



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

BUDGET & TREASURY

202021 MTREF

DRAFT BUDGET

ANNUAL BUDGET OF
HARRY GWALA
DISTRICT
MUNICIPALITY

2020/21 TO 2022/23
MEDIUM TERM REVENUE AND EXPENDITURE
FRAMEWORK BUDGET

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Annexure C: Amendments to Budget Related Policies

Annexure B: SDBIP Summary

Abbreviations and Acronyms

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

1 Part 1 – Annual Budget

1.1 MAYOR’S REPORT

PURPOSE

To table to Council the 2020/21 Medium Term Revenue and Expenditure Framework draft budget for noting.

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 2020/2021 Total Revenue is R 740, 3m, broken down as follows;

- Government Grants and Subsidies – Capital R 387, 2m
- Government Grants and Subsidies – Operational R 263, 4m
- Own Revenue R 89, 5m

Allocated as follows;

- Operational budget R 554, 4m
- Capital budget R 270, 9m

2020/2021 Consolidated Total Revenue is R 740, 8m broken down as follows;

- Government Grants and Subsidies – Capital R 263, 4m

- Government Grants and Subsidies – Operational R 387, 5m
- Own Revenue R 89, 7m

Allocated as follows;

- Operational budget R 554, 5m
- Capital budget R 271, 2m

The staff salaries budget has been budgeted at R205, 4m, representing 37% of the operational budget. Councilor’s allowances have been budgeted at R8m. The staff salaries budget for the consolidated has been budgeted at R222, 7million representing 40% of the operational budget. Board members have been budgeted at R 500 000.

Local government equitable share

The equitable share for 2020/2021 financial year as gazetted from the Division of Revenue Bill is as follows:

- ✓ Equitable share R 372 340 000

For 2020/21 Final Budget capital projects amounting to R 270 931 800 have been planned under the following categories;

PROJECT TYPE	AMOUNT
Water	R 235 352 495
Sanitation	R 28 135 305
Other Assets	R 7 444 000
TOTAL	R 270 931 800

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

Budget or breakdown allocation per local Municipality is as follows:

Umzimkhulu	R	64 846 990	24%	Has a huge Backlogs and high population
NDZ	R	80 257 105	26%	Huge Backlogs & Bulwer Dam
Ubuhlebezwe	R	95 029 890	35%	Few Backlogs
Kokstad	R	32 375 815	12%	Few Backlogs
Internal	R	7 444 000	3%	No Backlogs

Doctor Nkosazana Dlamini Zuma municipality infrastructure budget allocation includes an amount of R9million for the construction of the Bulwer Dam under the Regional Bulk Infrastructure Grant.

Local Economic Development and Tourism

The Harry Gwala District Municipality has developed a number of local development related strategies and plans that seek to enhance its economic growth. These plans and strategies were circulated to all councilors. The Harry Gwala District Municipality has allocated R 17m towards LED projects in 2020/21 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 26 March 2020 the Council of Harry Gwala District Municipality met in the Council Chambers of Harry Gwala District Municipality council chamber to consider the draft budget of the municipality for the financial year 2020/21. The Council notes 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 draft budget of the municipality for the financial year 2020/21 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 2020:

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 2020 the tariffs for other services, as set out in tariffs policy.
4. The council, acting in terms of section 24 of the Municipal Finance Management Act, notes with effect from 25 March 2020 the draft budget related policies as discussed above.
5. To give proper effect to the municipality's annual budget, the Council notes:
 - 5.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from water and sanitation to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 5.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the budget.

1.3 EXECUTIVE SUMMARY

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

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

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

National Treasury's MFMA Circular No. 51 and 54, 58, 59, 66, 70, 72, 74, 75, 79, 80, 85, 86, 93, 94, 98 and 99 were used to guide the compilation of the 2020/21 MTREF.

The main challenges experienced during the compilation of the 2020/21 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 2020/21 MTREF process; and

The following budget principles and guidelines directly informed the compilation of the 2020/21 MTREF:

- The 2019/20 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2020/21 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 2020/21 Medium-term Revenue and Expenditure Framework:

Table 1 Overview of the 2020/21 MTREF – Parent Municipality

R thousand	Adjustments Budget 2019/20	Budget Year 2020/21	Budget Year + 1 2021/22	Budget Year +2 2022/23
Total Operating Revenue	R 434 429 676	R 464 436 979	R 498 574 490	R 533 365 169
Total Operating Expenditure	R 557 454 183	R 554 431 271	R 588 340 297	R 620 735 338
(Surplus)/ Deficit for the year	R- 123 024 507	R-89 994 292	R-89 765 807	R-87 370 169
Total Capital Expenditure	R 280 180 006	R 270 931 800	R 281 117 350	R 297 565 185

Total operating revenue for the Parent municipality has been increased by 7% per cent or R30million for the 2020/21 financial year when compared to the 2019/20 Adjustments Budget. For the two outer years, operational revenue will increase by 7 % respectively, equating to a total revenue growth of R68, 8m over the MTREF when compared to the 2020/21 financial year.

Total operating expenditure for the 2020/21 financial year has been appropriated at R554, 4million and translates into a budgeted deficit of R 123m. When compared to the 2019/20 Adjustments Budget, operational expenditure has decreased by 1% per cent in the 2020/21 budget and by 6% and remain at 6% for each of the respective outer years of the MTREF. The operating deficit for the 2 outer years steadily decreases to R 89, 9m and then stabilize at R89, 7m. These deficit is caused by non-cash items which is the depreciation and bad debts. The depreciation for 2020/21 financial year is R83, 6m and provision for bad debts is R26, 5million.

The capital budget of R270, 9million for 2020/21 is 3% per cent less when compared to the 2019/20 Adjustment Budget. The decrease is due to various projects being finalized in the previous financial year as well as reduction of grants gazetted for the 2020/21 financial year that is going to impact negative on the service delivery and water and sanitation backlogs will increase in the district. The capital programme decreases to R281, 1million in the 2021/22 financial year and R297, 5 million in 2022/23 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 2020/21 budget.

Table 2 Consolidated Overview of the 2020/21 MTREF

R thousand	Adjustments Budget 2019/20	Budget Year 2020/21	Budget Year + 1 2021/22	Budget Year +2 2022/23
Total Operating Revenue	R 474 984 000	R 477 343 000	R 506 888 000	R 542 175 000
Total Operating Expenditure	R 557 454 000	R 554 543 000	R 586 457 000	R 619 850 000
(Surplus)/ Deficit for the year	R - 82 470 000	R -77 200 000	R - 79 568 000	R - 77 675 000
Total Capital Expenditure	R 279 230 000	R 271 221 000	R 281 421 000	R 297 885 000

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 increased by 0,04% per cent or R2,3million for the 2020/1 financial year when compared to the 2019/20 Adjustments Budget. For the two outer years, operational revenue will increase by 6 % and 7 % per cent respectively, equating to a total revenue growth of R64,8m over the MTREF when compared to the 2020/21 financial year.

Total operating expenditure for the 2020/21 financial year has been appropriated at R554,5million. When compared to the 2019/20 Adjustments Budget, operational expenditure has decreased by 0,5% per cent in the 2020/21 budget. The operating surplus for the 2020/21 decreased from R82,4million in 2019/20 financial year to R77,2million in 2020/21 and increased for the outer years to R157,2million. The non-cash item in 2020/21 financial year is at R110,8m and debt impairment is funded. The amount for depreciation in 2020/21 financial year is at R84,2m and provision for bad debts is at R26,5million.

The capital budget of R271,2million for 2020/21 is 3% per cent less when compared to the 2019/20 Adjustment Budget. The decrease is due to various grants gazzetted for the 2020/21 financial year and this will have a negative impact in service delivery and water and sanitation backlog will increase. The capital programme decreases from R279,2million to R271,2million in the 2020/21 financial year and R281,4million in 2021/22 financial year and increased again in 2022/23 financial year to R297,8million. 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 75 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 2020/21 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	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
Revenue By Source										
Service charges - water revenue	27 669	38 197	43 001	62 635	47 706	47 706	34 221	50 540	53 543	56 707
Service charges - sanitation revenue	9 499	15 766	15 419	25 757	19 359	19 359	11 901	20 510	21 730	23 016
Interest earned - external investments	6 067	8 599	9 202	11 161	7 257	7 257	4 519	7 681	8 140	8 627
Interest earned - outstanding debtors	12 349	11 963	10 556	9 658	9 658	9 658	9 009	10 238	10 852	11 503
Fines, penalties and forfeits	-	576	694	-	-	-	341	-	-	-
Transfers and subsidies	296 584	300 806	366 165	366 404	382 508	382 508	272 219	387 266	411 458	441 097
Other revenue	1 269	135	337	781	8 495	8 495	1 639	1 107	1 165	1 224
Gains	-	-	-	-	-	-	1 062	-	-	-
Total Revenue (excluding capital transfers and contributions)	353 437	376 041	445 375	476 396	474 984	474 984	334 911	477 343	506 888	542 175

Table 4 Percentage growth in revenue by main revenue source

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

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2020/21	%	Budget Year +1 2021/22	%	Budget Year +2 2022/23	
Revenue By Source								
Service charges - water revenue	47 706	10%	50 540	11%	53 543	11%	56 707	10%
Service charges - sanitation revenue	19 359	4%	20 510	4%	21 730	4%	23 016	4%
Interest earned - external investments	7 257	2%	7 681	2%	8 140	2%	8 627	2%
Interest earned - outstanding debtors	9 658	2%	10 238	2%	10 852	2%	11 503	2%
Transfers and subsidies	382 508	81%	387 266	81%	411 458	81%	441 097	81%
Other revenue	8 495	2%	1 107	0%	1 165	0%	1 224	0%
Total Revenue (excluding capital transfers and contributions)	474 984	100%	477 343	100%	506 888	100%	542 175	100%
Total Revenue from Rates and Service Charges	67 065	14%	71 050	15%	75 272	15%	79 723	15%

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 15% of the total revenue mix. In the 2019/20 financial year, revenue from service charges totaled R 67m or 14% per cent. This increases to R71m, then increase to R75, 2m, R79, 7m in the respective financial years of the MTREF. A notable trend is the constant pattern in the total percentage revenue generated from services charges which averaging 17% in the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1

Other revenue for 2019/20 financial year totaling to R8 ,4million and 2020/2021 decreased by 87 per cent R1, 1m in monetary and increase to R2, 3m in the outer years.

Operating grants and transfers totals R387, 2m in the 2020/21 financial year and increases to R411, 4m 2021/22 and increases to R441m in 2022/23. Note that the year-on-year growth on the operational grants for the 2020/21 financial year is 4% per cent and then flattens out to 1 % and 13 % per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 5 Operating Transfers and Grant Receipts

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

Description	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
R thousand									
Operating transfers and grants:									
National Government:	-	-	-	-	-	-	-	-	-
Balance unspent at beginning of the year	-	(7 215)	(846)	(846)	(334)	(334)	(19 885)	(354)	-
Current year receipts	287 690	(7 254)	(3 518)	(7 316)	(6 316)	(6 316)	(6 195)	(7 695)	(1 000)
Conditions met - transferred to revenue	-	13 619	4 030	1 565	6 316	6 316	6 195	7 695	1 000
Conditions still to be met - transferred to liabilities	-	(850)	(334)	(6 597)	(432)	(432)	(19 885)	(458)	-
Provincial Government:									
Balance unspent at beginning of the year	14 577								
Current year receipts	171								
Conditions met - transferred to revenue	14 749	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	-	0	0	-	-	-	12 597	-	-
Conditions still to be met - transferred to liabilities	-	0	0	-	-	-	12 597	-	-
Total operating transfers and grants revenue	14 749	13 619	4 030	1 565	6 316	6 316	6 195	7 695	1 000
Total operating transfers and grants - CTBM	-	(850)	(334)	(6 597)	(432)	(432)	(7 288)	(458)	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	-	(110 000)	(59 734)	(29 000)	(43 238)	(43 238)	(53 170)	(45 832)	-
Current year receipts	322 273	(283 207)	(349 213)	(275 839)	(280 860)	(280 860)	(270 719)	(306 242)	(301 766)
Conditions met - transferred to revenue	333 477	333 477	336 443	272 000	280 860	280 860	270 719	306 242	301 766
Conditions still to be met - transferred to liabilities	-	(59 729)	(121 770)	(32 839)	(86 476)	(86 476)	(53 170)	(91 664)	-
Provincial Government:									
Balance unspent at beginning of the year	10 000								
Current year receipts									
Conditions met - transferred to revenue	10 000	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	-	(649)	(242)	(242)	(242)	(242)	(817)	(257)	-
Current year receipts	-	-	(20 000)	-	-	-	-	-	-
Conditions met - transferred to revenue	-	406	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	(242)	(20 242)	(242)	(485)	(485)	(817)	(514)	-
Total capital transfers and grants revenue	343 477	333 884	336 443	272 000	280 860	280 860	270 719	306 242	301 766
Total capital transfers and grants - CTBM	-	(59 972)	(142 012)	(33 081)	(86 961)	(86 961)	(53 987)	(92 178)	-
TOTAL TRANSFERS AND GRANTS REVENUE	358 226	347 503	340 472	273 565	287 176	287 176	276 914	313 937	302 766
TOTAL TRANSFERS AND GRANTS - CTBM	-	(60 822)	(142 346)	(39 678)	(87 393)	(87 393)	(61 275)	(92 636)	-

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 8, 1% are more than the mentioned inflation target of 4, 5%. 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 2020, 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 2020 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.

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

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

Table 6 Proposed Water Tariffs

Residential

Consumption in KL	2019/20		2020/21		Increase	
0-6	R	8.59	R	9.11	R	0.52
07- 20	R	9.10	R	9.65	R	0.55
21-40	R	16.68	R	17.68	R	1.00
41-100	R	27.66	R	29.32	R	1.66
101-200	R	31.48	R	33.37	R	1.89
201+	R	33.96	R	36.00	R	2.04
Unmetered flat rate per month		R 84.28		R 89.34		R 4.38

Commercial & Industrial

Commercial & Industrial						
Consumption Increments in R per KL	2019/20		2020/21		Increase	
0-100	R	12.41	R	13.15	R	1.01
101-200	R	12.41	R	17.68	R	5.27
201-300	R	16.68	R	29.33	R	12.65
301-400	R	27.67	R	31.35	R	3.68
401-500	R	29.58	R	33.37	R	3.79
500+	R	33.40	R	35.37	R	1.97

Consumption Increments in R per KL	Public Service & Government Institutions			Educational Institutions			Agricultural			Geriatric Institutions, Religious organisations, NPO & recreational facilities.		
	2019/20	2020/21	Increase	2019/20	2020/21	Increase	2019/20	2020/21	Increase	2019/20	2020/21	Increase
0-6	R 12.41	R 13.15	R 0.74	R12.41	R 13.15	R0.74	R12.41	R13.15	R0.74	R12.41	R 13.15	R0.74
7-100	R 12.41	R 17.68	R 5.27	R12.41	R 13.15	R0.74	R 12.41	R13.15	R 0.74	R12.41	R 13.15	R 0.74
101-200	R 16.68	R 17.68	R 1.00	R 16.68	R 17.68	R1.00	R 16.68	R17.68	R1.00	R16.68	R 17.47	R 0.79
201-300	R 27.67	R 29.33	R 1.66				R 27.67	R17.68	R-9.99	R27.67	R 29.33	R1.66
301-400	R 29.58	R 31.35	R 1.77				R 29.58	R29.33	R-0.25	R29.58	R 31.35	R1.77
401-500	R 31.48	R 33.37	R1.89				R 31.48	R31.35	R -0.13	R31.48	R 33.37	R1.89
500+	R 33.40	R 35.40	R 2.00				R 33.40	R33.37	R-0.04	R33.37	R 35.37	R2.00

Road tanker Delivery				Static tank hire per day		
Road Tanker Delivery of Water	2019/20	2020/21	Increase	2019/20	2020/21	Increase
2500 l	R2099.28	R2225.24	R125.96	R190.34	R202.29	R11.95
5000 l	R2862.66	R3034.42	R171.76	R477.11	R505.74	R28.63
7500 l	R3339.76	R3540.15	R200.39	R667.95	R708.03	R40.08
10 000 l	R4007.72	R4248.18	R240.46	R954.22	R1011.47	R57.25
Del. Charge	R381.68	R404.58	R22.90	R381.68	R404.58	R22.90

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

Deposit per meter				New water meter			Disconnection and Reconnection		
Misc. water related tariffs given in pipe diameter	2019/20	2020/21	Increase	2019/20	2020/21	Increase	2019/20	2020/21	Increase
15 mm	R1145.07	R1213.77	R68.69	R1145.07	R1213.77	R 68.70	R572.53	R606.88	R34.35
20 mm	R1431.32	R1517.20	R85.88	R1,622.17	R1719.50	R97.33	R763.37	R809.17	R45.80
50 mm	R1908.43	R2022.94	R114.51	R2003.85	R2124.08	R120.23	R1431.32	R1517.20	R85.88
100 mm	R2862.66	R3034.42	R171.76	R3339.76	R3540.15	R200.39	R1908.43	R2022.94	R114.51
110 mm +	R3816.87	R4045.88	R229.01	R4771.09	R5057.36	R286.27	R2385.55	R2528.68	R143.13

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

Domestic (Metered)					
Consumption Increments in R per Kl	2019/20		2020/21	Increase	
0-6	R	8.59	R9.11	R	
7-20	R	9.10	R9.65	R	0.52
21-40	R	16.68	R17.68	R	1.00
41-100	R	27.66	R29.32	R	1.66
101-200	R	31.48	R33.37	R	1.89
201 +	R	33.96	R36.00	R	2.04
		R 84.28	R89.34	R 5.06	

The tariff structure of the 2020/21 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 2020/21 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 20 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 R71million for the 2020/21 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	2019/20	2020/21	Increase	2019/20	2020/21	Increase	2019/20	2020/21	Increase
Per load	R400.78	R424.83	R24.05	R1240.49	R1314.92	R74.43	R400.78	R424.83	R24.05
Transport per km	R12.41	13.15	R0.74	R12.41	R13.15	R0.74			

Misc. sanitation related tariffs given in service pipe diameter	New connections			Disconnect/Reconnection IRO credit control		
	2019/20	2020/21	Increase	2019/20	2020/21	Increase
Up to 600 mm	R 3,816.87	R 4045.88	R 229.01	R 954.22	R 1011.47	R 57.25
600 mm -1200 mm	R 4,771.09	R 5057.36	R 286.27	R 1,431.32	R 1517.20	R 85.88
1200 mm +	R 6,679.51	R 7080.28	R 400.77	R 1,908.43	R 2022.94	R 114.51

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	2019/20	2020/21	Increase
New Connections Up to 600 mm	R 3,816.87	1011.47	R 229.27
Up to 1 200 mm	R 4,771.09	1517.20	R 286.58
1 201 mm +	R 5,900.22	R 6,301.43	R 401.21
Disconnect / Connect Up to 600 mm	R 842.89	R 900.21	R 57.32
Up to 1 200 mm	R 1 264.33	R 1 350.30	R 85.97
1 200 mm +	R 6,679.51	2022.94	R 114.63

Sanitation costs given in terms of water consumption	2019/20	2020/21	Increase
Water borne systems			
0-200 Kl	R6.68	R7.08	R0.40
201 Kl +	R8.60	R9.12	R0.52
Shayamoya, Bhongweni and Fairview			
0-200 Kl			
200 Kl +			
Unmetered / flat rate per month	R65.56	R69.49	R3.93

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	2020/21	Increase
1 Site	R11068.92	R11733.06	R664.14
2-5 Sites	R6679.52	R7080.29	R400.77
6-10 Sites	R3816.87	R4045.88	R229.01
11-20 + Sites	2290.12	R2427.53	R137.41
Clearance certificate	176.70	R187.30	R10.60

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 6.8 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Water: Basic levy	2,95	2,95	3,45	4,02	4,02	4,02	6,8%	4,29	4,58	4,90
Water: Consumption	236,30	236,30	275,62	321,48	321,48	321,48	6,8%	343,34	366,69	391,62
Sanitation	106,16	106,16	123,82	144,43	144,43	144,43	6,8%	154,25	164,74	175,94
Other										
sub-total	345,41	345,41	402,89	469,93	469,93	469,93	6,8%	501,88	536,01	572,46
VAT on Services										
Total large household bill:	345,41	345,41	402,89	469,93	469,93	469,93	6,8%	501,88	536,01	572,46
% increase/-decrease		-	16,6%	16,6%	-	-	6,8%	6,8%	6,8%	6,8%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Water: Basic levy	2,96	2,96	3,45	4,02	4,02	4,02	6,8%	4,30	4,59	4,90
Water: Consumption	196,92	196,92	229,68	267,90	267,90	267,90	6,8%	286,12	305,58	326,35
Sanitation	88,46	88,46	103,18	120,34	120,34	120,34	6,8%	128,53	137,27	146,60
Other										
sub-total	288,33	288,33	336,31	392,27	392,27	392,27	6,8%	418,94	447,43	477,86
VAT on Services										
Total small household bill:	288,33	288,33	336,31	392,27	392,27	392,27	6,8%	418,94	447,43	477,86
% increase/-decrease		-	16,6%	16,6%	-	-	6,8%	6,8%	6,8%	6,8%

1.5 OPERATING EXPENDITURE FRAMEWORK

Harry Gwala District Municipality's expenditure framework for the 2020/21 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 2020/21 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	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
Expenditure By Type										
Employee related costs	152 588	152 144	173 695	205 726	206 398	206 398	126 141	222 746	232 810	248 842
Remuneration of councillors	5 452	4 087	6 952	7 574	7 574	7 574	4 746	8 018	8 579	9 180
Debt impairment	34 877	24 717	19 111	25 315	25 315	25 315	-	26 556	27 831	29 166
Depreciation & asset impairment	58 880	66 993	69 605	38 192	80 294	80 294	45 133	84 249	88 294	92 533
Finance charges	4 320	4 497	3 752	3 522	4 180	4 180	2 372	4 385	4 595	4 816
Bulk purchases	12 582	24 786	19 221	15 000	17 762	17 762	11 668	18 632	19 527	20 464
Other materials	-	23 948	31 006	15 443	16 065	16 065	3 927	9 113	9 432	9 885
Contracted services	112 638	151 155	156 547	101 502	140 820	140 820	86 113	118 948	132 288	138 727
Transfers and subsidies	-	11 708	14 000	-	-	-	11 000	-	-	-
Other expenditure	76 645	36 084	37 963	57 324	59 046	59 046	35 954	61 896	63 101	66 237
Losses	59	410	8 948	-	-	-	379	-	-	-
Total Expenditure	458 040	500 530	540 800	469 599	557 454	557 454	327 433	554 543	586 457	619 850

The budgeted allocation for employee related costs for the 2020/21 financial year totals R205, 4m, which equals 37% per cent of the total operating expenditure, consolidated employee related costs for the 2020/2021 financial year totals to R222, 7m which equates to 40 per cent of the total operating expenditure. Harry Gwala District Municipality have factored an increase of 6, 5 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 as well as the inclusion of the staff to be transferred to the Municipality by the Provincial Health Department. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

1. **The cost associated with the remuneration of councilors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.
2. **The provision of debt impairment** was determined based on an annual collection rate of 75 per cent and the Debt Write-off Policy of the Municipality. The previous financial year collection rate was 76 per cent. For the 2020/21 financial year this amount equates to R26, 5m and R56, 9m for the outer years. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.
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 R83, 6m for the 2020/21 financial and equates to 15% per cent of the total operating expenditure. Depreciation for the budget year represents an increase from the 2019/20 original budgets due to a number of projects or assets that are still on work in progress.
4. **Finance charges** consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1% per cent of operating expenditure. As previously noted, the District has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing. In 2013/14 the municipality paid off the Greater Kokstad infrastructure upgrade DBSA loan. The other loans from DBSA was settled in June 2016 and Absa in 2020/21 financial years respectively.
5. **Bulk purchases** are directly informed by the purchase of water from Umngeni Water in the Ubuhlebezwe area. The annual price increases of 6% have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

6. **Contracted services** have been identified as a cost saving area for the Municipality. As part of the compilation of the 2020/21 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2020/21 financial year, this group of expenditure totals R118million showing a decrease of 16% from 2019/20, clearly demonstrate that the municipality maintain cost constraint measures. For the 2021/22 financial year growth has been limited to 11% 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 2020/21 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 2019/20 and curbed 2% per cent increases for the 2021/22 and increased again in the 2022/23 financial year by 5 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.



