	<b>1 862 972</b>	<b>2 116 154</b>	<b>2 288 838</b>	<b>2 258 964</b>	<b>2 511 637</b>	<b>2 511 637</b>	<b>2 662 471</b>	<b>2 828 254</b>	<b>3 135 582</b>	<b>3 457 946</b>
<b>Total Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 862 972</b>	<b>2 116 154</b>	<b>2 288 838</b>	<b>2 258 964</b>	<b>2 511 637</b>	<b>2 511 637</b>	<b>2 662 471</b>	<b>2 828 254</b>	<b>3 135 582</b>	<b>3 457 946</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	2001 Census	2007 Survey	2011 Census	2017/18	2018/19	2019/20	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework		
				Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>										
Population	-	-	-	-	-	648	661	714	761	810
Females aged 5 - 14	-	-	-	-	-	96	98	105	112	120
Males aged 5 - 14	-	-	-	-	-	82	83	90	96	102
Females aged 15 - 34	-	-	-	-	-	119	122	132	140	149
Males aged 15 - 34	-	-	-	-	-	102	104	112	119	127
Unemployment	-	-	-	-	-	162	165	179	190	203
<b>Monthly household income (no. of households)</b>										
No income	-	-	-	-	-	91 681	93 514	100 996	107 560	114 552
R1 - R1 600	-	-	-	-	-	153 662	156 736	169 274	180 277	191 995
R1 601 - R3 200	-	-	-	-	-	239 791	244 587	264 153	281 323	2 996 090
R3 201 - R6 400	-	-	-	-	-	55 041	56 141	60 633	64 574	68 771
R6 401 - R12 800	-	-	-	-	-	46 873	47 811	51 636	54 992	58 567
R12 801 - R25 600	-	-	-	-	-	36 285	37 011	39 972	42 570	45 337
R25 601 - R51 200	-	-	-	-	-	144	147	158	169	179
R52 201 - R102 400	-	-	-	-	-	-	-	-	-	-
R102 401 - R204 800	-	-	-	-	-	-	-	-	-	-
R204 801 - R409 600	-	-	-	-	-	-	-	-	-	-
R409 601 - R819 200	-	-	-	-	-	-	-	-	-	-
> R819 200	-	-	-	-	-	-	-	-	-	-

## 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              2020/05/27