Figure 1 Main operational expenditure categories for the 2020/21 financial year

Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the district’s current infrastructure, the 2020/21 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	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
R thousand										
Repairs and Maintenance by Expenditure Item										
Employee related costs	45 597									
Other materials	20 510	8 268	15 942	8 500	690	690	568	724	759	795
Contracted Services	18 209	6 039	17 488	13 846	20 431	20 431	11 045	22 173	22 703	23 798
Other Expenditure	4 475									
Total Repairs and Maintenance Expenditure	88 791	14 306	33 430	22 346	21 121	21 121	11 614	22 897	23 462	24 594

During the compilation of the 2020/21 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the district infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 8 per cent in the 2019/20 financial year, from R21, 1 million to R22, 8 million. During the 2019 Adjustment Budget this allocation was adjusted it was R22, 3m during the original budget taking into account the cash flow challenges faced by the Municipality. Notwithstanding this reduction, as part of the 2020/21 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2020/21 equates to R22, 8 million showing an increase of 8 per cent in relation to the Adjustment Budget and grows at 7% in the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 4 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	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
EXPENDITURE OTHER ITEMS	147 671	81 299	103 035	60 539	101 415	101 415	107 146	111 756	117 127
<u>Depreciation</u>	58 880	66 993	69 605	38 192	80 294	80 294	84 249	88 294	92 533
<u>Repairs and Maintenance by Asset Class</u>	88 791	14 306	33 430	22 346	21 121	21 121	22 897	23 462	24 594
<i>Water Supply Infrastructure</i>	77 566	2 587	11 693	11 546	17 813	17 813	18 685	19 582	20 522
<i>Sanitation Infrastructure</i>	1 500	1 606	4 396	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	79 066	4 193	16 089	11 546	17 813	17 813	18 685	19 582	20 522
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	105	119	96	110	146	146	153	160	168
Community Assets	105	119	96	110	146	146	153	160	168
Operational Buildings	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
Housing	-	-	-	-	-	-	-	-	-
Other Assets	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
Computer Equipment	120	79	9	190	-	-	520	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	7 800	8 189	15 933	8 500	690	690	724	759	795
Transport Assets	-	-	136	500	300	300	315	330	346
TOTAL EXPENDITURE OTHER ITEMS	147 671	81 299	103 035	60 539	101 415	101 415	107 146	111 756	117 127

For the 2020/21 financial year, R22, 8million 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 2020/21 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 2020/21 Medium-term capital budget per vote

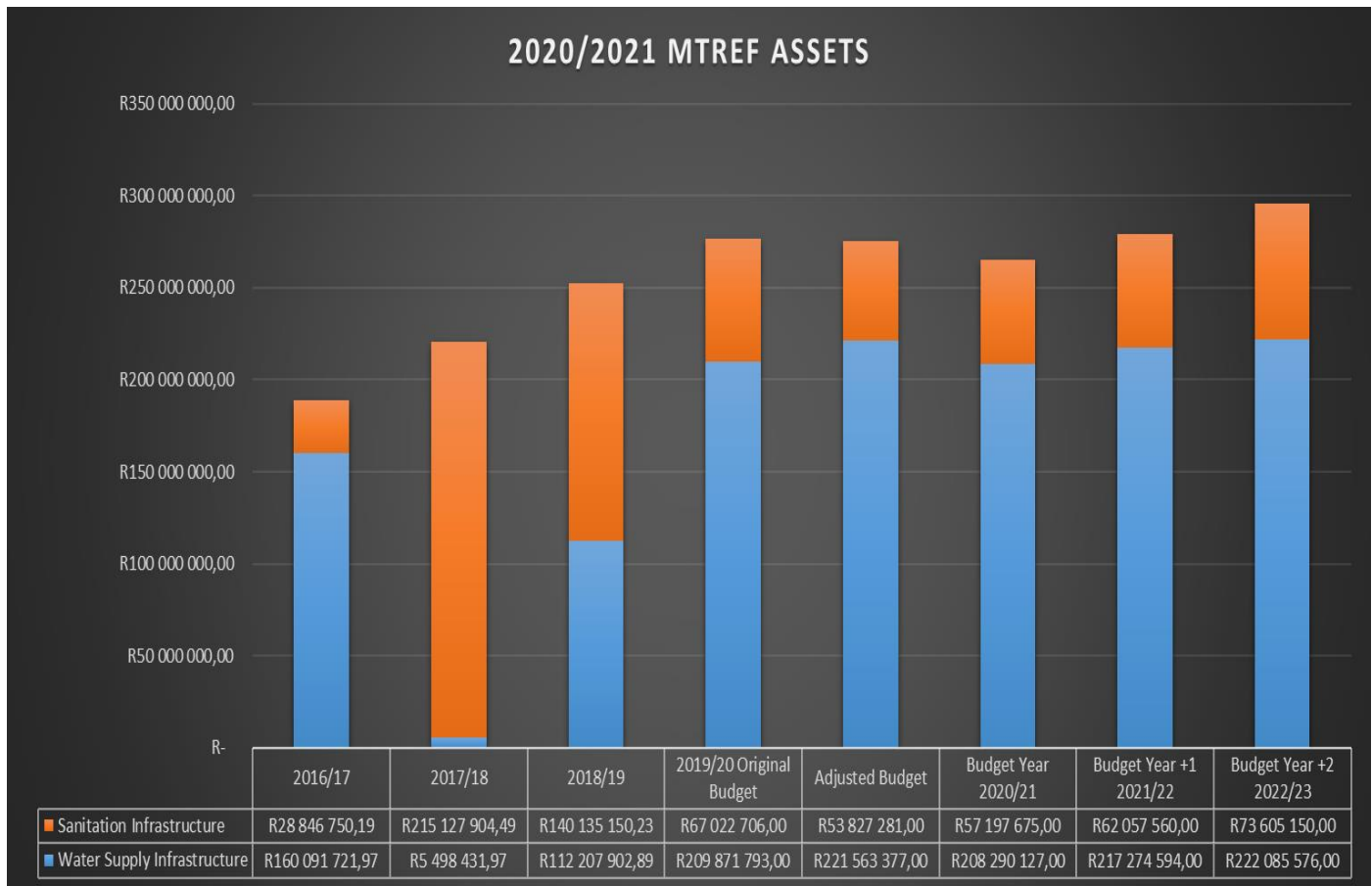
DC43 Harry Gwala - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	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
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	6 956	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	1 511	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	177 304	220 626	216 818	20 000	20 000	20 000	11 508	9 026	-	-
Vote 07 - Summary Water Services	10 000	-	35 525	145 243	145 348	145 348	83 596	144 369	153 588	169 712
Capital multi-year expenditure sub-total	195 771	220 626	252 343	165 243	165 348	165 348	95 104	153 395	153 588	169 712

For 2020/21 an amount of R153, 3million has been appropriated for the development of infrastructure which represents 55% of the total capital budget. In the outer years this amount totals R153, 5million, 57% and R169, 7million, 55% respectively for each of the financial years.

Total new assets represent 43 per cent or R117, 3million of the total capital budget while asset renewal equates to 36 per cent or R99, 3million. 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 R67 million in 2019/20 and to R57, 1million by 2020/21. This concomitant operational expenditure is expected to escalate to R62 million by 2021/22. It needs to be noted that as part of the 2020/21 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 2020/21 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	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
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	37 168	53 962	58 421	88 392	67 065	67 065	46 123	71 050	75 272	79 723
Investment revenue	6 067	8 599	9 202	11 161	7 257	7 257	4 519	7 681	8 140	8 627
Transfers recognised - operational	296 584	300 806	366 165	366 404	382 508	382 508	272 219	387 266	411 458	441 097
Other own revenue	13 618	12 673	11 587	10 440	18 153	18 153	12 051	11 345	12 018	12 727
Total Revenue (excluding capital transfers and contributions)	353 437	376 041	445 375	476 396	474 984	474 984	334 911	477 343	506 888	542 175
Employee costs	152 588	152 144	173 695	205 726	206 398	206 398	126 141	222 746	232 810	248 842
Remuneration of councillors	5 452	4 087	6 952	7 574	7 574	7 574	4 746	8 018	8 579	9 180
Depreciation & asset impairment	58 880	66 993	69 605	38 192	80 294	80 294	45 133	84 249	88 294	92 533
Finance charges	4 320	4 497	3 752	3 522	4 180	4 180	2 372	4 385	4 595	4 816
Materials and bulk purchases	12 582	48 735	50 227	30 443	33 827	33 827	15 595	27 745	28 959	30 349
Transfers and grants	-	11 708	14 000	-	-	-	11 000	-	-	-
Other expenditure	224 219	212 367	222 568	184 141	225 181	225 181	122 446	207 401	223 220	234 130
Total Expenditure	458 040	500 530	540 800	469 599	557 454	557 454	327 433	554 543	586 457	619 850
Surplus/(Deficit)	(104 604)	(124 489)	(95 425)	6 798	(82 470)	(82 470)	7 478	(77 200)	(79 568)	(77 675)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	267 683	2 221	335 775	275 839	274 335	274 335	155 773	263 488	277 232	293 486
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	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	163 079	210 879	240 350	282 636	191 864	191 864	163 250	186 288	197 664	215 811
Surplus/(Deficit) for the year	163 079	210 879	240 350	282 636	191 864	191 864	163 250	186 288	197 664	215 811
Capital expenditure & funds sources										
Capital expenditure	195 771	222 253	266 785	282 624	279 230	279 230	158 147	271 221	281 421	297 885
Transfers recognised - capital	187 304	11 369	134 240	276 203	274 385	274 385	156 643	263 777	277 536	293 805
Internally generated funds	8 467	-	14 442	6 421	4 845	4 845	1 504	7 444	3 885	4 079
Total sources of capital funds	195 771	11 369	148 683	282 624	279 230	279 230	158 147	271 221	281 421	297 885
Financial position										
Total current assets	89 511	168 218	118 976	282 609	98 469	98 469	125 130	96 201	101 373	113 316
Total non current assets	1 815 153	1 943 575	2 171 694	1 884 174	1 882 520	1 882 520	1 312 858	2 283 883	2 366 941	2 508 535
Total current liabilities	211 628	235 334	170 317	155 240	80 249	80 249	80 249	123 251	121 094	131 941
Total non current liabilities	47 162	51 431	56 670	36 242	36 490	36 490	47 199	32 106	27 449	27 333
Community wealth/Equity	1 645 873	1 825 028	2 063 683	1 975 301	1 864 249	1 864 249	1 310 540	2 224 726	2 319 771	2 462 577

DC43 Harry Gwala - Table A1 Consolidated Budget Summary

Description	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
R thousands										
Cash flows										
Net cash from (used) operating	206 541	300 125	227 367	294 323	233 262	233 262	233 262	268 538	283 535	305 464
Net cash from (used) investing	(177 749)	(220 517)	(257 088)	(282 624)	(279 405)	(279 405)	(279 405)	(271 221)	(281 421)	(297 885)
Net cash from (used) financing	(5 259)	(10 296)	(11 022)	(3 896)	(12 528)	(12 528)	(12 528)	(4 400)	(2 046)	(1 365)
Cash/cash equivalents at the year end	43 023	112 336	71 593	120 138	12 922	12 922	12 922	5 839	5 907	12 122
Cash backing/surplus reconciliation										
Cash and investments available	43 023	96 952	58 363	207 062	12 922	12 922	30 292	5 839	5 907	12 122
Application of cash and investments	176 226	175 470	101 977	70 624	(22 712)	(22 712)	(64 503)	(7 576)	(16 421)	(17 970)
Balance - surplus (shortfall)	(133 203)	(78 518)	(43 615)	136 438	35 633	35 633	94 794	13 414	22 328	30 092
Asset management										
Asset register summary (WDV)	1 943 575	2 171 694	1 884 174	1 882 520	1 882 520	1 312 857	1 312 857	2 283 883	2 366 941	2 508 535
Depreciation	58 880	66 993	69 605	38 192	80 294	80 294	80 294	84 249	88 294	92 533
Renewal and Upgrading of Existing Assets	2 850	215 128	192 941	182 209	159 437	159 437	159 437	153 863	171 603	182 575
Repairs and Maintenance	88 791	14 306	33 430	22 346	21 121	21 121	21 121	22 897	23 462	24 594
Free services										
Cost of Free Basic Services provided	4 647	2 347	343	5 189	5 189	5 189	6 189	6 189	6 561	6 954
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	32	32	33	32	32	32	30	30	29	31
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

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

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

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

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

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

But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2020/21 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 2020/21 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	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
R thousand									
Revenue - Functional									
<i>Governance and administration</i>	313 741	297 378	331 363	367 364	363 811	363 811	391 887	423 302	453 642
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	313 741	297 378	331 363	367 364	363 811	363 811	391 887	423 302	453 642
Internal audit	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	240	349 895	382 421	946	7 908	7 908	6 966	5 946	6 304
Planning and development	240	349 895	382 421	946	7 908	7 908	6 966	5 946	6 304
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	307 139	64 136	67 365	383 925	377 599	377 599	341 978	354 872	375 714
Energy sources	-	-	-	7 000	7 000	7 000	-	-	-
Water management	279 384	43 483	49 012	351 168	336 240	336 240	321 468	333 143	352 698
Waste water management	27 756	20 653	18 353	25 757	34 359	34 359	20 510	21 730	23 016
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	621 120	711 409	781 150	752 235	749 318	749 318	740 831	784 120	835 660
Expenditure - Functional									
<i>Governance and administration</i>	174 759	202 614	213 051	212 801	227 550	227 550	240 522	256 513	271 025
Executive and council	26 916	24 643	18 266	25 782	18 280	18 280	24 234	24 766	26 200
Finance and administration	147 842	173 588	188 610	182 707	201 823	201 823	208 209	223 282	235 780
Internal audit	-	4 384	6 175	4 312	7 447	7 447	8 078	8 465	9 045
<i>Community and public safety</i>	-	12 847	13 823	11 180	15 908	15 908	17 188	18 070	19 299
Community and social services	-	12 847	13 823	11 180	15 908	15 908	17 188	18 070	19 299
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	34 483	165 408	167 800	131 383	167 307	167 307	150 177	154 152	162 388
Planning and development	34 483	165 408	167 800	131 383	167 307	167 307	150 177	154 152	162 388
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	248 799	119 661	146 125	114 236	146 690	146 690	146 657	157 721	167 138
Energy sources	-	10 790	35	-	-	-	-	-	-
Water management	157 202	106 914	145 347	113 919	140 024	140 024	145 857	156 866	166 223
Waste water management	91 596	1 957	742	317	6 665	6 665	800	856	915
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	458 040	500 530	540 800	469 599	557 454	557 454	554 543	586 457	619 850
Surplus/(Deficit) for the year	163 079	210 879	240 350	282 636	191 864	191 864	186 288	197 664	215 811

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 R thousand	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
Revenue by Vote									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	313 741	296 330	330 039	367 364	363 811	363 811	391 887	423 302	453 642
Vote 04 - Summary Corporate Services	-	-	445	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	240	-	346	946	7 908	7 908	6 966	5 946	6 304
Vote 06 - Summary Infrastructure Services	279 384	349 895	382 076	295 533	285 530	285 530	270 928	279 600	295 991
Vote 07 - Summary Water Services	27 756	65 184	68 244	88 392	92 069	92 069	71 050	75 272	79 723
Total Revenue by Vote	621 120	711 409	781 150	752 235	749 318	749 318	740 831	784 120	835 660
Expenditure by Vote to be appropriated									
Vote 01 - Summary Council	11 698	10 232	8 421	12 958	11 050	11 050	15 677	16 011	16 954
Vote 02 - Summary Municipal Manager	15 218	18 794	16 020	17 136	14 677	14 677	16 635	17 220	18 291
Vote 03 - Summary Budget And Treasury Office	86 272	80 386	72 227	76 953	78 530	78 530	84 548	87 203	92 044
Vote 04 - Summary Corporate Services	61 571	76 194	85 564	67 212	83 231	83 231	81 310	91 218	96 210
Vote 05 - Summary Social Services & Development Planning	34 483	36 873	47 553	64 727	59 828	59 828	58 793	61 210	64 870
Vote 06 - Summary Infrastructure Services	91 596	152 172	134 106	77 835	123 387	123 387	108 571	111 012	116 817
Vote 07 - Summary Water Services	157 202	125 878	176 909	152 777	186 751	186 751	189 008	202 583	214 664
Total Expenditure by Vote	458 040	500 530	540 800	469 599	557 454	557 454	554 543	586 457	619 850
Surplus/(Deficit) for the year	163 079	210 879	240 350	282 636	191 864	191 864	186 288	197 664	215 811

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	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
R thousand									
Revenue by Vote									
Vote 06 - Summary Infrastructure Services	279 384	349 895	382 076	295 533	285 530	285 530	270 928	279 600	295 991
Vote 07 - Summary Water Services	27 756	65 184	68 244	88 392	92 069	92 069	71 050	75 272	79 723
Total Revenue by Vote	307 139	415 079	450 320	383 925	377 599	377 599	341 978	354 872	375 714
Expenditure by Vote to be appropriated									
Vote 06 - Summary Infrastructure Services	91 596	152 172	134 106	77 835	123 387	123 387	108 571	111 012	116 817
Vote 07 - Summary Water Services	157 202	125 878	176 909	152 777	186 751	186 751	189 008	202 583	214 664
Total Expenditure by Vote	248 799	278 050	311 015	230 613	310 138	310 138	297 579	313 595	331 480
Surplus/(Deficit) for the year	58 340	137 029	139 305	153 312	67 461	67 461	44 399	41 278	44 234

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	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
Revenue By Source										
Service charges - water revenue	27 669	38 197	43 001	62 635	47 706	47 706	34 221	50 540	53 543	56 707
Service charges - sanitation revenue	9 499	15 766	15 419	25 757	19 359	19 359	11 901	20 510	21 730	23 016
Interest earned - external investments	6 067	8 599	9 202	11 161	7 257	7 257	4 519	7 681	8 140	8 627
Interest earned - outstanding debtors	12 349	11 963	10 556	9 658	9 658	9 658	9 009	10 238	10 852	11 503
Fines, penalties and forfeits	-	576	694	-	-	-	341	-	-	-
Transfers and subsidies	296 584	300 806	366 165	366 404	382 508	382 508	272 219	387 266	411 458	441 097
Other revenue	1 269	135	337	781	8 495	8 495	1 639	1 107	1 165	1 224
Gains	-	-	-	-	-	-	1 062	-	-	-
Total Revenue (excluding capital transfers and contributions)	353 437	376 041	445 375	476 396	474 984	474 984	334 911	477 343	506 888	542 175
Expenditure By Type										
Employee related costs	152 588	152 144	173 695	205 726	206 398	206 398	126 141	222 746	232 810	248 842
Remuneration of councillors	5 452	4 087	6 952	7 574	7 574	7 574	4 746	8 018	8 579	9 180
Debt impairment	34 877	24 717	19 111	25 315	25 315	25 315	-	26 556	27 831	29 166
Depreciation & asset impairment	58 880	66 993	69 605	38 192	80 294	80 294	45 133	84 249	88 294	92 533
Finance charges	4 320	4 497	3 752	3 522	4 180	4 180	2 372	4 385	4 595	4 816
Bulk purchases	12 582	24 786	19 221	15 000	17 762	17 762	11 668	18 632	19 527	20 464
Other materials	-	23 948	31 006	15 443	16 065	16 065	3 927	9 113	9 432	9 885
Contracted services	112 638	151 155	156 547	101 502	140 820	140 820	86 113	118 948	132 288	138 727
Transfers and subsidies	-	11 708	14 000	-	-	-	11 000	-	-	-
Other expenditure	76 645	36 084	37 963	57 324	59 046	59 046	35 954	61 896	63 101	66 237
Losses	59	410	8 948	-	-	-	379	-	-	-
Total Expenditure	458 040	500 530	540 800	469 599	557 454	557 454	327 433	554 543	586 457	619 850
Surplus/(Deficit)	(104 604)	(124 489)	(95 425)	6 798	(82 470)	(82 470)	7 478	(77 200)	(79 568)	(77 675)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	267 683	2 221	335 775	275 839	274 335	274 335	155 773	263 488	277 232	293 486
Transfers and subsidies - capital (in-kind - all)	-	333 147	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	163 079	210 879	240 350	282 636	191 864	191 864	163 250	186 288	197 664	215 811
Taxation										
Surplus/(Deficit) after taxation	163 079	210 879	240 350	282 636	191 864	191 864	163 250	186 288	197 664	215 811
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	163 079	210 879	240 350	282 636	191 864	191 864	163 250	186 288	197 664	215 811
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	163 079	210 879	240 350	282 636	191 864	191 864	163 250	186 288	197 664	215 811

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

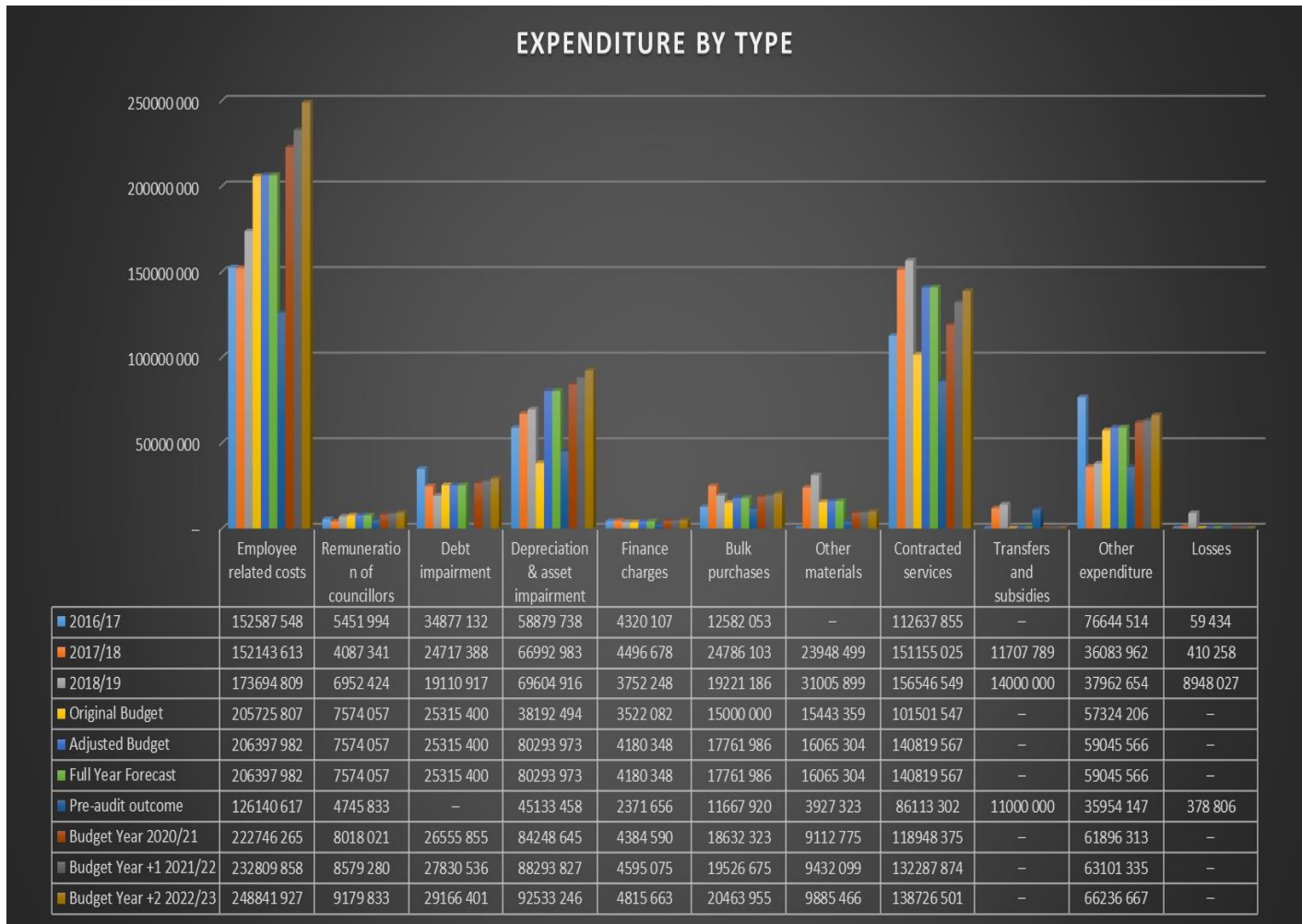
Total operating revenue is R477, 3million in 2020/21 and escalates to R542, 1million by 2022/23. This represents an increase of 0.5 per cent for the 2020/21 financial year and an increase of 6 per cent for the 2021/22 and 7 % in 2022/23 financial year.

Services charges relating to water and sanitation constitutes the biggest component of the own revenue basket of the district totaling R71million for the 2020/21 financial year and increasing to R75, 2million by 2021/22. For the 2020/21 financial year services charges amount to 15% of the total revenue and 15 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 increased by 1% in 2020/2021 and grow rapidly by 6 per cent in 2021/2022 and 7 per cent in the 2022/2023 financial year.

The following graph illustrates the major expenditure items per type.

Figure 2 Expenditure by major type



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

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

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

Vote Description	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
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	6 956	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	1 511	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	177 304	220 626	216 818	20 000	20 000	20 000	11 508	9 026	-	-
Vote 07 - Summary Water Services	10 000	-	35 525	145 243	145 348	145 348	83 596	144 369	153 588	169 712
Capital multi-year expenditure sub-total	195 771	220 626	252 343	165 243	165 348	165 348	95 104	153 395	153 588	169 712
Single-year expenditure to be appropriated										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	38	404	-	-	-	324	340	357
Vote 04 - Summary Corporate Services	-	-	10 203	4 942	3 631	3 631	1 504	2 350	1 393	1 462
Vote 05 - Summary Social Services & Development Planning	-	-	62	383	208	208	-	3 060	357	374
Vote 06 - Summary Infrastructure Services	-	1 627	4 140	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	-	-	-	111 651	110 043	110 043	61 539	112 093	125 744	125 979
Capital single-year expenditure sub-total	-	1 627	14 442	117 381	113 882	113 882	63 043	117 826	127 834	128 173
Total Capital Expenditure - Vote	195 771	222 253	266 785	282 624	279 230	279 230	158 147	271 221	281 421	297 885
Capital Expenditure - Functional										
Governance and administration	6 956	-	10 240	5 346	3 631	3 631	1 504	2 674	1 733	1 819
Executive and council	-	-	-	-	-	-	-	-	-	-
Finance and administration	6 956	-	10 240	5 346	3 631	3 631	1 504	2 674	1 733	1 819
Internal audit	-	-	-	-	-	-	-	-	-	-
Community and public safety	-	-	-	-	-	-	-	2 500	-	-
Community and social services	-	-	-	-	-	-	-	2 500	-	-
Health	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	1 511	222 253	212 808	383	208	208	-	560	357	374
Planning and development	1 511	222 253	212 808	383	208	208	-	560	357	374
Trading services	187 304	-	43 737	276 894	275 391	275 391	156 643	265 488	279 332	295 691
Energy sources	-	-	-	-	-	-	-	-	-	-
Water management	177 304	-	43 737	213 071	229 763	229 763	123 552	210 074	219 148	224 053
Waste water management	10 000	-	-	63 824	45 628	45 628	33 091	55 414	60 184	71 638
Waste management	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	195 771	222 253	266 785	282 624	279 230	279 230	158 147	271 221	281 421	297 885
Funded by:										
National Government	187 304	11 369	134 240	275 978	259 335	259 335	155 344	263 488	277 232	293 486
Provincial Government	-	-	-	-	15 000	15 000	1 298	-	-	-
District Municipality	-	-	-	225	50	50	-	290	304	319
Transfers recognised - capital	187 304	11 369	134 240	276 203	274 385	274 385	156 643	263 777	277 536	293 805
Internally generated funds	8 467	-	14 442	6 421	4 845	4 845	1 504	7 444	3 885	4 079
Total Capital Funding	195 771	11 369	148 683	282 624	279 230	279 230	158 147	271 221	281 421	297 885

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 2020/21 R263, 4million has been allocated of the total R271, 2million infrastructural budget, which totals 97 per cent. This capital budget increase to R281, 4million in 2021/22 and then increase to R297, 8million in 2022/23.

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 2020/21 capital transfers totals R271, 2 million and R281, 4 million by 2021/22 and then in 2022/2023 increase to R297, 8million. 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	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
R thousand										
ASSETS										
Current assets										
Cash	43 023	64 700	53 026	169 975	9 590	9 590	7 539	5 839	5 907	12 122
Call investment deposits	-	32 252	5 337	37 087	3 331	3 331	22 753	-	-	-
Consumer debtors	22 779	9 880	26 933	42 739	42 739	42 739	55 982	50 812	53 543	56 756
Other debtors	23 529	61 216	33 432	32 638	42 638	42 638	38 609	39 369	41 732	44 235
Inventory	180	171	248	171	171	171	248	181	192	203
Total current assets	89 511	168 218	118 976	282 609	98 469	98 469	125 130	96 201	101 373	113 316
Non current assets										
Investment in Associate	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1 812 853	1 942 120	2 170 503	1 882 858	1 881 304	1 881 304	1 311 797	2 282 085	2 365 365	2 506 866
Biological										
Intangible	2 300	1 455	1 191	1 316	1 216	1 216	1 060	1 798	1 576	1 668
Other non-current assets	-	0	0	0	0	0	0	0	0	0
Total non current assets	1 815 153	1 943 575	2 171 694	1 884 174	1 882 520	1 882 520	1 312 858	2 283 883	2 366 941	2 508 535
TOTAL ASSETS	1 904 664	2 111 793	2 290 670	2 166 783	1 980 989	1 980 989	1 437 988	2 380 084	2 468 313	2 621 851
LIABILITIES										
Current liabilities										
Borrowing	11 887	(682)	-	12 678	4 290	4 290	4 290	4 400	(2 046)	1 365
Consumer deposits	1 441	1 606	1 768	1 740	1 740	1 740	1 740	1 845	1 956	2 073
Trade and other payables	197 733	224 836	157 549	131 248	64 645	64 645	64 645	106 858	110 427	117 100
Provisions	568	9 574	11 000	9 574	9 574	9 574	9 574	10 148	10 757	11 403
Total current liabilities	211 628	235 334	170 317	155 240	80 249	80 249	80 249	123 251	121 094	131 941
Non current liabilities										
Borrowing	12 353	28 482	37 730	13 292	13 541	13 541	28 258	7 780	1 663	-
Provisions	34 809	22 949	18 940	22 949	22 949	22 949	18 940	24 326	25 786	27 333
Total non current liabilities	47 162	51 431	56 670	36 242	36 490	36 490	47 199	32 106	27 449	27 333
TOTAL LIABILITIES	258 790	286 766	226 987	191 482	116 740	116 740	127 448	155 358	148 542	159 274
NET ASSETS	1 645 873	1 825 028	2 063 683	1 975 301	1 864 249	1 864 249	1 310 540	2 224 726	2 319 771	2 462 577
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	1 645 873	1 825 028	2 063 683	1 975 301	1 864 249	1 864 249	1 310 540	2 224 726	2 319 771	2 462 577
TOTAL COMMUNITY WEALTH/EQUITY	1 645 873	1 825 028	2 063 683	1 975 301	1 864 249	1 864 249	1 310 540	2 224 726	2 319 771	2 462 577

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	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
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates								-	-	-
Service charges	21 884	40 965	43 942	47 732	51 990	51 990	51 990	53 288	56 454	59 792
Other revenue	1 703	478	785	781	11 626	11 626	11 626	554	583	612
Transfers and Subsidies - Operational	287 782	259 545	322 557	366 404	339 907	339 907	339 907	387 266	411 458	441 097
Transfers and Subsidies - Capital	339 685	392 545	319 764	275 839	274 335	274 335	274 335	263 488	277 232	293 486
Interest	6 067	9 700	10 046	9 658	7 257	7 257	7 257	7 681	8 140	8 627
Dividends								-	-	-
Payments										
Suppliers and employees	(446 260)	(398 607)	(465 962)	(402 569)	(447 672)	(447 672)	(447 672)	(439 354)	(465 737)	(493 334)
Finance charges	(4 320)	(4 499)	(3 765)	(3 522)	(4 180)	(4 180)	(4 180)	(4 385)	(4 595)	(4 816)
Transfers and Grants	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	206 541	300 125	227 367	294 323	233 262	233 262	233 262	268 538	283 535	305 464
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-	-	-
Decrease (increase) in non-current receivables								-	-	-
Decrease (increase) in non-current investments								-	-	-
Payments										
Capital assets	(177 749)	(220 517)	(257 088)	(282 624)	(279 405)	(279 405)	(279 405)	(271 221)	(281 421)	(297 885)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(177 749)	(220 517)	(257 088)	(282 624)	(279 405)	(279 405)	(279 405)	(271 221)	(281 421)	(297 885)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing	(5 259)	(10 296)	(11 022)	(3 896)	(12 528)	(12 528)	(12 528)	(4 400)	(2 046)	(1 365)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(5 259)	(10 296)	(11 022)	(3 896)	(12 528)	(12 528)	(12 528)	(4 400)	(2 046)	(1 365)
NET INCREASE/ (DECREASE) IN CASH HELD	23 533	69 313	(40 743)	7 803	(58 671)	(58 671)	(58 671)	(7 083)	68	6 215
Cash/cash equivalents at the year begin:	19 490	43 023	112 336	112 336	71 593	71 593	71 593	12 922	5 839	5 907
Cash/cash equivalents at the year end:	43 023	112 336	71 593	120 138	12 922	12 922	12 922	5 839	5 907	12 122

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 2019/20 original and adjusted period owing directly to a decrease in cash for the 2020/21 financial year.

As part of the 2019/20 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 2020/21 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Cash and cash equivalents totals R5, 8 million as at the end of the 2020/21 financial year and escalates to R12, 1million by 2022/23.

Repayment of borrowings totals R4, 4million in the 2020/2021 budget year. The municipality is left with one loan in 2020/2021 financial year which is ABSA loan as we settled or fully recovered DBSA loan.

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

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

Description	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
Cash and investments available										
Cash/cash equivalents at the year end	43 023	112 336	71 593	120 138	12 922	12 922	12 922	5 839	5 907	12 122
Other current investments > 90 days	0	(15 384)	(13 230)	86 924	0	0	17 370	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	43 023	96 952	58 363	207 062	12 922	12 922	30 292	5 839	5 907	12 122
Application of cash and investments										
Unspent conditional transfers	61 318	60 822	43 814	39 678	236	236	236	11 000	11 500	12 000
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	(42 128)	(44 250)	(47 150)
Other working capital requirements	114 908	114 648	58 163	30 946	(22 947)	(22 947)	(64 739)	11 888	10 129	10 980
Other provisions	-	-	-	-	-	-	-	11 664	6 200	6 200
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	176 226	175 470	101 977	70 624	(22 712)	(22 712)	(64 503)	(7 576)	(16 421)	(17 970)
Surplus(shortfall)	(133 203)	(78 518)	(43 615)	136 438	35 633	35 633	94 794	13 414	22 328	30 092

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 2020/21 the budget is sitting on a surplus then 2021/22 there is also a surplus increase of R22, 3million and in 2022/23 it escalates to a surplus of R30million

Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2020/21 Adjusted Budget MTREF was funded owing to the significant deficit.

As part of the budgeting and planning guidelines that informed the compilation of the 2020/21 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 2020/21 final budget is funded.

Table 24 MBRR Table A9 - Asset Management

DC43 Harry Gwala - Table A9 Consolidated Asset Management

Description	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
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	192 921	7 125	73 845	100 415	119 793	119 793	117 359	109 818	115 309
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	157 242	5 498	70 959	96 344	116 912	116 912	111 675	107 781	113 170
<i>Sanitation Infrastructure</i>	28 847	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	1 728	-	-	-	-	-	-
Infrastructure	186 088	5 498	72 687	96 344	116 912	116 912	111 675	107 781	113 170
Community Facilities	-	-	-	25	-	-	-	-	-
Community Assets	-	-	-	25	-	-	-	-	-
Operational Buildings	1 500	-	-	-	-	-	-	-	-
Housing	-	902	-	211	-	-	-	-	-
Other Assets	1 500	902	-	211	-	-	-	-	-
Licences and Rights	950	-	-	100	-	-	200	210	221
Intangible Assets	950	-	-	100	-	-	200	210	221
Computer Equipment	-	-	-	1 450	1 450	1 450	1 590	594	624
Furniture and Office Equipment	783	725	1 120	1 996	1 431	1 431	910	956	1 003
Machinery and Equipment	2 600	-	38	289	-	-	484	277	291
Transport Assets	1 000	-	-	-	-	-	2 500	-	-
Total Renewal of Existing Assets	2 850	215 128	192 941	97 515	99 196	99 196	96 375	101 193	114 698
<i>Water Supply Infrastructure</i>	2 850	-	41 249	53 887	46 864	46 864	49 207	51 667	54 250
<i>Sanitation Infrastructure</i>	-	215 128	140 135	41 970	51 374	51 374	47 118	49 474	60 392
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	2 850	215 128	181 384	95 857	98 238	98 238	96 325	101 141	114 643
Machinery and Equipment	-	-	85	158	158	158	50	53	55
Transport Assets	-	-	11 472	1 500	800	800	-	-	-
Total Upgrading of Existing Assets	-	-	-	84 693	60 241	60 241	57 488	70 410	67 878
<i>Water Supply Infrastructure</i>	-	-	-	59 640	57 788	57 788	47 408	57 826	54 665
<i>Sanitation Infrastructure</i>	-	-	-	25 053	2 453	2 453	10 080	12 584	13 213
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	84 693	60 241	60 241	57 488	70 410	67 878
Total Capital Expenditure	195 771	222 253	266 785	282 624	279 230	279 230	271 221	281 421	297 885
<i>Water Supply Infrastructure</i>	160 092	5 498	112 208	209 872	221 563	221 563	208 290	217 275	222 086
<i>Sanitation Infrastructure</i>	28 847	215 128	140 135	67 023	53 827	53 827	57 198	62 058	73 605
<i>Information and Communication Infrastructure</i>	-	-	1 728	-	-	-	-	-	-
Infrastructure	188 938	220 626	254 071	276 894	275 391	275 391	265 488	279 332	295 691
Community Facilities	-	-	-	25	-	-	-	-	-
Community Assets	-	-	-	25	-	-	-	-	-
Operational Buildings	1 500	-	-	-	-	-	-	-	-
Housing	-	902	-	211	-	-	-	-	-
Other Assets	1 500	902	-	211	-	-	-	-	-
Licences and Rights	950	-	-	100	-	-	200	210	221
Intangible Assets	950	-	-	100	-	-	200	210	221
Computer Equipment	-	-	-	1 450	1 450	1 450	1 590	594	624
Furniture and Office Equipment	783	725	1 120	1 996	1 431	1 431	910	956	1 003
Machinery and Equipment	2 600	-	123	447	158	158	534	330	346
Transport Assets	1 000	-	11 472	1 500	800	800	2 500	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	195 771	222 253	266 785	282 624	279 230	279 230	271 221	281 421	297 885

DC43 Harry Gwala - Table A9 Consolidated Asset Management

Description	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
R thousand									
ASSET REGISTER SUMMARY - PPE (WDV)	1 782 578	1 554 000	1 545 571	1 775 568	1 772 174	1 772 174	1 870 933	1 929 214	2 044 544
<i>Roads Infrastructure</i>	–	4 781	3 253	3 508	3 508	3 508	3 752	3 941	4 178
<i>Electrical Infrastructure</i>	–	15 422	13 387	14 059	14 059	14 059	14 946	15 797	16 744
<i>Water Supply Infrastructure</i>	1 209 379	1 361 691	1 335 309	1 523 380	1 541 572	1 541 572	1 576 609	1 667 693	1 759 529
<i>Sanitation Infrastructure</i>	549 879	125 974	144 293	189 982	170 286	170 286	186 541	199 155	218 928
<i>Information and Communication Infrastructure</i>	–	444	326	340	340	340	361	383	405
Infrastructure	1 759 258	1 508 312	1 496 568	1 731 269	1 729 765	1 729 765	1 870 933	1 886 967	1 999 784
Community Assets	4 139	27 086	26 846	26 910	26 885	26 885	67 556	30 208	32 021
Other Assets	19 181	902	(889)	318	107	107	114	120	128
Intangible Assets	–	1 455	1 191	1 316	1 216	1 216	1 798	1 576	1 668
Computer Equipment	–	1 615	309	2 210	2 210	2 210	2 408	1 448	1 529
Furniture and Office Equipment	–	2 128	4 456	3 618	3 053	3 053	2 630	2 778	2 936
Machinery and Equipment	–	419	503	648	359	359	5 367	555	585
Transport Assets	–	12 083	16 587	9 280	8 580	8 580	8 851	5 561	5 895
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 782 578	1 554 000	1 545 571	1 775 568	1 772 174	1 772 174	1 870 933	1 929 214	2 044 544
EXPENDITURE OTHER ITEMS	147 671	81 299	103 035	60 539	101 415	101 415	107 146	111 756	117 127
Depreciation	58 880	66 993	69 605	38 192	80 294	80 294	84 249	88 294	92 533
Repairs and Maintenance by Asset Class	88 791	14 306	33 430	22 346	21 121	21 121	22 897	23 462	24 594
<i>Water Supply Infrastructure</i>	77 566	2 587	11 693	11 546	17 813	17 813	18 685	19 582	20 522
<i>Sanitation Infrastructure</i>	1 500	1 606	4 396	–	–	–	–	–	–
Infrastructure	79 066	4 193	16 089	11 546	17 813	17 813	18 685	19 582	20 522
<i>Sport and Recreation Facilities</i>	105	119	96	110	146	146	153	160	168
Community Assets	105	119	96	110	146	146	153	160	168
<i>Operational Buildings</i>	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
Other Assets	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
Computer Equipment	120	79	9	190	–	–	520	–	–
Furniture and Office Equipment	–	–	–	–	–	–	–	–	–
Machinery and Equipment	7 800	8 189	15 933	8 500	690	690	724	759	795
Transport Assets	–	–	136	500	300	300	315	330	346
TOTAL EXPENDITURE OTHER ITEMS	147 671	81 299	103 035	60 539	101 415	101 415	107 146	111 756	117 127
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	1,5%	96,8%	72,3%	64,5%	57,1%	57,1%	56,7%	61,0%	61,3%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	4,8%	321,1%	277,2%	477,1%	198,6%	198,6%	182,6%	194,4%	197,3%
<i>R&M as a % of PPE</i>	4,9%	0,7%	1,5%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%
<i>Renewal and upgrading and R&M as a % of PPE</i>	5,0%	15,0%	15,0%	12,0%	10,0%	10,0%	9,0%	10,0%	10,0%

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

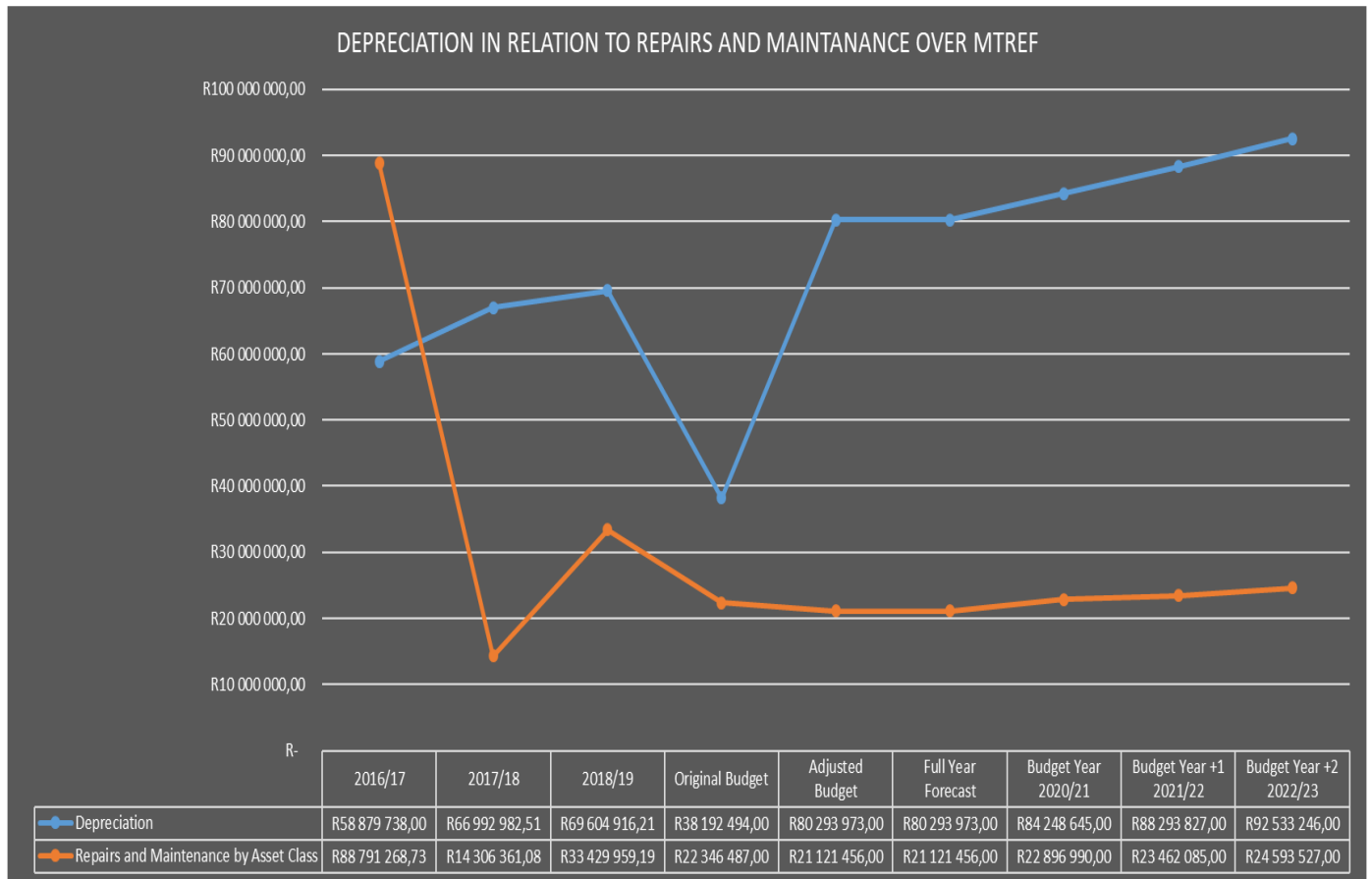


Table 25 MBRR Table A10 - Basic Service Delivery Measurement

DC43 Harry Gwala - Table A10 Consolidated basic service delivery measurement

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets									
Water:									
Piped water inside dwelling	41 985	44 069	46 272	48 246	48 246	48 246	48 641	48 418	52 292
Piped water inside yard (but not in dwelling)	19 227	19 323	20 289	20 086	20 086	20 086	19 885	19 686	21 261
Using public tap (at least min.service level)	22 880	22 605	23 736	26 109	26 109	26 109	30 026	34 529	37 292
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	84 092	85 997	90 297	94 441	94 441	94 441	98 552	102 633	110 845
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	31 724	31 819	33 410	31 739	31 739	31 739	30 152	28 645	30 936
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	31 724	31 819	33 410	31 739	31 739	31 739	30 152	28 645	30 936
Total number of households	115 816	117 816	123 707	126 180	126 180	126 180	128 704	131 278	141 781
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	56 568	57 544	60 422	65 558	65 558	65 558	70 615	75 601	81 649
Flush toilet (with septic tank)	11 760	11 963	12 561	12 436	12 436	12 436	12 312	12 188	13 164
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	47 489	48 309	50 724	48 188	48 188	48 188	45 779	43 490	46 969
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	115 817	117 816	123 707	126 182	126 182	126 182	128 706	131 279	141 782
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	115 817	117 816	123 707	126 182	126 182	126 182	128 706	131 279	141 782
Energy:									
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	4 647	2 347	343	5 189	5 189	5 189	6 189	6 561	6 954
Sanitation (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	4 647	2 347	343	5 189	5 189	5 189	6 189	6 561	6 954

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 2020/21, 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	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
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	39 547	66 772	58 421	87 992	66 665	66 665	46 123	71 051	75 273	79 723
Investment revenue	5 281	8 599	9 202	10 631	7 077	7 077	4 519	7 501	7 951	8 429
Transfers recognised - operational	243 731	287 997	366 165	366 404	382 908	382 908	387 266	387 266	411 458	441 097
Other own revenue	13 577	12 673	11 587	10 425	10 425	10 425	12 051	11 045	11 702	12 396
Total Revenue (excluding capital transfers and contributions)	302 137	376 041	445 375	475 451	467 075	467 075	449 958	476 863	506 384	541 645
Employee costs	144 809	152 144	173 695	195 623	197 295	197 295	126 141	210 145	219 578	234 949
Remuneration of councillors	5 452	4 087	6 952	7 574	7 574	7 574	4 746	8 018	8 579	9 180
Depreciation & asset impairment	61 084	66 993	69 605	37 492	79 717	79 717	45 133	83 624	87 638	91 844
Finance charges	4 313	4 497	3 752	3 510	4 168	4 168	2 372	4 373	4 582	4 802
Materials and bulk purchases	35 057	48 735	50 227	30 163	26 057	26 057	15 595	27 447	28 646	30 021
Transfers and grants	17 988	11 708	14 000	17 000	14 000	14 000	11 000	17 000	20 000	20 000
Other expenditure	191 806	212 367	222 568	179 528	221 007	221 007	122 446	203 457	218 929	229 524
Total Expenditure	460 508	500 530	540 800	470 890	549 819	549 819	327 433	554 063	587 953	620 320
Surplus/(Deficit)	(158 371)	(124 489)	(95 425)	4 561	(82 743)	(82 743)	122 525	(77 200)	(81 568)	(78 675)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	322 273	335 368	335 775	275 839	274 335	274 335	155 773	263 488	277 232	293 486
Surplus/(Deficit) after capital transfers & contributions	163 902	210 879	240 350	280 399	191 591	191 591	278 298	186 288	195 664	214 811
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	163 902	210 879	240 350	280 399	191 591	191 591	278 298	186 288	195 664	214 811
Capital expenditure & funds sources										
Capital expenditure	311 833	398 754	266 785	282 399	279 180	279 180	158 147	270 932	281 117	297 565
Transfers recognised - capital	309 101	387 544	134 240	275 978	274 335	274 335	156 643	263 488	277 232	293 486
Internally generated funds	2 732	11 210	14 442	6 421	4 845	4 845	1 504	7 444	3 885	4 079
Total sources of capital funds	311 833	398 754	148 683	282 399	279 180	279 180	158 147	270 932	281 117	297 565
Financial position										
Total current assets	66 588	112 235	110 646	123 279	137 537	137 537	146 829	185 707	132 010	160 676
Total non current assets	1 790 475	1 943 575	2 171 694	2 164 919	2 161 700	2 161 700	2 284 329	2 283 593	2 366 637	2 508 216
Total current liabilities	195 679	245 872	170 317	138 272	95 293	95 293	136 745	123 251	121 094	131 941
Total non current liabilities	47 155	51 431	56 670	36 242	36 490	36 490	47 199	32 106	27 449	27 333
Community wealth/Equity	1 614 229	1 758 507	2 055 353	2 113 684	2 167 454	2 167 454	2 247 214	2 313 942	2 350 104	2 509 618

Budget Summary Cont....

DC43 Harry Gwala - Table A1 Budget Summary

Description	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
R thousands										
Cash flows										
Net cash from (used) operating	202 215	318 634	324 528	309 331	243 484	243 484	392 349	285 063	301 036	323 941
Net cash from (used) investing	(178 541)	(220 393)	(382 874)	(282 624)	(279 405)	(279 405)	(279 405)	(270 932)	(281 117)	(297 565)
Net cash from (used) financing	(5 221)	(10 260)	(3 330)	(3 896)	(12 528)	(12 528)	(12 528)	(6 427)	(4 001)	(3 437)
Cash/cash equivalents at the year end	24 272	112 253	50 578	73 389	24 940	24 940	173 806	20 626	36 544	59 482
Cash backing/surplus reconciliation										
Cash and investments available	21 730	40 969	50 033	47 732	51 990	51 990	51 990	20 626	36 544	59 482
Application of cash and investments	166 272	183 023	94 124	70 468	6 201	6 201	13 669	4 570	(16 474)	(18 026)
Balance - surplus (shortfall)	(144 543)	(142 054)	(44 091)	(22 737)	45 789	45 789	38 321	16 056	53 018	77 508
Asset management										
Asset register summary (WDV)	-	1 554 000	1 545 571	1 775 343	1 772 124	1 772 124	1 772 124	1 870 643	1 928 910	2 044 225
Depreciation	48 479	66 993	69 605	37 492	79 717	79 717	79 717	83 624	87 638	91 844
Renewal and Upgrading of Existing Assets	2 850	215 128	192 941	182 209	159 437	159 437	159 437	153 863	171 603	182 575
Repairs and Maintenance	88 791	14 306	33 430	22 346	21 121	21 121	21 121	22 897	23 462	24 594
Free services										
Cost of Free Basic Services provided	5 306	4 886	4 886	5 189	5 189	5 189	6 189	6 189	6 561	6 954
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	32	33	33	32	32	32	30	30	29	31
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	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
Revenue - Functional									
Governance and administration	280 828	297 378	331 363	367 364	363 811	363 811	391 887	423 302	453 642
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	280 828	297 378	331 363	367 364	363 811	363 811	391 887	423 302	453 642
Internal audit	-	-	-	-	-	-	-	-	-
Economic and environmental services	-	349 895	382 421	-	-	-	6 486	5 442	5 775
Planning and development	-	349 895	382 421	-	-	-	6 486	5 442	5 775
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	343 583	64 136	67 365	383 925	377 599	377 599	341 978	354 872	375 714
Energy sources	-	-	-	7 000	7 000	7 000	-	-	-
Water management	281 332	43 483	49 012	351 168	336 240	336 240	321 468	333 143	352 698
Waste water management	62 251	20 653	18 353	25 757	34 359	34 359	20 510	21 730	23 016
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	624 411	711 409	781 150	751 289	741 410	741 410	740 351	783 616	835 131
Expenditure - Functional									
Governance and administration	137 169	202 614	213 051	212 801	227 550	227 550	240 522	256 513	271 025
Executive and council	22 463	24 643	18 266	25 782	18 280	18 280	24 234	24 766	26 200
Finance and administration	114 706	173 588	188 610	182 707	201 823	201 823	208 209	223 282	235 780
Internal audit	-	4 384	6 175	4 312	7 447	7 447	8 078	8 465	9 045
Community and public safety	-	12 847	13 823	11 180	15 908	15 908	17 188	18 070	19 299
Community and social services	-	12 847	13 823	11 180	15 908	15 908	17 188	18 070	19 299
Economic and environmental services	50 857	165 408	167 800	132 674	159 671	159 671	149 697	155 648	162 858
Planning and development	50 857	165 408	167 800	132 674	159 671	159 671	149 697	155 648	162 858
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	272 483	119 661	146 125	114 236	146 690	146 690	146 657	157 721	167 138
Energy sources	-	10 790	35	-	-	-	-	-	-
Water management	193 318	106 914	145 347	113 919	140 024	140 024	145 857	156 866	166 223
Waste water management	79 165	1 957	742	317	6 665	6 665	800	856	915
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	460 508	500 530	540 800	470 890	549 819	549 819	554 063	587 953	620 320
Surplus/(Deficit) for the year	163 902	210 879	240 350	280 399	191 591	191 591	186 288	195 664	214 811

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	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
R thousand									
Revenue by Vote									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	284 037	296 330	330 039	367 364	363 811	363 811	391 887	423 302	453 642
Vote 04 - Summary Corporate Services	-	-	445	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	346	-	-	-	6 486	5 442	5 775
Vote 06 - Summary Infrastructure Services	281 332	349 895	382 076	295 533	285 530	285 530	270 928	279 600	295 991
Vote 07 - Summary Water Services	59 042	65 184	68 244	88 392	92 069	92 069	71 050	75 272	79 723
Total Revenue by Vote	624 411	711 409	781 150	751 289	741 410	741 410	740 351	783 616	835 131
Expenditure by Vote to be appropriated									
Vote 01 - Summary Council	9 763	10 232	8 421	12 958	11 050	11 050	15 677	16 011	16 954
Vote 02 - Summary Municipal Manager	12 700	18 794	16 020	17 136	14 677	14 677	16 635	17 220	18 291
Vote 03 - Summary Budget And Treasury Office	59 112	80 386	72 227	76 953	78 530	78 530	84 548	87 203	92 044
Vote 04 - Summary Corporate Services	55 594	76 194	85 564	67 212	83 231	83 231	81 310	91 218	96 210
Vote 05 - Summary Social Services & Development Planning	50 857	36 873	47 553	66 019	52 192	52 192	58 313	62 706	65 341
Vote 06 - Summary Infrastructure Services	89 637	152 172	134 106	77 835	123 387	123 387	108 571	111 012	116 817
Vote 07 - Summary Water Services	182 845	125 878	176 909	152 777	186 751	186 751	189 008	202 583	214 664
Total Expenditure by Vote	460 508	500 530	540 800	470 890	549 819	549 819	554 063	587 953	620 320
Surplus/(Deficit) for the year	163 902	210 879	240 350	280 399	191 591	191 591	186 288	195 664	214 811

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

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

Description	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
R thousand										
Revenue By Source										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	30 049	51 006	43 001	62 235	47 306	47 306	34 221	50 541	53 543	56 707
Service charges - sanitation revenue	9 499	15 766	15 419	25 757	19 359	19 359	11 901	20 510	21 730	23 016
Interest earned - external investments	5 281	8 599	9 202	10 631	7 077	7 077	4 519	7 501	7 951	8 429
Interest earned - outstanding debtors	12 349	11 963	10 556	9 658	9 658	9 658	9 009	10 238	10 852	11 503
Fines, penalties and forfeits	-	576	694	-	-	-	341	-	-	-
Transfers and subsidies	243 731	287 997	366 165	366 404	382 908	382 908	387 266	387 266	411 458	441 097
Other revenue	1 228	135	337	766	766	766	1 639	807	850	893
Gains	-	-	-	-	-	-	1 062	-	-	-
Total Revenue (excluding capital transfers and contributions)	302 137	376 041	445 375	475 451	467 075	467 075	449 958	476 863	506 384	541 645
Expenditure By Type										
Employee related costs	144 809	152 144	173 695	195 623	197 295	197 295	126 141	210 145	219 578	234 949
Remuneration of councillors	5 452	4 087	6 952	7 574	7 574	7 574	4 746	8 018	8 579	9 180
Debt impairment	34 877	24 717	19 111	25 315	25 315	25 315	-	26 556	27 831	29 166
Depreciation & asset impairment	61 084	66 993	69 605	37 492	79 717	79 717	45 133	83 624	87 638	91 844
Finance charges	4 313	4 497	3 752	3 510	4 168	4 168	2 372	4 373	4 582	4 802
Bulk purchases	12 582	24 786	19 221	15 000	17 762	17 762	11 668	18 632	19 527	20 464
Other materials	22 475	23 948	31 006	15 163	8 295	8 295	3 927	8 815	9 119	9 557
Contracted services	112 203	151 155	156 547	100 122	139 880	139 880	86 113	117 948	131 238	137 624
Transfers and subsidies	17 988	11 708	14 000	17 000	14 000	14 000	11 000	17 000	20 000	20 000
Other expenditure	44 672	36 084	37 963	54 091	55 812	55 812	35 954	58 953	59 861	62 734
Losses	53	410	8 948	-	-	-	379	-	-	-
Total Expenditure	460 508	500 530	540 800	470 890	549 819	549 819	327 433	554 063	587 953	620 320
Surplus/(Deficit)	(158 371)	(124 489)	(95 425)	4 561	(82 743)	(82 743)	122 525	(77 200)	(81 568)	(78 675)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	322 273	335 368	335 775	275 839	274 335	274 335	155 773	263 488	277 232	293 486
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	163 902	210 879	240 350	280 399	191 591	191 591	278 298	186 288	195 664	214 811
Surplus/(Deficit) after taxation	163 902	210 879	240 350	280 399	191 591	191 591	278 298	186 288	195 664	214 811
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	163 902	210 879	240 350	280 399	191 591	191 591	278 298	186 288	195 664	214 811
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	163 902	210 879	240 350	280 399	191 591	191 591	278 298	186 288	195 664	214 811

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	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
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	1 032	725	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	219 575	330 444	216 818	20 000	20 000	20 000	11 508	9 026	-	-
Vote 07 - Summary Water Services	91 226	65 959	35 525	145 243	145 348	145 348	83 596	144 369	153 588	169 712
Capital multi-year expenditure sub-total	311 833	397 127	252 343	165 243	165 348	165 348	95 104	153 395	153 588	169 712
Single-year expenditure to be appropriated										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	38	404	-	-	-	324	340	357
Vote 04 - Summary Corporate Services	-	-	10 203	4 942	3 631	3 631	1 504	2 350	1 393	1 462
Vote 05 - Summary Social Services & Development Planning	-	-	62	158	158	158	-	2 770	53	55
Vote 06 - Summary Infrastructure Services	-	1 627	4 140	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	-	-	-	111 651	110 043	110 043	61 539	112 093	125 744	125 979
Capital single-year expenditure sub-total	-	1 627	14 442	117 156	113 832	113 832	63 043	117 537	127 530	127 853
Total Capital Expenditure - Vote	311 833	398 754	266 785	282 399	279 180	279 180	158 147	270 932	281 117	297 565
Capital Expenditure - Functional										
Governance and administration	2 732	5 110	10 240	5 346	3 631	3 631	1 504	2 674	1 733	1 819
Executive and council	-	-	-	-	-	-	-	-	-	-
Finance and administration	2 732	5 110	10 240	5 346	3 631	3 631	1 504	2 674	1 733	1 819
Internal audit	-	-	-	-	-	-	-	-	-	-
Community and public safety	-	-	-	-	-	-	-	2 500	-	-
Community and social services	-	-	-	-	-	-	-	2 500	-	-
Economic and environmental services	-	200	212 808	158	158	158	-	270	53	55
Planning and development	-	200	212 808	158	158	158	-	270	53	55
Trading services	299 101	387 544	43 737	276 894	275 391	275 391	156 643	265 488	279 332	295 691
Energy sources	-	-	-	-	-	-	-	-	-	-
Water management	209 371	324 544	43 737	213 071	229 763	229 763	123 552	210 074	219 148	224 053
Waste water management	89 730	63 000	-	63 824	45 628	45 628	33 091	55 414	60 184	71 638
Other	10 000	5 900	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	311 833	398 754	266 785	282 399	279 180	279 180	158 147	270 932	281 117	297 565
Funded by:										
National Government	309 101	387 544	134 240	275 978	259 335	259 335	155 344	263 488	277 232	293 486
Provincial Government	-	-	-	-	15 000	15 000	1 298	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	309 101	387 544	134 240	275 978	274 335	274 335	156 643	263 488	277 232	293 486
Internally generated funds	2 732	11 210	14 442	6 421	4 845	4 845	1 504	7 444	3 885	4 079
Total Capital Funding	311 833	398 754	148 683	282 399	279 180	279 180	158 147	270 932	281 117	297 565

MBRR Table A6 - Budgeted Financial Position

DC43 Harry Gwala - Table A6 Budgeted Financial Position

Description	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
R thousand										
ASSETS										
Current assets										
Cash	21 730	40 969	50 033	47 732	51 990	51 990	51 990	20 626	36 544	59 482
Consumer debtors	22 779	9 880	26 933	42 739	42 739	42 739	55 982	120 021	48 021	50 902
Other debtors	21 900	61 216	33 432	32 638	42 638	42 638	38 609	44 878	47 253	50 089
Inventory	180	171	248	171	171	171	248	181	192	203
Total current assets	66 588	112 235	110 646	123 279	137 537	137 537	146 829	185 707	132 010	160 676
Non current assets										
Investment in Associate	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1 788 857	1 942 120	2 170 503	2 163 703	2 160 484	2 160 484	2 283 268	2 281 995	2 365 271	2 506 768
Intangible	1 619	1 455	1 191	1 216	1 216	1 216	1 060	1 598	1 366	1 448
Total non current assets	1 790 475	1 943 575	2 171 694	2 164 919	2 161 700	2 161 700	2 284 329	2 283 593	2 366 637	2 508 216
TOTAL ASSETS	1 857 063	2 055 810	2 282 340	2 288 198	2 299 237	2 299 237	2 431 158	2 469 300	2 498 647	2 668 892
LIABILITIES										
Current liabilities										
Borrowing	9 123	9 856	-	(4 290)	(4 290)	(4 290)	(965)	4 400	(2 046)	1 365
Consumer deposits	1 441	1 606	1 768	1 740	1 740	1 740	1 854	1 845	1 956	2 073
Trade and other payables	184 547	224 836	157 549	131 248	88 269	88 269	124 855	106 858	110 427	117 100
Provisions	568	9 574	11 000	9 574	9 574	9 574	11 000	10 148	10 757	11 403
Total current liabilities	195 679	245 872	170 317	138 272	95 293	95 293	136 745	123 251	121 094	131 941
Non current liabilities										
Borrowing	26 207	28 482	37 730	13 292	13 541	13 541	28 258	7 780	1 663	-
Provisions	20 947	22 949	18 940	22 949	22 949	22 949	18 940	24 326	25 786	27 333
Total non current liabilities	47 155	51 431	56 670	36 242	36 490	36 490	47 199	32 106	27 449	27 333
TOTAL LIABILITIES	242 834	297 303	226 987	174 514	131 783	131 783	183 943	155 358	148 542	159 274
NET ASSETS	1 614 229	1 758 507	2 055 353	2 113 684	2 167 454	2 167 454	2 247 214	2 313 942	2 350 104	2 509 618
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	1 614 229	1 758 507	2 055 353	2 113 684	2 167 454	2 167 454	2 247 214	2 313 942	2 350 104	2 509 618
Reserves	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	1 614 229	1 758 507	2 055 353	2 113 684	2 167 454	2 167 454	2 247 214	2 313 942	2 350 104	2 509 618

MBRR Table A7 - Budgeted Cash Flow Statement

DC43 Harry Gwala - Table A7 Budgeted Cash Flows

Description	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
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates								-	-	-
Service charges	21 730	40 969	50 033	47 732	51 990	51 990	51 990	53 288	56 454	59 792
Other revenue	-	-	3 801	781	781	781	781	404	425	446
Transfers and Subsidies - Operational	300 948	303 439	377 095	366 404	339 907	339 907	339 907	387 266	411 458	441 097
Transfers and Subsidies - Capital	309 186	365 651	313 710	275 839	274 335	274 335	274 335	263 488	277 232	293 486
Interest	7 313	8 969	9 025	9 658	7 257	7 257	7 257	7 501	7 951	8 429
Payments										
Suppliers and employees	(432 649)	(395 897)	(425 384)	(387 572)	(426 618)	(426 618)	(279 549)	(422 511)	(447 902)	(474 507)
Finance charges	(4 313)	(4 497)	(3 752)	(3 510)	(4 168)	(4 168)	(2 372)	(4 373)	(4 582)	(4 802)
Transfers and Grants	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	202 215	318 634	324 528	309 331	243 484	243 484	392 349	285 063	301 036	323 941
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-
Payments										
Capital assets	(178 541)	(220 393)	(382 874)	(282 624)	(279 405)	(279 405)	(279 405)	(270 932)	(281 117)	(297 565)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(178 541)	(220 393)	(382 874)	(282 624)	(279 405)	(279 405)	(279 405)	(270 932)	(281 117)	(297 565)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	(2 027)	(1 956)	(2 073)
Payments										
Repayment of borrowing	(5 221)	(10 260)	(3 330)	(3 896)	(12 528)	(12 528)	(12 528)	(4 400)	(2 046)	(1 365)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(5 221)	(10 260)	(3 330)	(3 896)	(12 528)	(12 528)	(12 528)	(6 427)	(4 001)	(3 437)
NET INCREASE/ (DECREASE) IN CASH HELD	18 453	87 981	(61 675)	22 811	(48 448)	(48 448)	100 417	7 704	15 918	22 938
Cash/cash equivalents at the year begin:	5 819	24 272	112 253	50 578	73 389	73 389	73 389	12 922	20 626	36 544
Cash/cash equivalents at the year end:	24 272	112 253	50 578	73 389	24 940	24 940	173 806	20 626	36 544	59 482

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

Description	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
Cash and investments available										
Cash/cash equivalents at the year end	24 272	112 253	50 578	73 389	24 940	24 940	173 806	20 626	36 544	59 482
Other current investments > 90 days	(2 543)	(71 285)	(545)	(25 657)	27 050	27 050	(121 816)	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	21 730	40 969	50 033	47 732	51 990	51 990	51 990	20 626	36 544	59 482
Application of cash and investments										
Unspent conditional transfers	49 300	60 822	43 814	39 678	236	236	37 241	11 000	11 500	12 000
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	(55 123)	(44 250)	(47 150)
Other working capital requirements	116 972	113 422	47 089	26 598	(2 724)	(2 724)	(23 573)	45 823	4 993	5 531
Other provisions	-	-	-	-	-	-	-	11 664	6 200	6 200
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	166 272	174 244	90 903	66 276	(2 488)	(2 488)	13 669	13 364	(21 557)	(23 419)
Surplus(shortfall)	(144 543)	(133 275)	(40 870)	(18 545)	54 478	54 478	38 321	7 262	58 101	82 901

DC43 Harry Gwala - Table A9 Asset Management

Description	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
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	307 483	7 125	73 845	100 190	119 743	119 743	117 069	109 514	114 990
<i>Water Supply Infrastructure</i>	273 304	5 498	70 959	96 344	116 912	116 912	111 675	107 781	113 170
<i>Sanitation Infrastructure</i>	28 847	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	1 728	-	-	-	-	-	-
Infrastructure	302 151	5 498	72 687	96 344	116 912	116 912	111 675	107 781	113 170
Housing	-	902	-	211	-	-	-	-	-
Other Assets	-	902	-	211	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	950	-	-	1 400	1 400	1 400	1 500	500	525
Furniture and Office Equipment	783	725	1 120	1 971	1 431	1 431	910	956	1 003
Machinery and Equipment	2 600	-	38	264	-	-	484	277	291
Transport Assets	1 000	-	-	-	-	-	2 500	-	-
Total Renewal of Existing Assets	2 850	215 128	192 941	97 515	99 196	99 196	96 375	101 193	114 698
<i>Water Supply Infrastructure</i>	2 850	-	41 249	53 887	46 864	46 864	49 207	51 667	54 250
<i>Sanitation Infrastructure</i>	-	215 128	140 135	41 970	51 374	51 374	47 118	49 474	60 392
Infrastructure	2 850	215 128	181 384	95 857	98 238	98 238	96 325	101 141	114 643
Machinery and Equipment	-	-	85	158	158	158	50	53	55
Transport Assets	-	-	11 472	1 500	800	800	-	-	-
Total Upgrading of Existing Assets	-	-	-	84 693	60 241	60 241	57 488	70 410	67 878
<i>Water Supply Infrastructure</i>	-	-	-	59 640	57 788	57 788	47 408	57 826	54 665
<i>Sanitation Infrastructure</i>	-	-	-	25 053	2 453	2 453	10 080	12 584	13 213
Infrastructure	-	-	-	84 693	60 241	60 241	57 488	70 410	67 878
Total Capital Expenditure	310 333	222 253	266 785	282 399	279 180	279 180	270 932	281 117	297 565
<i>Water Supply Infrastructure</i>	276 154	5 498	112 208	209 872	221 563	221 563	208 290	217 275	222 086
<i>Sanitation Infrastructure</i>	28 847	215 128	140 135	67 023	53 827	53 827	57 198	62 058	73 605
<i>Information and Communication Infrastructure</i>	-	-	1 728	-	-	-	-	-	-
Infrastructure	305 001	220 626	254 071	276 894	275 391	275 391	265 488	279 332	295 691
Housing	-	902	-	211	-	-	-	-	-
Other Assets	-	902	-	211	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	950	-	-	1 400	1 400	1 400	1 500	500	525
Furniture and Office Equipment	783	725	1 120	1 971	1 431	1 431	910	956	1 003
Machinery and Equipment	2 600	-	123	422	158	158	534	330	346
Transport Assets	1 000	-	11 472	1 500	800	800	2 500	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	310 333	222 253	266 785	282 399	279 180	279 180	270 932	281 117	297 565

DC43 Harry Gwala - Table A9 Asset Management

Description	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
ASSET REGISTER SUMMARY - PPE (WDV)	–	1 554 000	1 545 571	1 775 343	1 772 124	1 772 124	1 870 643	1 928 910	2 044 225
<i>Roads Infrastructure</i>	–	4 781	3 253	3 508	3 508	3 508	3 752	3 941	4 178
<i>Storm water Infrastructure</i>	–	15 422	13 387	14 059	14 059	14 059	14 946	15 797	16 744
<i>Electrical Infrastructure</i>	–	1 361 691	1 335 309	1 523 380	1 541 572	1 541 572	1 576 609	1 667 693	1 759 529
<i>Water Supply Infrastructure</i>	–	125 974	144 293	189 982	170 286	170 286	186 541	199 155	218 928
<i>Sanitation Infrastructure</i>	–	444	326	340	340	340	361	383	405
<i>Information and Communication Infrastructure</i>	–	1 508 312	1 496 568	1 731 269	1 729 765	1 729 765	1 782 209	1 886 967	1 999 784
Infrastructure	–	27 086	26 846	26 885	26 885	26 885	67 556	30 208	32 021
Community Assets	–	902	(889)	318	107	107	114	120	128
Heritage Assets	–	1 455	1 191	1 216	1 216	1 216	1 598	1 366	1 448
Other Assets	–	1 615	309	2 160	2 160	2 160	2 318	1 354	1 430
Biological or Cultivated Assets	–	2 128	4 456	3 593	3 053	3 053	2 630	2 778	2 936
Intangible Assets	–	419	503	623	359	359	5 367	555	585
Computer Equipment	–	12 083	16 587	9 280	8 580	8 580	8 851	5 561	5 895
Furniture and Office Equipment	–	–	–	–	–	–	–	–	–
Machinery and Equipment	–	–	–	–	–	–	–	–	–
Transport Assets	–	–	–	–	–	–	–	–	–
Land	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	–	1 554 000	1 545 571	1 775 343	1 772 124	1 772 124	1 870 643	1 928 910	2 044 225
EXPENDITURE OTHER ITEMS	137 270	81 299	103 035	59 839	100 839	100 839	106 521	111 100	116 438
Depreciation	48 479	66 993	69 605	37 492	79 717	79 717	83 624	87 638	91 844
Repairs and Maintenance by Asset Class	88 791	14 306	33 430	22 346	21 121	21 121	22 897	23 462	24 594
<i>Water Supply Infrastructure</i>	58 400	2 587	11 693	11 546	17 813	17 813	18 685	19 582	20 522
<i>Sanitation Infrastructure</i>	26 202	1 606	4 396	–	–	–	–	–	–
Infrastructure	84 602	4 193	16 089	11 546	17 813	17 813	18 685	19 582	20 522
<i>Community Facilities</i>	–	–	–	–	–	–	–	–	–
<i>Sport and Recreation Facilities</i>	–	119	96	110	146	146	153	160	168
Community Assets	–	119	96	110	146	146	153	160	168
<i>Operational Buildings</i>	3 009	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
<i>Housing</i>	–	–	–	–	–	–	–	–	–
Other Assets	3 009	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Computer Equipment	180	79	9	190	–	–	520	–	–
Furniture and Office Equipment	–	–	–	–	–	–	–	–	–
Machinery and Equipment	–	8 189	15 933	8 500	690	690	724	759	795
Transport Assets	1 000	–	136	500	300	300	315	330	346
TOTAL EXPENDITURE OTHER ITEMS	137 270	81 299	103 035	59 839	100 839	100 839	106 521	111 100	116 438
Renewal and upgrading of Existing Assets as % of total capex	0,9%	96,8%	72,3%	64,5%	57,1%	57,1%	56,8%	61,0%	61,4%
Renewal and upgrading of Existing Assets as % of deprecn	5,9%	321,1%	277,2%	486,0%	200,0%	200,0%	184,0%	195,8%	198,8%
R&M as a % of PPE	5,0%	0,7%	1,5%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%
Renewal and upgrading and R&M as a % of PPE	0,0%	15,0%	15,0%	12,0%	10,0%	10,0%	9,0%	10,0%	10,0%

DC43 Harry Gwala - Table A10 Basic service delivery measurement

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets									
Water:									
Piped water inside dwelling	44 069	46 273	46 273	48 246	48 246	48 246	48 641	48 418	52 292
Piped water inside yard (but not in dwelling)	19 323	20 290	20 290	20 086	20 086	20 086	19 885	19 686	21 261
Using public tap (at least min.service level)	22 606	23 736	23 736	26 109	26 109	26 109	30 026	34 529	37 292
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	85 998	90 298	90 298	94 441	94 441	94 441	98 552	102 633	110 845
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	31 819	33 410	33 410	31 739	31 739	31 739	30 152	28 645	30 936
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	31 819	33 410	33 410	31 739	31 739	31 739	30 152	28 645	30 936
Total number of households	117 818	123 709	123 709	126 180	126 180	126 180	128 704	131 278	141 781
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	57 545	60 422	60 422	65 558	65 558	65 558	70 615	75 601	81 649
Flush toilet (with septic tank)	11 964	12 562	12 562	12 436	12 436	12 436	12 312	12 188	13 164
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	48 309	50 725	50 725	48 188	48 188	48 188	45 779	43 490	46 969
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	117 818	123 709	123 709	126 182	126 182	126 182	128 706	131 279	141 782
Total number of households	117 818	123 709	123 709	126 182	126 182	126 182	128 706	131 279	141 782
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	5 306	4 886	4 886	5 189	5 189	5 189	6 189	6 561	6 954
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)									
	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	5 306	4 886	4 886	5 189	5 189	5 189	6 189	6 561	6 954

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 2019) 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 2019. Key dates applicable to the process were:

- a) **August 2019** – 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 2020/21 MTREF;

- b) **November 2019** – 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 2020** - 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 2020** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- e) **January 2020** - Council considers the 2019/20 Mid-year Review and Adjustments Budget;
- f) **February 2020** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2020/21 MTREF is revised accordingly;
- g) **26 March 2020** - Tabling in Council of the draft 2020/21 IDP and 2020/21 MTREF for public consultation;
- h) **3 to 30 April 2020** – Public consultation;
- i) **7 May 2020** - Closing date for written comments;
- j) **8 to 30 May 2020** – finalization of the 2020/21 IDP and 2020/21 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) **29 May 2020** - Tabling of the 2020/21 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 2020/21 MTREF, based on the approved 2019/20 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 2020/21 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 2019/20 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 2020/21 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 2020/21 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 2019/20 adjustments budget and performance against the SDBIP
7. Cash Flow Management Strategy
8. Debtor payment levels
9. Loan and investment possibilities
10. The need for tariff increases versus the ability of the community to pay for services;
11. Improved and sustainable service delivery

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

Community Consultation

The draft 2020/21 MTREF as tabled before Council on 26 March 2020 for community consultation was published on the municipality's website, and hard copies were made available at satellite offices, municipal notice boards and various libraries. In addition E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business. The opportunity to give electronic feedback was also communicated on the Harry Gwala district municipality's website, and the district call centre was engaged in collecting inputs via e-mail, fax and SMS.

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

Ward Committees were utilised to facilitate the community consultation process from 03 to 30 April 2019, 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 2020/21 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 2020/21 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 27 IDP Strategic Objectives

2019/20 Financial Year	2020/21 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 2020/21 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 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

DC43 Harry Gwala - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)										
Strategic Objective	Goal	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
R thousand										
GOOD GOVERNANCE	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	3 878	-	-	-	-	-	-	-	-
FINANCIAL VIABILITY AND MANAGEMENT	Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents.	10 611	296 330	330 039	367 364	363 811	363 811	391 887	423 302	453 642
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	Meet Basic Service & address Backlogs	240	-	346	946	7 908	7 908	6 966	5 946	6 304
BASIC SERVICE DELIVERY	Infrastructure Services	291 019	79 711	114 545	108 087	103 265	103 265	78 490	77 640	82 228
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Meet Basic Service & address Backlogs	47 689	-	445	-	-	-	-	-	-
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributions)		353 437	376 041	445 375	476 396	474 984	474 984	477 343	506 888	542 175

Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

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

Strategic Objective	Goal	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
R thousand										
GOOD GOVERNANCE	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	201 967	33 054	27 725	37 340	29 040	29 040	35 866	36 961	39 209
FINANCIAL VIABILITY AND MANAGEMENT	Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents.	13 756	80 386	72 227	76 953	78 530	78 530	84 548	87 203	92 044
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	-	17 524	27 264	40 050	37 352	37 352	34 587	35 704	37 642
BASIC SERVICE DELIVERY	Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents.	217 600	267 260	310 980	230 613	310 138	310 138	297 579	313 595	331 480
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Infrastructure Services	-	76 194	85 564	67 212	83 231	83 231	81 310	91 218	96 210
CROSS-CUTTING	Meet Basic Service & address Backlogs	24 717	26 111	17 040	17 432	19 162	19 162	20 653	21 776	23 265
Total Expenditure		458 040	500 530	540 800	469 599	557 454	557 454	554 543	586 457	619 850

Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

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

Strategic Objective	Goal	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
FINANCIAL VIABILITY AND MANAGEMENT	Strategic & Sustainability Budgeting, Revenue Enhancement & Value for Money Spending	27 612	-	38	404	-	-	324	340	357
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	-	-	62	383	208	208	560	357	374
BASIC SERVICE DELIVERY	Infrastructure Services	46 928	222 253	256 484	276 894	275 391	275 391	265 488	279 332	295 691
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Meet Basic Service & address Backlogs	121 231	-	10 203	4 942	3 631	3 631	2 350	1 393	1 462
CROSS-CUTTING		-	-	-	-	-	-	2 500	-	-
Total Capital Expenditure		195 771	222 253	266 785	282 624	279 230	279 230	271 221	281 421	297 885

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:

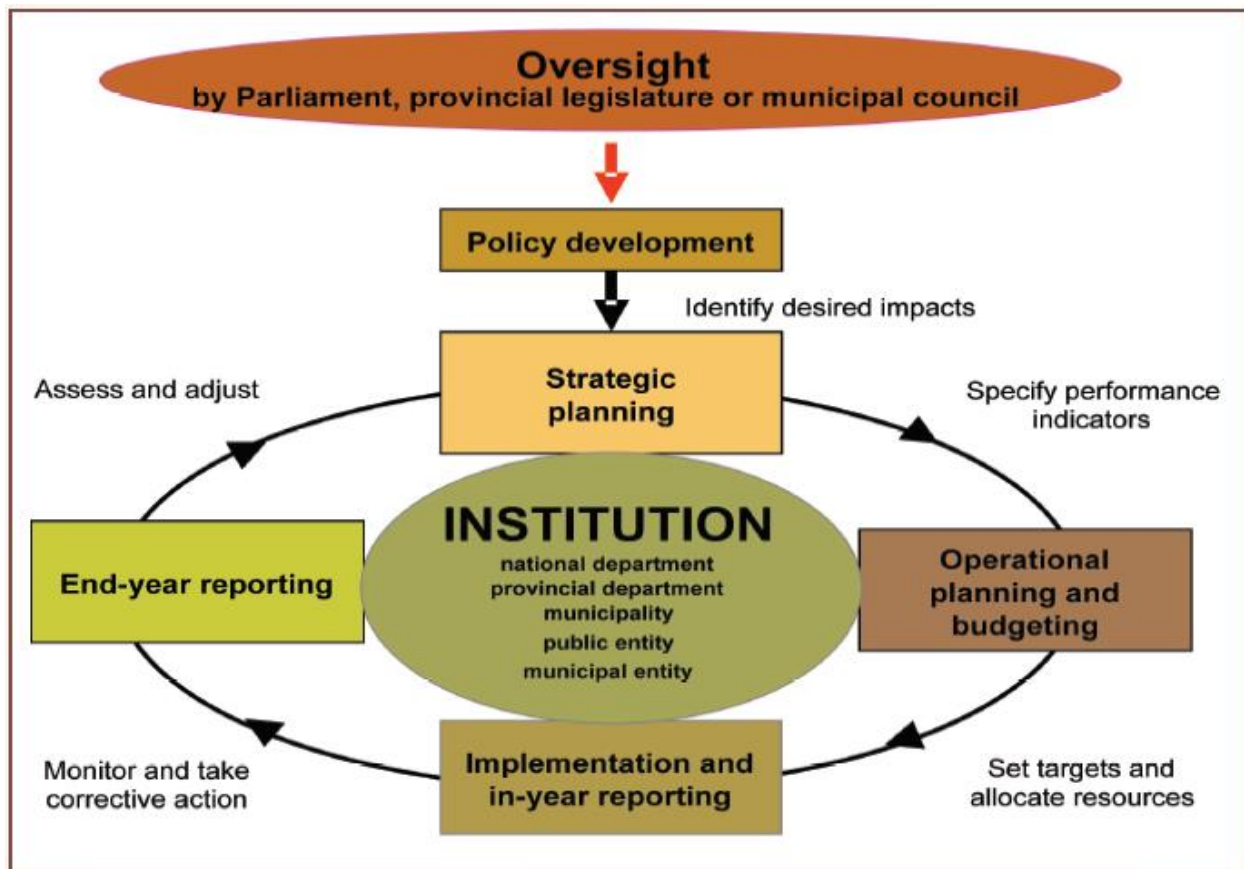


Figure 4 Planning, budgeting and reporting cycle

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:

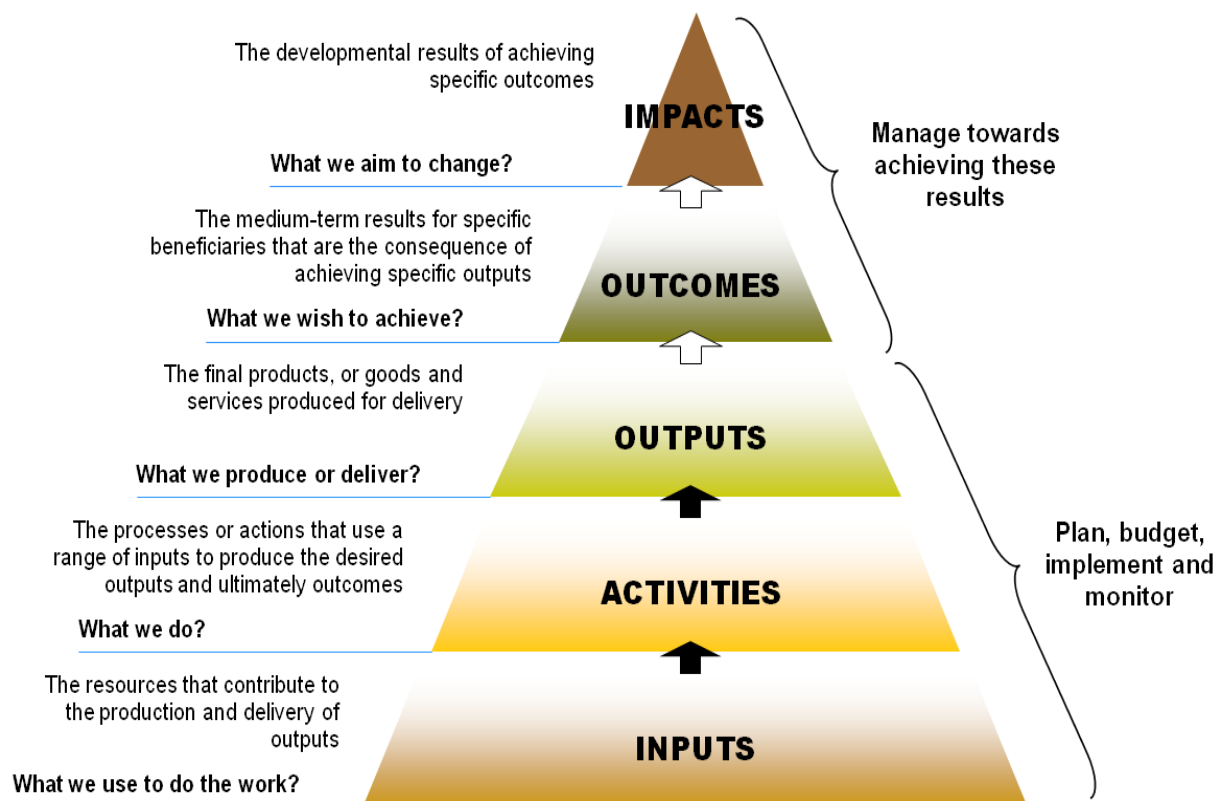


Figure 5 Definition of performance information concepts

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
Vote1 - Executive & Council										
Function 1 - Operations Department										
Sub-function 1 - Youth Development										
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%
Sub-function 2 - Sports and Recreation										
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%
Sub-function 3 - Communication and Public Relations										
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%
Sub-function 4 - Special Programmes										
Activities	Number of Programmes	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
Sub-function 5 - IDP/PMs										
Performance Contracts and Rewarding Performance	Number of Reports	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%
Sub-function 6 - Intergovernmental Relations										
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%
Vote2 - Finance										
Function 1 - Budget & Treasury Office										
Sub-function 1 - Budgeting & Reporting										
Financial Viability & Management	Number of Reports	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%
Vote3 - Corporate Services										
Function 1 - Corporate Services										
Sub-function 2 - Human Resource Services										
To provide Human Resource Management Services	Staff Capacity Building	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Vote4 - Economic & Community Services										
Function 1 - Development & Planning										
Sub-function 1 - Planning & GIS										
To provide Development Planning Services	Number of Precinct Plans	4,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	4,0%
Function 1 - Social Development										
Sub-function 2 - Environmental Health										
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%
Sub-function 2 - Disaster Management										
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									
Vote5 - Infrastructure Services										
Function 1 - Waste Water Infrastructure										
Sub-function 1 - Water										
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%
Sub-function 3 - Electricity										
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%
Sub-function 4 - Roads										
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%
Sub-function 5 - Electricity										
environment	Frequency of building	9500,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9000,0%
environment										
Vote6 - Water Services										
Function 1 - Water										
Sub-function 1 - Water & Sanitation infrastructure										
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%
Sub-function 2 - Water & Sanitation Services										
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 2020/21 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	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
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2,1%	3,0%	2,7%	1,6%	3,0%	3,0%	4,6%	1,6%	1,1%	1,0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	16,8%	19,7%	18,7%	6,7%	18,1%	18,1%	23,8%	9,8%	7,0%	6,1%
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%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Liquidity											
Current Ratio	Current assets/current liabilities	0,4	0,7	0,7	2,0	1,0	1,0	0,9	1,2	1,0	1,0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,4	0,7	0,7	2,0	1,0	1,0	0,9	1,2	1,0	1,0
Liquidity Ratio	Monetary Assets/Current Liabilities	0,2	0,4	0,3	1,5	0,1	0,1	0,2	0,2	0,1	0,1
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		58,9%	75,9%	75,2%	54,0%	77,5%	77,5%	112,7%	75,0%	75,0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		58,9%	75,9%	75,2%	54,0%	77,5%	77,5%	112,7%	75,0%	75,0%	75,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13,1%	18,9%	13,6%	15,8%	18,0%	18,0%	28,2%	34,5%	18,8%	18,6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		317,1%	141,4%	134,0%	56,6%	498,5%	498,5%	487,2%	1212,9%	1225,4%	634,9%
Employee costs	Employee costs/(Total Revenue - capital revenue)	43,2%	40,5%	39,0%	43,2%	43,5%	43,5%	37,7%	46,7%	45,9%	45,9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0,0%	41,5%	40,6%	44,8%	45,0%	45,0%		48,3%	47,6%	47,6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	25,1%	3,8%	7,5%	4,7%	4,4%	4,4%		4,8%	4,6%	4,5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17,9%	19,0%	16,5%	8,8%	17,8%	17,8%	14,2%	18,6%	18,3%	18,0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	2,8	3,6	5,8	5,6	5,6	5,6	5,2	8,8	9,6	10,1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	124,6%	131,8%	103,3%	85,3%	127,3%	127,3%	205,1%	232,1%	126,6%	126,7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1,5	3,6	2,2	3,8	0,4	0,4	0,6	0,2	0,2	0,3

The following table sets out the municipalities main performance objectives and benchmarks for the 2020/21 MTREF.

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 2020/21 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 2020/21, 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 2020/21 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 2020/21 MTREF the current ratio is 1.2 in the 2021/22 financial year and 1.0, 1.0 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 2020/21 financial year the ratio was 0.2 and it has been increased to 0.1 in the 2021/22 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the District. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

Revenue Management

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

Creditors Management

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

Other Indicators

The water distribution losses have been increased from 38 per cent in 2019/20 to 39 per cent in 2020/21. 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 38 per cent in 2019/20 to at least 30 per cent by 2020/21.

Employee costs as a percentage of operating revenue continues to increase from 46 per cent in 2020/21 and again 46 per cent for the outer year. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

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

Free Basic Services: basic social services package for indigent households

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

For the 2020/21 financial year all households in the district have been budgeted for the 6 free kilo litres. Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

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

Providing clean water and managing waste water

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

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

The following is briefly the main challenges facing the district:

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

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

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

1.12 OVERVIEW OF BUDGET RELATED-POLICIES

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

Review of credit control and debt collection procedures/policies

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

The 2020/21 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 75 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the district's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

Asset Management, Infrastructure Investment and Funding Policy

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

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

Budget Adjustment Policy

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

Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in May 2020. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

Budget and Virement Policy

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

Cash Management and Investment Policy

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

Tariff Policies

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

Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy have directly informed the compilation of the 2020/21 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 2019/20 Adjustments Budget;
2. Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
3. Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
4. Loan and investment possibilities;
5. Performance trends;
6. Tariff Increases;
7. The ability of the community to pay for services (affordability);

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

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

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

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

1.13 OVERVIEW OF BUDGET ASSUMPTIONS

External factors

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

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2020/21 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 2020/21 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 75 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Growth or decline in tax base of the municipality

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

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

Salary increases

The collective agreement regarding salaries/wages came into operation on the 01 July 2018 and shall remain in force until 30 June 2020. Year two is an average CPI and 1, 5 per cent and year three is an average CPI and 1, 25 per cent.

Impact of national, provincial and local policies

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

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

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

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2020/21 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 31 Breakdown of the operating revenue over the medium-term

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

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2020/21	%	Budget Year +1 2021/22	%	Budget Year +2 2022/23	
Revenue By Source								
Service charges - water revenue	47 706	10%	50 540	11%	53 543	11%	56 707	10%
Service charges - sanitation revenue	19 359	4%	20 510	4%	21 730	4%	23 016	4%
Interest earned - external investments	7 257	2%	7 681	2%	8 140	2%	8 627	2%
Interest earned - outstanding debtors	9 658	2%	10 238	2%	10 852	2%	11 503	2%
Transfers and subsidies	382 508	81%	387 266	81%	411 458	81%	441 097	81%
Other revenue	8 495	2%	1 107	0%	1 165	0%	1 224	0%
Total Revenue (excluding capital transfers and contributions)	474 984	100%	477 343	100%	506 888	100%	542 175	100%
Total Operating Expenditure	557 454		554 543		586 457		619 850	
Surplus/Deficit	(82 470)		(77 200)		(79 568)		(77 675)	

The following graph is a breakdown of the operational revenue per main category for the 2020/21 financial year.

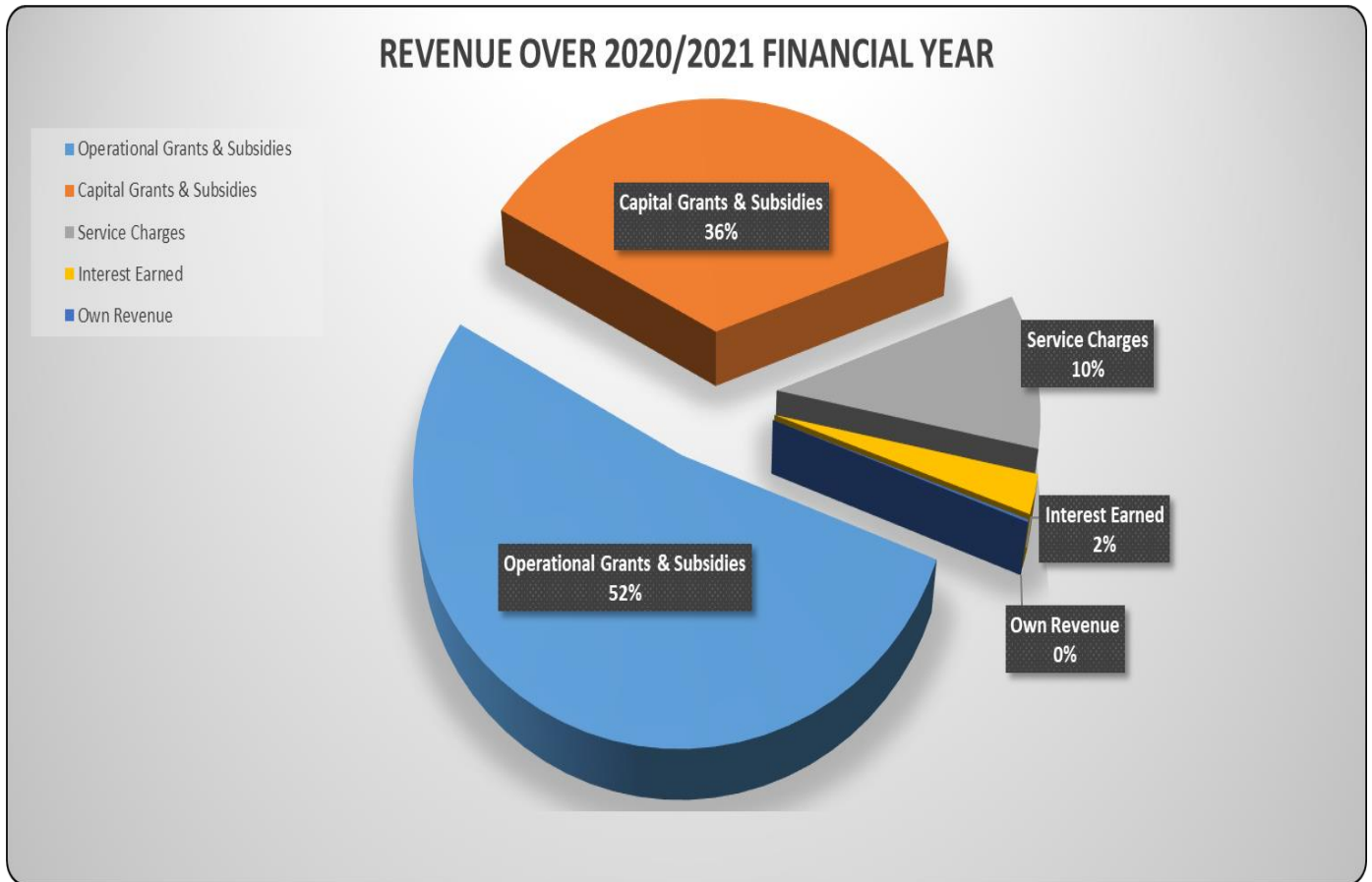


Figure 6 Breakdown of operating revenue over the 2020/21 MTREF

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 2020/21 MTREF on the different revenue categories are:

Table 32 Proposed tariff increases over the medium-term

DC43 Harry Gwala - Supporting Table SA14 Household bills

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

Services charges relating to water and sanitation constitute the biggest component of the revenue basket of the district totaling R497 million for the 2020/21 financial year and increasing to R531 million by 2021/22. For the 2020/21 financial year services charges amount to 10 per cent of the total revenue base and increase by 2 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.

Operational grants and subsidies amount to R387, 2 million, R411, 4 million and R441million for each of the respective financial years of the MTREF, or 0,5%, 6% and 7 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the District with a budget allocation of R5, 8 million, R5, 9million and R12million for the respective three financial years of the 2020/21 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 33 MBRR SA15 – Detail Investment Information

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

Table 34 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				
Parent municipality					
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
TOTAL INVESTMENTS AND INTEREST					

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 R77, 2 million, R79, 5million in 2021/22 and R77, 6 million in 2022/23 financial year. Non-cash items resulting in deficit in 2020/21 that is confined within the total and do not affect cash backing of the budget.

Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2020/21 medium-term capital programme:

Table 35 Sources of capital revenue over the MTREF

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

Vote Description	Current Year		2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2020/21	%	Budget Year +1 2021/22	%	Budget Year +2 2022/23	%
Funded by:								
National Government	259 335	93%	263 488	97%	277 232	99%	293 486	99%
Provincial Government	15 000	5%	-		-		-	
District Municipality	50	0%	290	0%	304	0%	319	0%
Internally generated funds	4 845	2%	7 444	3%	3 885	1%	4 079	1%
Total Capital Funding	279 230	198%	271 221	100%	281 421	100%	297 885	100%

The above table is graphically represented as follows for the 2020/21 financial year.

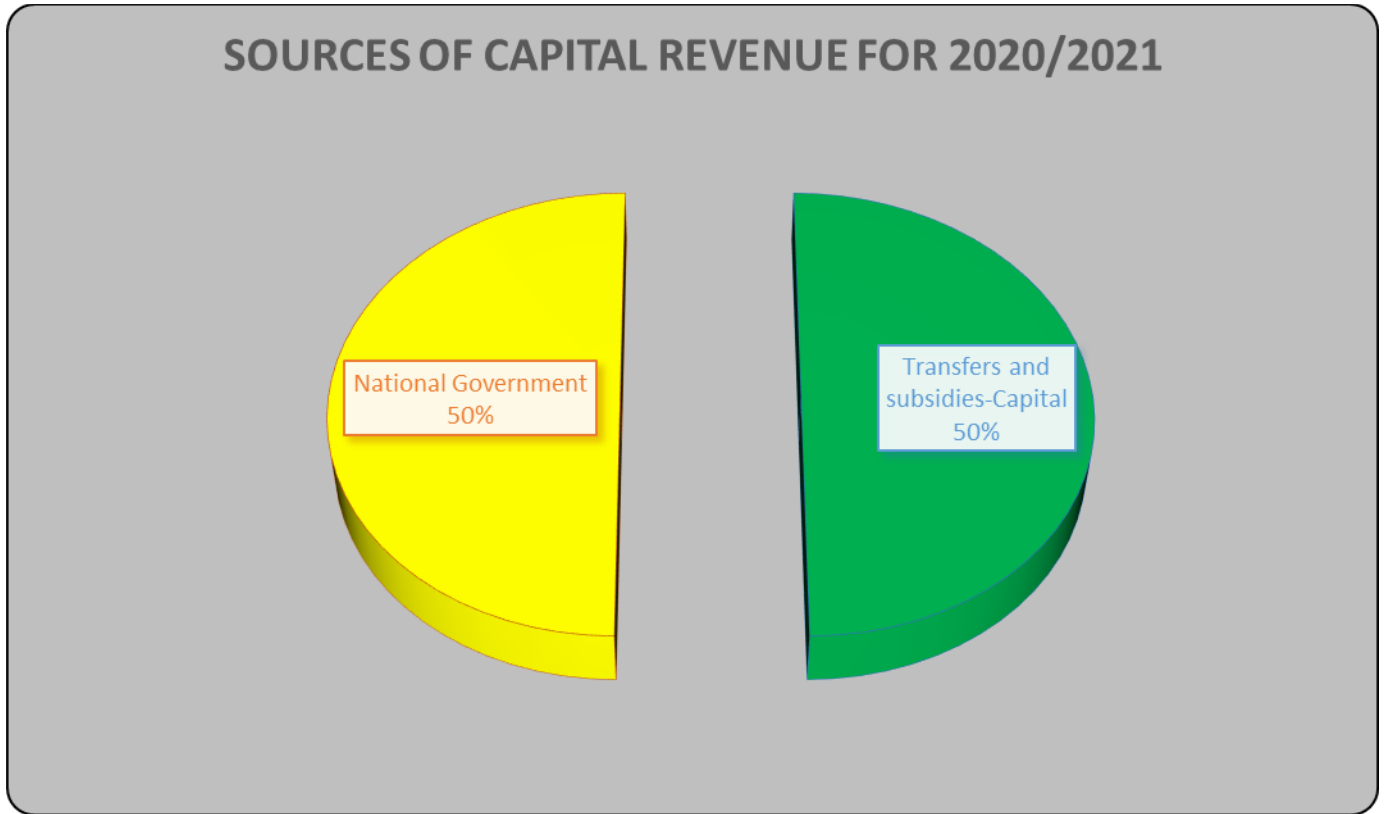


Figure 7 Sources of capital revenue for the 2020/21 financial year

Capital grants and receipts equates to 100 per cent of the total funding source which represents R263, 4 million for the 2020/21 financial year and steadily increase to R277, 2million and increase to R293, 4million for 2022/23. Growth relating to an average receipts of 25 per cent over the medium-term.

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

Table 36 MBRR Table SA 17 - Detail of borrowings

DC43 Harry Gwala - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	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
Parent municipality									
Annuity and Bullet Loans									
Long-Term Loans (non-annuity)	17 231	26 214	12 379	8 657	8 657	8 657	4 555	2 338	-
Long-Term Loans (non-annuity)	20	23	-	-	-	-	-	-	-
Total Borrowing	17 251	26 238	12 379	8 657	8 657	8 657	4 555	2 338	-

The following graph illustrates the growth in outstanding borrowing for the 2014/15 to 2020/21 period.

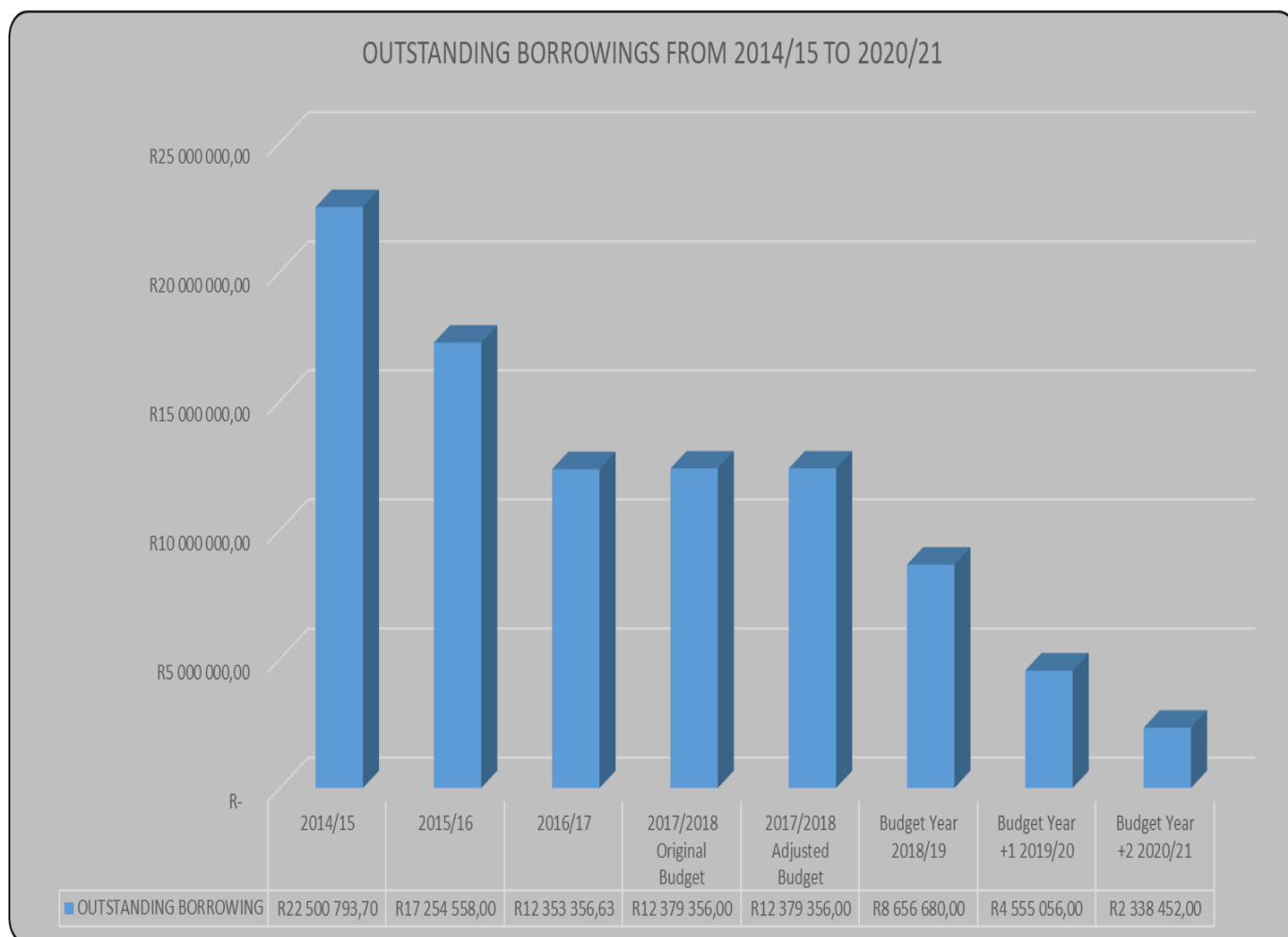


Figure 8 Growth in outstanding borrowing (long-term liabilities)

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 37 MBRR Table SA 18 - Capital transfers and grant receipts

DC43 Harry Gwala - Supporting Table SA18 Transfers and grant receipts

Description	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
RECEIPTS:									
Operating Transfers and Grants									
National Government:	287 690	287 997	321 592	366 004	382 508	382 508	385 766	411 458	441 097
Local Government Equitable Share									
Equitable Share	260 069	286 279	318 074	345 309	345 309	345 309	372 340	402 448	431 617
Expanded Public Works Programme Integrated Grant	3 364	1 718	2 518	5 316	5 316	5 316	5 195	-	-
Integrated National Electrification Programme Grant	-	-	-	7 000	7 000	7 000	-	-	-
Local Government Financial Management Grant	1 250	-	1 000	1 000	1 000	1 000	1 000	1 200	1 200
Municipal Infrastructure Grant	12 912	-	-	5 022	11 522	11 522	4 986	5 442	5 775
Rural Road Asset Management Systems Grant	2 095	-	-	2 357	2 358	2 358	2 245	2 368	2 505
Water Services Infrastructure Grant	8 000	-	-	-	10 004	10 004	-	-	-
Provincial Government:	171	-	43 783	-	-	-	1 500	-	-
Other	171	-	43 783	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	1 500	-	-
Other grant providers:	-	-	791	400	400	400	-	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
Unspecified	-	-	791	400	400	400	-	-	-
Total Operating Transfers and Grants	287 861	287 997	366 165	366 404	382 908	382 908	387 266	411 458	441 097
Capital Transfers and Grants									
National Government:	322 273	335 368	335 775	275 839	259 335	259 335	263 488	277 232	293 486
Equitable Share	-	263 913	47 223	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	331	-	-	-	-	-	-	-
Municipal Infrastructure Grant	178 155	68 903	152 755	195 839	189 339	189 339	194 462	212 232	225 236
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	48 000	-	70 000	20 000	20 000	20 000	9 026	-	-
Rural Road Asset Management Systems Grant	-	2 221	2 226	-	-	-	-	-	-
Water Services Infrastructure Grant	86 118	-	63 571	60 000	49 996	49 996	60 000	65 000	68 250
Drought	10 000	-	-	-	-	-	-	-	-
Provincial Government:	-	-	-	-	15 000	15 000	-	-	-
Specify (Add grant description)	-	-	-	-	15 000	15 000	-	-	-
Total Capital Transfers and Grants	322 273	335 368	335 775	275 839	274 335	274 335	263 488	277 232	293 486
TOTAL RECEIPTS OF TRANSFERS & GRANTS	610 134	623 365	701 941	642 242	657 243	657 243	650 754	688 690	734 583

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 38 MBRR Table A7 - Budget cash flow statement

DC43 Harry Gwala - Table A7 Consolidated Budgeted Cash Flows

Description	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
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates								-	-	-
Service charges	21 884	40 965	43 942	47 732	51 990	51 990	51 990	53 288	56 454	59 792
Other revenue	1 703	478	785	781	11 626	11 626	11 626	554	583	612
Transfers and Subsidies - Operational	287 782	259 545	322 557	366 404	339 907	339 907	339 907	387 266	411 458	441 097
Transfers and Subsidies - Capital	339 685	392 545	319 764	275 839	274 335	274 335	274 335	263 488	277 232	293 486
Interest	6 067	9 700	10 046	9 658	7 257	7 257	7 257	7 681	8 140	8 627
Dividends								-	-	-
Payments										
Suppliers and employees	(446 260)	(398 607)	(465 962)	(402 569)	(447 672)	(447 672)	(447 672)	(439 354)	(465 737)	(493 334)
Finance charges	(4 320)	(4 499)	(3 765)	(3 522)	(4 180)	(4 180)	(4 180)	(4 385)	(4 595)	(4 816)
Transfers and Grants	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	206 541	300 125	227 367	294 323	233 262	233 262	233 262	268 538	283 535	305 464
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-	-	-
Decrease (increase) in non-current receivables								-	-	-
Decrease (increase) in non-current investments								-	-	-
Payments										
Capital assets	(177 749)	(220 517)	(257 088)	(282 624)	(279 405)	(279 405)	(279 405)	(271 221)	(281 421)	(297 885)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(177 749)	(220 517)	(257 088)	(282 624)	(279 405)	(279 405)	(279 405)	(271 221)	(281 421)	(297 885)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing	(5 259)	(10 296)	(11 022)	(3 896)	(12 528)	(12 528)	(12 528)	(4 400)	(2 046)	(1 365)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(5 259)	(10 296)	(11 022)	(3 896)	(12 528)	(12 528)	(12 528)	(4 400)	(2 046)	(1 365)
NET INCREASE/ (DECREASE) IN CASH HELD	23 533	69 313	(40 743)	7 803	(58 671)	(58 671)	(58 671)	(7 083)	68	6 215
Cash/cash equivalents at the year begin:	19 490	43 023	112 336	112 336	71 593	71 593	71 593	12 922	5 839	5 907
Cash/cash equivalents at the year end:	43 023	112 336	71 593	120 138	12 922	12 922	12 922	5 839	5 907	12 122

The above table shows that cash and cash equivalents of the District were largely increasing between the 2016/17 and 2018/19 financial year moving from a cash balance of R43m to R120 million then decrease in 2019/20 then start decreasing more in 2020/21 MTREF. With the 2019/20 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 R98 million by the financial year end. For the 2020/21 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 R5, 8 million by 2020/21 and steadily increasing to R12, 1 million by 2022/23.

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

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

Description	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
Cash and investments available										
Cash/cash equivalents at the year end	43 023	112 336	71 593	120 138	12 922	12 922	12 922	5 839	5 907	12 122
Other current investments > 90 days	0	(15 384)	(13 230)	86 924	0	0	17 370	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	43 023	96 952	58 363	207 062	12 922	12 922	30 292	5 839	5 907	12 122
Application of cash and investments										
Unspent conditional transfers	61 318	60 822	43 814	39 678	236	236	236	11 000	11 500	12 000
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	(42 128)	(44 250)	(47 150)
Other working capital requirements	114 908	114 648	58 163	30 946	(22 947)	(22 947)	(64 739)	11 888	10 129	10 980
Other provisions	-	-	-	-	-	-	-	11 664	6 200	6 200
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	176 226	175 470	101 977	70 624	(22 712)	(22 712)	(64 503)	(7 576)	(16 421)	(17 970)
Surplus(shortfall)	(133 203)	(78 518)	(43 615)	136 438	35 633	35 633	94 794	13 414	22 328	30 092

From the above table it can be seen that the cash and investments available total R5, 8 million in the 2020/21 financial year and progressively increase to R12, 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 requirement for working capital. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month’s operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the District to meet its creditor obligations.

The 2020/21 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 40 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
Funding measures												
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 2020/21 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 2013/14 to 2016/17, moving from 1.5 to 0.3 this ratio improved from 1.2 to 5.2 in the 2018/19 MTREF.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2020/21 MTREF the indicative outcome is a surplus of R33, 6k, R36, 5 million and R44 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 2020/21 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 41 MBRR SA19 - Expenditure on transfers and grant programmes

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

Description	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
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	280 901	473 762	507 556	441 944	483 154	483 154	467 489	497 321	526 990
Local Government Equitable Share									
Equitable Share	241 034	415 318	476 853	425 735	452 954	452 954	454 063	488 571	517 711
Expanded Public Works Programme Integrated Grant	3 466	1 530	179	7 939	5 316	5 316	5 195	6	6
Local Government Financial Management Grant	1 248	892	685	891	1 000	1 000	1 000	933	992
Municipal Infrastructure Grant	7 442	55 403	29 839	5 022	11 522	11 522	4 986	5 442	5 775
Municipal Systems Improvement Grant	930	307	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	2 040	4	-	2 357	2 358	2 358	2 245	2 368	2 505
Water Services Infrastructure Grant	-	-	-	-	10 004	10 004	-	-	-
Energy Efficiency And Demand Side Management Grant	6 139	307	-	-	-	-	-	-	-
Rural Household Infrastructure Grant	4 500								
Municipal Water Infrastructure Grant									
Drought Relief	14 103								
Provincial Government:	15 186	433	1 332	-	-	-	1 500	-	-
Development Planning and Shared Services	500	433	1 332	-	-	-	-	-	-
DBSA	440								
Development Planning Shared Services	240								
DHET (GRANT)	14 006								
Rural Development Grant	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	1 500	-	-
District Municipality:	-	-	-	15 709	21 635	21 635	17 480	18 504	19 529
Specify (Add grant description)	-	-	-	15 709	21 635	21 635	17 480	18 504	19 529
Other grant providers:	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	296 087	474 195	508 889	457 653	504 789	504 789	486 469	515 825	546 519
Capital expenditure of Transfers and Grants									
National Government:	250 992	11 369	134 240	275 978	259 335	259 335	263 488	277 232	293 486
Local Government Financial Management Grant	-	-	-	140	-	-	-	-	-
Municipal Infrastructure Grant	192 342	-	10 090	195 838	189 338	189 338	194 462	212 232	225 236
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	15 150	-	65 476	20 000	20 000	20 000	9 026	-	-
Water Services Infrastructure Grant	43 500	11 369	58 674	60 000	49 996	49 996	60 000	65 000	68 250
Provincial Government:	-	-	-	-	15 000	15 000	-	-	-
Specify (Add grant description)	-	-	-	-	15 000	15 000	-	-	-
District Municipality:	-	-	-	225	50	50	290	304	319
Specify (Add grant description)	-	-	-	225	50	50	290	304	319
Other grant providers:	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	250 992	11 369	134 240	276 203	274 385	274 385	263 777	277 536	293 805
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	547 079	485 564	643 129	733 856	779 174	779 174	750 247	793 361	840 324

Table 42 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	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
R thousand									
Operating transfers and grants:									
National Government:	-	-	-	-	-	-	-	-	-
Balance unspent at beginning of the year	-	(7 215)	(846)	(846)	(334)	(334)	(19 885)	(354)	-
Current year receipts	287 690	(7 254)	(3 518)	(7 316)	(6 316)	(6 316)	(6 195)	(7 695)	(1 000)
Conditions met - transferred to revenue	-	13 619	4 030	1 565	6 316	6 316	6 195	7 695	1 000
Conditions still to be met - transferred to liabilities	-	(850)	(334)	(6 597)	(432)	(432)	(19 885)	(458)	-
Provincial Government:									
Balance unspent at beginning of the year	14 577								
Current year receipts	171								
Conditions met - transferred to revenue	14 749	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	-	0	0	-	-	-	12 597	-	-
Conditions still to be met - transferred to liabilities	-	0	0	-	-	-	12 597	-	-
Total operating transfers and grants revenue	14 749	13 619	4 030	1 565	6 316	6 316	6 195	7 695	1 000
Total operating transfers and grants - CTBM	-	(850)	(334)	(6 597)	(432)	(432)	(7 288)	(458)	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	-	(110 000)	(59 734)	(29 000)	(43 238)	(43 238)	(53 170)	(45 832)	-
Current year receipts	322 273	(283 207)	(349 213)	(275 839)	(280 860)	(280 860)	(270 719)	(306 242)	(301 766)
Conditions met - transferred to revenue	333 477	333 477	336 443	272 000	280 860	280 860	270 719	306 242	301 766
Conditions still to be met - transferred to liabilities	-	(59 729)	(121 770)	(32 839)	(86 476)	(86 476)	(53 170)	(91 664)	-
Provincial Government:									
Balance unspent at beginning of the year	10 000								
Current year receipts	10 000								
Conditions met - transferred to revenue	10 000	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	-	(649)	(242)	(242)	(242)	(242)	(817)	(257)	-
Current year receipts	-	-	(20 000)	-	-	-	-	-	-
Conditions met - transferred to revenue	-	406	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	(242)	(20 242)	(242)	(485)	(485)	(817)	(514)	-
Total capital transfers and grants revenue	343 477	333 884	336 443	272 000	280 860	280 860	270 719	306 242	301 766
Total capital transfers and grants - CTBM	-	(59 972)	(142 012)	(33 081)	(86 961)	(86 961)	(53 987)	(92 178)	-
TOTAL TRANSFERS AND GRANTS REVENUE	358 226	347 503	340 472	273 565	287 176	287 176	276 914	313 937	302 766
TOTAL TRANSFERS AND GRANTS - CTBM	-	(60 822)	(142 346)	(39 678)	(87 393)	(87 393)	(61 275)	(92 636)	-

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	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
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	4 294	2 606	4 538	5 691	5 533	5 533	5 893	6 305	6 746
Pension and UIF Contributions	236	243	581	254	300	300	271	290	310
Medical Aid Contributions	41	73	96	45	45	45	48	51	55
Motor Vehicle Allowance	-	-	45	-	-	-	-	-	-
Cellphone Allowance	344	362	534	372	413	413	440	470	503
Other benefits and allowances	1 122	804	1 159	1 212	1 284	1 284	1 367	1 463	1 566
Sub Total - Councillors	6 038	4 087	6 952	7 574	7 574	7 574	8 018	8 579	9 180
% increase		(32,3%)	70,1%	8,9%	-	-	5,9%	7,0%	7,0%
Senior Managers of the Municipality									
Basic Salaries and Wages	4 113	182	4 005	4 760	3 492	3 492	3 719	3 979	4 258
Pension and UIF Contributions	3	7	10	8	9	9	10	11	11
Medical Aid Contributions	6	97	91	1 021	110	110	117	126	134
Performance Bonus	-	-	146	-	53	53	56	60	65
Motor Vehicle Allowance	2 293	511	883	941	866	866	923	987	1 057
Cellphone Allowance	154	52	91	785	98	98	104	112	120
Housing Allowances	-	64	129	110	153	153	163	175	187
Other benefits and allowances	5	0	110	117	361	361	385	412	440
Sub Total - Senior Managers of Municipality	6 573	913	5 488	8 095	5 144	5 144	5 478	5 861	6 272
% increase		(86,1%)	501,3%	47,5%	(36,5%)	-	6,5%	7,0%	7,0%
Other Municipal Staff									
Basic Salaries and Wages	74 286	90 433	99 979	103 251	111 466	111 466	118 787	121 826	130 353
Pension and UIF Contributions	6 317	10 738	14 873	12 905	16 186	16 186	17 188	18 391	19 679
Medical Aid Contributions	3 112	7 533	7 261	5 136	8 061	8 061	8 585	9 186	9 829
Overtime	12 643	17 064	22 215	19 704	24 200	24 200	25 773	27 577	29 508
Performance Bonus	2 143	6 565	6 855	9 704	7 202	7 202	7 670	8 207	8 781
Motor Vehicle Allowance	6 606	11 027	13 814	12 641	14 337	14 337	15 269	16 338	17 482
Cellphone Allowance	651	651	699	734	782	782	833	891	954
Housing Allowances	718	718	413	1 442	479	479	510	545	583
Other benefits and allowances	3 020	3 020	3 514	18 178	4 772	4 772	5 082	5 438	5 819
Payments in lieu of leave	1 532	1 532	1 967	1 419	732	732	780	834	893
Long service awards	515	515	626	314	1 000	1 000	1 065	1 140	1 219
Post-retirement benefit obligations	1 434	1 434	(4 009)	2 099	2 934	2 934	3 125	3 343	3 577
Sub Total - Other Municipal Staff	112 976	151 231	168 207	187 528	192 151	192 151	204 667	213 717	228 677
% increase		33,9%	11,2%	11,5%	2,5%	-	6,5%	4,4%	7,0%
Total Parent Municipality	125 587	156 231	180 647	203 197	204 869	204 869	218 163	228 158	244 129
		24,4%	15,6%	12,5%	0,8%	-	6,5%	4,6%	7,0%
Board Members of Entities									
Basic Salaries and Wages	250	-	-	350	350	350	373	391	411
Sub Total - Board Members of Entities	250	-	-	350	350	350	373	391	411
% increase		(100,0%)	-	-	-	-	6,5%	5,0%	5,0%
Senior Managers of Entities									
Basic Salaries and Wages	1 926	-	-	2 000	1 000	1 000	2 130	2 237	2 348
Motor Vehicle Allowance	1 191	-	-	-	-	-	-	-	-
Cellphone Allowance	47	-	-	-	-	-	-	-	-
Other benefits and allowances	46	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities	3 210	-	-	2 000	1 000	1 000	2 130	2 237	2 348
% increase		(100,0%)	-	-	(50,0%)	-	113,0%	5,0%	5,0%
Other Staff of Entities									
Basic Salaries and Wages	2 528	-	-	5 283	5 283	5 283	7 468	7 841	8 234
Pension and UIF Contributions	-	-	-	1 380	1 380	1 380	1 470	1 543	1 620
Medical Aid Contributions	-	-	-	450	450	450	479	503	528
Performance Bonus	148	-	-	500	500	500	533	559	587
Other benefits and allowances	304	-	-	100	100	100	107	112	117
Payments in lieu of leave	-	-	-	40	40	40	43	45	47
Sub Total - Other Staff of Entities	3 128	-	-	7 753	7 753	7 753	10 099	10 604	11 134
% increase		(100,0%)	-	-	-	-	30,3%	5,0%	5,0%
Total Municipal Entities	6 588	-	-	10 103	9 103	9 103	12 601	13 231	13 893
TOTAL SALARY, ALLOWANCES & BENEFITS	132 175	156 231	180 647	213 300	213 972	213 972	230 764	241 389	258 022
% increase		18,2%	15,6%	18,1%	0,3%	-	7,8%	4,6%	6,9%
TOTAL MANAGERS AND STAFF	125 887	152 144	173 695	205 376	206 048	206 048	222 374	232 418	248 431

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

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

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
<u>Councillors</u>						
Speaker	814 905	-	370 408			1 185 313
Chief Whip	260 925	-	120 132			381 057
Executive Mayor	906 230	22 902	43 321			972 453
Deputy Executive Mayor	675 272	13 299	360 132			1 048 703
Executive Committee	1 027 922	-	439 951			1 467 873
Total for all other councillors	2 207 258	282 356	473 008			2 962 622
Total Councillors	5 892 512	318 557	1 806 952			8 018 021
<u>Senior Managers of the Municipality</u>						
Municipal Manager (MM)	963 116	58 813	322 479	-		1 344 408
Chief Finance Officer	641 699	39 050	290 976	-		971 725
SM			-			-
SM D01	546 955	25 233	399 538	-		971 726
SM D02	204 167	513	42 038	-		246 718
SM D03	684 985	1 901	284 839	-		971 725
SM D04	677 901	1 901	235 430	56 492		971 724
						-
Total Senior Managers of the Municipality	3 718 823	127 411	1 575 300	56 492		5 478 026
<u>A Heading for Each Entity</u>						
List each member of board by designation						
Harry Gwala Development Agency						-
BM D01	372 750					372 750
Total for municipal entities	372 750	-	-	-		372 750
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	9 984 085	445 968	3 382 252	56 492		13 868 797

Table 46 MBRR SA24- Summary of personnel numbers

DC43 Harry Gwala - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	2018/19			Current Year 2019/20			Budget Year 2020/21		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	26	-	26	26	-	26	26	-	26
Board Members of municipal entities	3	-	3	3	-	3	3	-	3
Municipal employees									
Municipal Manager and Senior Managers	8	-	8	8	-	8	8	-	8
Other Managers	19	15	3	19	15	3	18	15	2
Professionals	53	53	4	63	57	4	63	57	4
<i>Finance</i>	7	3	4	7	3	4	7	3	4
<i>Spatial/town planning</i>	1	1	-	1	1	-	1	1	-
<i>Information Technology</i>	2	3	-	2	3	-	2	3	-
<i>Roads</i>	1	1	-	1	1	-	1	1	-
<i>Electricity</i>	1	1	-	1	1	-	1	1	-
<i>Water</i>	8	8	-	8	8	-	8	8	-
<i>Sanitation</i>	2	2	-	2	2	-	2	2	-
<i>Refuse</i>	1	1	-	1	1	-	1	1	-
<i>Other</i>	30	33	-	40	37	-	40	37	-
Technicians	36	35	-	36	35	-	36	35	-
<i>Finance</i>	7	7	-	7	7	-	7	7	-
<i>Spatial/town planning</i>	4	4	-	4	4	-	4	4	-
<i>Information Technology</i>	1	-	-	1	-	-	1	-	-
<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)	76	74	2	76	74	2	76	74	2
Service and sales workers	1	1	-	1	1	-	1	1	-
Skilled agricultural and fishery workers	1	1	-	1	1	-	1	1	-
Craft and related trades	1	1	-	1	1	-	1	1	-
Plant and Machine Operators	95	106	-	95	106	-	95	106	-
Elementary Occupations	48	47	3	48	47	3	48	47	3
TOTAL PERSONNEL NUMBERS	367	333	49	377	337	49	376	337	48
% increase				2,7%	1,2%	-	(0,3%)	-	(2,0%)
Total municipal employees headcount	357	311	62	357	311	62	373	311	62
Finance personnel headcount	46	46	-	46	46	-	61	57	4
Human Resources personnel headcount	5	5	-	6	6	-	7	7	-

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 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand															
Revenue By Source															
Service charges - water revenue	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	50 540	53 543	56 707
Service charges - sanitation revenue	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	20 510	21 730	23 016
Interest earned - external investments	640	640	640	640	640	640	640	640	640	640	640	640	7 681	8 140	8 627
Interest earned - outstanding debtors	853	853	853	853	853	853	853	853	853	853	853	853	10 238	10 852	11 503
Fines, penalties and forfeits	66	66	66	66	66	66	66	66	66	66	66	(728)	-	-	-
Transfers and subsidies	34 167	34 167	34 167	34 167	34 167	34 167	34 167	34 167	34 167	34 167	34 167	11 426	387 266	411 458	441 097
Other revenue	92	92	92	92	92	92	92	92	92	92	92	92	1 107	1 165	1 224
Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	41 740	41 740	41 740	41 740	41 740	41 740	41 740	41 740	41 740	41 740	41 740	18 205	477 343	506 888	542 175
Expenditure By Type															
Employee related costs	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	(28 278)	222 746	232 810	248 842
Remuneration of councillors	668	668	668	668	668	668	668	668	668	668	668	668	8 018	8 579	9 180
Debt impairment	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	(24 343)	-	-	-
Depreciation & asset impairment	7 021	7 021	7 021	7 021	7 021	7 021	7 021	7 021	7 021	7 021	7 021	(77 228)	-	-	-
Finance charges	365	365	365	365	365	365	365	365	365	365	365	365	4 385	4 595	4 816
Bulk purchases	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	18 632	19 527	20 464
Other materials	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	(4 603)	9 113	9 432	9 885
Contracted services	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	(15 864)	118 948	132 288	138 727
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	(15 583)	-	-	-
Other expenditure	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	(8 813)	61 896	63 101	66 237
Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	(172 127)	443 739	470 332	498 150
Surplus/(Deficit)	(14 248)	(14 248)	(14 248)	(14 248)	(14 248)	(14 248)	(14 248)	(14 248)	(14 248)	(14 248)	(14 248)	190 331	33 605	36 556	44 025
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	21 957	21 957	21 957	21 957	21 957	21 957	21 957	21 957	21 957	21 957	21 957	21 957	263 488	277 232	293 486
Surplus/(Deficit) after capital transfers & contributions	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	212 289	297 092	313 788	337 510
Surplus/(Deficit)	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	212 289	297 092	313 788	337 510

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 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand															
Revenue by Vote															
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	32 723	32 723	32 723	32 723	32 723	32 723	32 723	32 723	32 723	32 723	32 723	31 929	391 887	423 302	453 642
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	2 033	2 033	2 033	2 033	2 033	2 033	2 033	2 033	2 033	2 033	2 033	(15 391)	6 966	5 946	6 304
Vote 06 - Summary Infrastructure Services	23 020	23 020	23 020	23 020	23 020	23 020	23 020	23 020	23 020	23 020	23 020	17 703	270 928	279 600	295 991
Vote 07 - Summary Water Services	5 921	5 921	5 921	5 921	5 921	5 921	5 921	5 921	5 921	5 921	5 921	5 921	71 050	75 272	79 723
Total Revenue by Vote	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	40 162	740 831	784 120	835 660
Expenditure by Vote to be appropriated															
Vote 01 - Summary Council	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	(771)	15 677	16 011	16 954
Vote 02 - Summary Municipal Manager	1 628	1 628	1 628	1 628	1 628	1 628	1 628	1 628	1 628	1 628	1 628	(1 268)	16 635	17 220	18 291
Vote 03 - Summary Budget And Treasury Office	7 353	7 353	7 353	7 353	7 353	7 353	7 353	7 353	7 353	7 353	7 353	3 664	84 548	87 203	92 044
Vote 04 - Summary Corporate Services	6 979	6 979	6 979	6 979	6 979	6 979	6 979	6 979	6 979	6 979	6 979	4 540	81 310	91 218	96 210
Vote 05 - Summary Social Services & Development Planning	6 982	6 982	6 982	6 982	6 982	6 982	6 982	6 982	6 982	6 982	6 982	(18 004)	58 793	61 210	64 870
Vote 06 - Summary Infrastructure Services	9 190	9 190	9 190	9 190	9 190	9 190	9 190	9 190	9 190	9 190	9 190	7 486	108 571	111 012	116 817
Vote 07 - Summary Water Services	22 362	22 362	22 362	22 362	22 362	22 362	22 362	22 362	22 362	22 362	22 362	(56 970)	189 008	202 583	214 664
Total Expenditure by Vote	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	(61 322)	554 543	586 457	619 850
Surplus/(Deficit) before assoc.	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	101 484	186 288	197 664	215 811
Surplus/(Deficit)	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	101 484	186 288	197 664	215 811

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 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand															
Revenue - Functional															
<i>Governance and administration</i>	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	16 346	391 887	423 302	453 642
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	16 346	391 887	423 302	453 642
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	616	616	616	616	616	616	616	616	616	616	616	192	6 966	5 946	6 304
Planning and development	616	616	616	616	616	616	616	616	616	616	616	192	6 966	5 946	6 304
Road transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	28 941	28 941	28 941	28 941	28 941	28 941	28 941	28 941	28 941	28 941	28 941	23 624	341 978	354 872	375 714
Energy sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management	27 232	27 232	27 232	27 232	27 232	27 232	27 232	27 232	27 232	27 232	27 232	21 915	321 468	333 143	352 698
Waste water management	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	20 510	21 730	23 016
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	40 162	740 831	784 120	835 660
		64 313	64 313	64 313	64 313	64 313	64 313	64 313	64 313	64 313	64 313	64 313			
Expenditure - Functional															
<i>Governance and administration</i>	23 173	23 173	23 173	23 173	23 173	23 173	23 173	23 173	23 173	23 173	23 173	(14 379)	240 522	256 513	271 025
Executive and council	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	(2 456)	24 234	24 766	26 200
Finance and administration	20 050	20 050	20 050	20 050	20 050	20 050	20 050	20 050	20 050	20 050	20 050	(12 339)	208 209	223 282	235 780
Internal audit	696	696	696	696	696	696	696	696	696	696	696	417	8 078	8 465	9 045
<i>Community and public safety</i>	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	585	17 188	18 070	19 299
Community and social services	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	585	17 188	18 070	19 299
<i>Economic and environmental services</i>	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	(11 103)	150 177	154 152	162 388
Planning and development	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	(11 103)	150 177	154 152	162 388
<i>Trading services</i>	16 644	16 644	16 644	16 644	16 644	16 644	16 644	16 644	16 644	16 644	16 644	(36 426)	146 657	157 721	167 138
Water management	16 577	16 577	16 577	16 577	16 577	16 577	16 577	16 577	16 577	16 577	16 577	(36 493)	145 857	156 866	166 223
Waste water management	67	67	67	67	67	67	67	67	67	67	67	67	800	856	915
Total Expenditure - Functional	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	(61 322)	554 543	586 457	619 850
Surplus/(Deficit) before assoc.	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	101 484	186 288	197 664	215 811
Surplus/(Deficit)	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	101 484	186 288	197 664	215 811

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

Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand															
Revenue - Functional															
<i>Governance and administration</i>	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	16 346	391 887	423 302	453 642
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	34 140	16 346	391 887	423 302	453 642
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	616	616	616	616	616	616	616	616	616	616	616	192	6 966	5 946	6 304
Planning and development	616	616	616	616	616	616	616	616	616	616	616	192	6 966	5 946	6 304
Road transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	28 941	28 941	28 941	28 941	28 941	28 941	28 941	28 941	28 941	28 941	28 941	23 624	341 978	354 872	375 714
Energy sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management	27 232	27 232	27 232	27 232	27 232	27 232	27 232	27 232	27 232	27 232	27 232	21 915	321 468	333 143	352 698
Waste water management	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	20 510	21 730	23 016
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	63 697	40 162	740 831	784 120	835 660
		64 313	64 313	64 313	64 313	64 313	64 313	64 313	64 313	64 313	64 313				
Expenditure - Functional															
<i>Governance and administration</i>	23 173	23 173	23 173	23 173	23 173	23 173	23 173	23 173	23 173	23 173	23 173	(14 379)	240 522	256 513	271 025
Executive and council	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	(2 456)	24 234	24 766	26 200
Finance and administration	20 050	20 050	20 050	20 050	20 050	20 050	20 050	20 050	20 050	20 050	20 050	(12 339)	208 209	223 282	235 780
Internal audit	696	696	696	696	696	696	696	696	696	696	696	417	8 078	8 465	9 045
<i>Community and public safety</i>	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	585	17 188	18 070	19 299
Community and social services	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	585	17 188	18 070	19 299
<i>Economic and environmental services</i>	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	(11 103)	150 177	154 152	162 388
Planning and development	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	14 662	(11 103)	150 177	154 152	162 388
<i>Trading services</i>	16 644	16 644	16 644	16 644	16 644	16 644	16 644	16 644	16 644	16 644	16 644	(36 426)	146 657	157 721	167 138
Water management	16 577	16 577	16 577	16 577	16 577	16 577	16 577	16 577	16 577	16 577	16 577	(36 493)	145 857	156 866	166 223
Waste water management	67	67	67	67	67	67	67	67	67	67	67	67	800	856	915
Total Expenditure - Functional	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	55 988	(61 322)	554 543	586 457	619 850
Surplus/(Deficit) before assoc.	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	101 484	186 288	197 664	215 811
Surplus/(Deficit)	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	7 709	101 484	186 288	197 664	215 811

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 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand															
Multi-year expenditure to be appropriated															
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	1 628	1 628	1 628	1 628	1 628	1 628	1 628	1 628	1 628	1 628	1 628	(8 878)	9 026	-	-
Vote 07 - Summary Water Services	16 886	16 886	16 886	16 886	16 886	16 886	16 886	16 886	16 886	16 886	16 886	(41 379)	144 369	153 588	169 712
Capital multi-year expenditure sub-total	18 514	18 514	18 514	18 514	18 514	18 514	18 514	18 514	18 514	18 514	18 514	(50 258)	153 395	153 588	169 712
Single-year expenditure to be appropriated															
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	50	50	50	50	50	50	50	50	50	50	50	(228)	324	340	357
Vote 04 - Summary Corporate Services	220	220	220	220	220	220	220	220	220	220	220	(67)	2 350	1 393	1 462
Vote 05 - Summary Social Services & Development Planning	255	255	255	255	255	255	255	255	255	255	255	255	3 060	357	374
Vote 06 - Summary Infrastructure Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	9 341	9 341	9 341	9 341	9 341	9 341	9 341	9 341	9 341	9 341	9 341	9 341	112 093	125 744	125 979
Capital single-year expenditure sub-total	9 866	9 866	9 866	9 866	9 866	9 866	9 866	9 866	9 866	9 866	9 866	9 301	117 826	127 834	128 173
Total Capital Expenditure	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	(40 957)	271 221	281 421	297 885

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 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional															
Governance and administration	270	270	270	270	270	270	270	270	270	270	270	(295)	2 674	1 733	1 819
Executive and council												-	-	-	-
Finance and administration	270	270	270	270	270	270	270	270	270	270	270	(295)	2 674	1 733	1 819
Internal audit												-	-	-	-
Community and public safety	208	208	208	208	208	208	208	208	208	208	208	208	2 500	-	-
Community and social services	208	208	208	208	208	208	208	208	208	208	208	208	2 500	-	-
Economic and environmental services	47	47	47	47	47	47	47	47	47	47	47	47	560	357	374
Planning and development	47	47	47	47	47	47	47	47	47	47	47	47	560	357	374
Trading services	27 855	27 855	27 855	27 855	27 855	27 855	27 855	27 855	27 855	27 855	27 855	(40 917)	265 488	279 332	295 691
Energy sources												-	-	-	-
Water management	22 215	22 215	22 215	22 215	22 215	22 215	22 215	22 215	22 215	22 215	22 215	(34 292)	210 074	219 148	224 053
Waste water management	5 640	5 640	5 640	5 640	5 640	5 640	5 640	5 640	5 640	5 640	5 640	(6 625)	55 414	60 184	71 638
Waste management												-	-	-	-
Other												-	-	-	-
Total Capital Expenditure - Functional	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	(40 957)	271 221	281 421	297 885
Funded by:															
National Government	27 688	27 688	27 688	27 688	27 688	27 688	27 688	27 688	27 688	27 688	27 688	(41 083)	263 488	277 232	293 486
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	24	24	24	24	24	24	24	24	24	24	24	24	290	304	319
Transfers recognised - capital	27 712	27 712	27 712	27 712	27 712	27 712	27 712	27 712	27 712	27 712	27 712	(41 059)	263 777	277 536	293 805
Internally generated funds	667	667	667	667	667	667	667	667	667	667	667	102	7 444	3 885	4 079
Total Capital Funding	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	28 380	(40 957)	271 221	281 421	297 885

Table 52 MBRR SA30- Budgeted monthly cash flow

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

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand															
Cash Receipts By Source													1		
Service charges - water revenue	3 402	2 986	4 009	3 115	2 937	2 799	2 930	2 915	2 998	2 619	2 981	4 213	37 905	40 157	42 530
Service charges - sanitation revenue	1 112	1 170	1 225	1 204	1 214	1 217	1 144	1 426	1 394	1 202	1 368	1 707	15 383	16 297	17 262
Interest earned - external investments	557	551	564	520	539	517	-	1 168	585	515	1 212	952	7 681	8 140	8 627
Transfers and Subsidies - Operational	129 016	20 220	-	3 803	72 388	-	-	646	161 062	-	131	-	387 266	411 458	441 097
Other revenue	39	67	50	132	26	65	51	24	33	22	8	37	554	583	612
Cash Receipts by Source	134 126	24 994	5 849	8 775	77 104	4 598	4 125	6 180	166 071	4 358	5 701	6 909	448 789	476 635	510 129
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	87 829	-	-	-	-	87 829	-	-	87 829	-	-	-	263 488	277 232	293 486
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	221 955	24 994	5 849	8 775	77 104	92 428	4 125	6 180	253 900	4 358	5 701	6 909	712 277	753 867	803 614
Cash Payments by Type															
Employee related costs	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	(28 278)	222 746	232 810	248 842
Remuneration of councillors	668	668	668	668	668	668	668	668	668	668	668	668	8 018	8 579	9 180
Finance charges	365	365	365	365	365	365	365	365	365	365	365	365	4 385	4 595	4 816
Bulk purchases - Water & Sewer	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	18 632	19 527	20 464
Other materials	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	(4 603)	9 113	9 432	9 885
Contracted services	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	(15 864)	118 948	132 288	138 727
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	(15 583)	-	-	-
Other expenditure	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	(8 813)	61 896	63 101	66 237
Cash Payments by Type	46 754	46 754	46 754	46 754	46 754	46 754	46 754	46 754	46 754	46 754	46 754	(70 556)	443 739	470 332	498 150
Other Cash Flows/Payments by Type															
Capital assets	(22 602)	(22 602)	(22 602)	(22 602)	(22 602)	(22 602)	(22 602)	(22 602)	(22 602)	(22 602)	(22 602)	519 841	271 221	281 421	297 885
Repayment of borrowing	(367)	(367)	(367)	(367)	(367)	(367)	(367)	(367)	(367)	(367)	(367)	(367)	8 433	2 046	1 365
Other Cash Flows/Payments															
Total Cash Payments by Type	23 786	23 786	23 786	23 786	23 786	23 786	23 786	23 786	23 786	23 786	23 786	457 718	719 360	753 799	797 399
NET INCREASE/(DECREASE) IN CASH HELD	198 170	1 208	(17 937)	(15 011)	53 319	68 642	(19 660)	(17 606)	230 114	(19 427)	(18 085)	(450 810)	(7 083)	68	6 215
Cash/cash equivalents at the month/year begin:	12 922	211 091	212 299	194 362	179 351	232 670	301 312	281 651	264 046	494 160	474 733	456 648	12 922	5 839	5 907
Cash/cash equivalents at the month/year end:	211 091	212 299	194 362	179 351	232 670	301 312	281 651	264 046	494 160	474 733	456 648	5 839	5 839	5 907	12 122

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 43 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	Vote 06 - Summary Infrastructure	Vote 07 - Summary Water Services	Total
R thousand								
Revenue By Source								
Service charges - water revenue	-	-	-	-	-	-	50 540	50 540
Service charges - sanitation revenue	-	-	-	-	-	-	20 510	20 510
Service charges - refuse revenue	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	7 501	-	180	-	-	7 681
Interest earned - outstanding debtors	-	-	10 238	-	-	-	-	10 238
Other revenue	-	-	807	-	300	-	-	1 107
Transfers and subsidies	-	-	373 340	-	6 486	7 440	-	387 266
Gains	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	-	-	391 887	-	6 966	7 440	71 050	477 343
Expenditure By Type								
Employee related costs	-	10 379	27 836	26 073	37 456	20 878	100 125	222 746
Remuneration of councillors	8 018	-	-	-	-	-	-	8 018
Debt impairment	-	-	26 556	-	-	-	-	26 556
Depreciation & asset impairment	-	-	8	10 955	1 257	69 030	2 998	84 249
Finance charges	-	-	4 373	-	12	-	-	4 385
Bulk purchases	-	-	-	-	-	-	18 632	18 632
Other materials	-	-	-	42	1 513	-	7 557	9 113
Contracted services	4 700	4 552	14 555	22 332	11 254	18 098	43 459	118 948
Other expenditure	2 959	1 705	11 221	21 908	7 302	565	16 236	61 896
Total Expenditure	15 677	16 635	84 548	81 310	58 793	108 571	189 008	554 543
Surplus/(Deficit)	(15 677)	(16 635)	307 339	(81 310)	(51 827)	(101 131)	(117 957)	(77 200)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)					-	263 488	-	263 488
Transfers and subsidies - capital (in-kind - all)						-		-
Surplus/(Deficit) after capital transfers & contributions	(15 677)	(16 635)	307 339	(81 310)	(51 827)	162 356	(117 957)	186 288

Table 44 Water Services Department – Performance objectives and indicators

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
Vote1 - Executive & Council										
Function 1 - Operations Department										
Sub-function 1 - Youth Development										
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%
Sub-function 2 - Sports and Recreation										
To promote sports initiatives and activities	Number of games & events held	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
Sub-function 3 - Communication and Public Relations										
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%
Sub-function 4 - Special Programmes										
Programs for the Elderly, Disabled, HIV&Aids and Cultural Activities	Number of Programmes implemented	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
Sub-function 5 - IDP/PMS										
Compilation of Annual Report, SDBIP, Annual Performance Contracts and Rewarding Performance	Number of Reports	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%
Sub-function 6 - Intergovernmental Relations										
To hold the meetings as part of the intergovernmental realtions within the dictrict	Number of meeting Held	4,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	4,0%
Vote2 - Finance										
Function 1 - Budget & Treasury Office										
Sub-function 1 - Budgeting & Reporting										
Financial Viability & Management	Number of Reports Produced	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%
Vote3 - Corporate Services										
Function 1 - Corporate Services										
Sub-function 2 - Human Resource Services										
To provide Human Resource Management Services	Staff Capacity Building	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Vote4 - Economic & Community Services										
Function 1 - Development & Planning										
Sub-function 1 - Planning & GIS										
To provide Development Planning Services	Number of Precinct Plans Developed	4,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	4,0%
Function 1 - Social Development										
Sub-function 2 - Environmental Health										
The municipally shall therefore ensure that, its residents have access to an environment that is not harmful to their health and well being. (Section 24 of the constitution), and it shall ensure the promotion of social and economic upliftment (object of the municipal systems act) of its residents.	% Enforcements undertaken	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	Surveillance of Business Premises	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%
	Percentage of samples taken of functional water schemes	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%
Sub-function 2 - Disaster Management										
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 Management Centre	turnaround time	turnaround time	turnaround time	turnaround time	turnaround time	turnaround time	turnaround time	turnaround time	turnaround time
Vote5 - Infrastructure Services										
Function 1 - Waste Water Infrastructure										
Sub-function 1 - Water										
Reduction in water backlogs	Total number of HH with access to water	6893,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6435,0%
Reduction in sanitation backlogs	Number of household with new access to VIP sanitation	1956,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1844,0%
Sub-function 3 - Electricity										
To provide electricity to the existing water schemes	No of hh with electricity connection in the water scheme	2043,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1956,0%
Sub-function 4 - Roads										
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%
Sub-function 5 - Electricity										
To ensure the maintenance of municipal building to enhance safety environment	Frequency of building maintenance	9500,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9000,0%
To ensure the maintenance of municipal building to enhance safety environment										
Vote6 - Water Services										
Function 1 - Water										
Sub-function 1 - Water & Sanitation infrastructure Planning & Design										
To ensure the effective management of all water Infrastructure	Water Feasibility Studies, Business Plans Approved	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	10,0%	10,0%	10,0%
To ensure the effective management of all Sanitation Infrastructure	Sanitation Feasibility Studies, Business Plans Approved	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Sub-function 2 - Water & Sanitation Services Operations and Maintenance										

There are 4 unfilled positions in the top management structure of the Water Services Department, Executive Director Water Services and 3 Area Managers that are still awaiting for short listing. The top management structure consists of 2 Executive Director (Water and Infrastructure services), three directors and 7 professional engineers. In Infrastructure the Director: PMU post is still on advert. As part of the performance objectives for the 2020/21 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 R22, 8 million, R23, 4 million and R24, 5 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 2020/21 financial year is R71 million and increases to R75, 2 million by 2021/22 by the 2022/23 and has been informed by a collection rate of 70 per cent and distribution losses of 40 per cent in the outer years.

The reduction of distribution losses is considered a priority and hence the departmental objectives. There has been a huge concerted effort in the 2020/21 in trying to minimize the water losses with initiatives such as the water meter and infrastructure audits. The enhancement of the ongoing Water Demand Management & Conservation initiatives are expected to also have a positive impact in minimizing water losses in the medium to long term.

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

1.17 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

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

3.11 CAPITAL EXPENDITURE DETAILS

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

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

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

Description	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
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	186 088	5 498	72 687	96 344	116 912	116 912	111 675	107 781	113 170
Water Supply Infrastructure	157 242	5 498	70 959	96 344	116 912	116 912	111 675	107 781	113 170
Dams and Weirs	-	-	65 476	24 250	36 250	36 250	26 089	17 916	18 811
Boreholes	-	3 638	3 203	2 000	10 000	10 000	10 500	11 025	11 576
Reservoirs	-	-	-	13 680	27 390	27 390	28 759	30 197	31 707
Water Treatment Works	157 242	-	2 281	-	-	-	-	-	-
Bulk Mains	-	-	-	24 200	19 321	19 321	20 287	21 301	22 366
Distribution	-	1 860	-	31 614	23 952	23 952	26 041	27 343	28 710
Capital Spares	-	-	-	600	-	-	-	-	-
Sanitation Infrastructure	28 847	-	-	-	-	-	-	-	-
Waste Water Treatment Works	28 847	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	1 728	-	-	-	-	-	-
Data Centres	-	-	1 728	-	-	-	-	-	-
Community Assets	-	-	-	25	-	-	-	-	-
Community Facilities	-	-	-	25	-	-	-	-	-
Halls	-	-	-	25	-	-	-	-	-
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Other assets	1 500	902	-	211	-	-	-	-	-
Operational Buildings	1 500	-	-	-	-	-	-	-	-
Stores	1 500	-	-	-	-	-	-	-	-
Housing	-	902	-	211	-	-	-	-	-
Staff Housing	-	902	-	211	-	-	-	-	-
Intangible Assets	950	-	-	100	-	-	200	210	221
Licences and Rights	950	-	-	100	-	-	200	210	221
Computer Software and Applications	950	-	-	100	-	-	200	210	221
Computer Equipment	-	-	-	1 450	1 450	1 450	1 590	594	624
Computer Equipment	-	-	-	1 450	1 450	1 450	1 590	594	624
Furniture and Office Equipment	783	725	1 120	1 996	1 431	1 431	910	956	1 003
Furniture and Office Equipment	783	725	1 120	1 996	1 431	1 431	910	956	1 003
Machinery and Equipment	2 600	-	38	289	-	-	484	277	291
Machinery and Equipment	2 600	-	38	289	-	-	484	277	291
Transport Assets	1 000	-	-	-	-	-	2 500	-	-
Transport Assets	1 000	-	-	-	-	-	2 500	-	-
Total Capital Expenditure on new assets	192 921	7 125	73 845	100 415	119 793	119 793	117 359	109 818	115 309

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	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
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	2 850	215 128	181 384	95 857	98 238	98 238	96 325	101 141	114 643
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	2 850	-	41 249	53 887	46 864	46 864	49 207	51 667	54 250
Dams and Weirs	-	-	-	-	-	-	-	-	-
Bulk Mains	-	-	-	-	-	-	-	-	-
Distribution	2 850	-	26 126	53 887	46 864	46 864	49 207	51 667	54 250
Distribution Points	-	-	15 123	-	-	-	-	-	-
Sanitation Infrastructure	-	215 128	140 135	41 970	51 374	51 374	47 118	49 474	60 392
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works	-	215 128	140 135	41 970	51 374	51 374	47 118	49 474	60 392
Outfall Sewers	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	85	158	158	158	50	53	55
Machinery and Equipment	-	-	85	158	158	158	50	53	55
Transport Assets	-	-	11 472	1 500	800	800	-	-	-
Transport Assets	-	-	11 472	1 500	800	800	-	-	-
Total Capital Expenditure on renewal of existing assets	2 850	215 128	192 941	97 515	99 196	99 196	96 375	101 193	114 698
Renewal of Existing Assets as % of total capex	0,0%	96,8%	72,3%	34,5%	35,5%	35,5%	35,5%	36,0%	38,5%
Renewal of Existing Assets as % of deprecn"	4,8%	321,1%	277,2%	255,3%	123,5%	123,5%	114,4%	114,6%	124,0%

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	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
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	79 066	4 193	16 089	11 546	17 813	17 813	18 685	19 582	20 522
<i>Capital Spares</i>									
Water Supply Infrastructure	77 566	2 587	11 693	11 546	17 813	17 813	18 685	19 582	20 522
<i>Dams and Weirs</i>									
<i>Boreholes</i>									
<i>Reservoirs</i>	38 000	1 964	5 240	6 046	7 496	7 496	7 863	8 241	8 636
<i>Pump Stations</i>	39 566	32	3 138	3 000	6 706	6 706	7 034	7 372	7 726
<i>PRV Stations</i>									
<i>Capital Spares</i>	-	590	3 314	2 500	3 611	3 611	3 788	3 969	4 160
Sanitation Infrastructure	1 500	1 606	4 396	-	-	-	-	-	-
<i>Pump Station</i>									
<i>Reticulation</i>	1 500	1 606	4 396	-	-	-	-	-	-
<i>Waste Water Treatment Works</i>									
Community Assets	105	119	96	110	146	146	153	160	168
Community Facilities	-	-	-	-	-	-	-	-	-
<i>Halls</i>									
<i>Capital Spares</i>									
Sport and Recreation Facilities	105	119	96	110	146	146	153	160	168
<i>Indoor Facilities</i>	105	119	96	110	146	146	153	160	168
<i>Outdoor Facilities</i>	1	1	1	1	1	1	1	1	1
Other assets	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
Operational Buildings	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
<i>Municipal Offices</i>	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
Computer Equipment	120	79	9	190	-	-	520	-	-
Computer Equipment	120	79	9	190	-	-	520	-	-
Machinery and Equipment	7 800	8 189	15 933	8 500	690	690	724	759	795
Machinery and Equipment	7 800	8 189	15 933	8 500	690	690	724	759	795
Transport Assets	-	-	136	500	300	300	315	330	346
Transport Assets	-	-	136	500	300	300	315	330	346
Total Repairs and Maintenance Expenditure	88 791	14 306	33 430	22 346	21 121	21 121	22 897	23 462	24 594
R&M as a % of PPE	4,9%	0,7%	1,5%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%
R&M as % Operating Expenditure	19,4%	2,9%	6,2%	4,8%	3,8%	3,8%	7,0%	5,3%	5,2%

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	2020/21 Medium Term Revenue & Expenditure Framework		
	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand			
Capital expenditure			
Vote 01 - Summary Council	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-
Vote 03 - Summary Budget And Treasury Office	324	340	357
Vote 04 - Summary Corporate Services	2 350	1 393	1 462
Vote 05 - Summary Social Services & Development Planning	3 060	357	374
Vote 06 - Summary Infrastructure Services	9 026	-	-
Vote 07 - Summary Water Services	256 462	279 332	295 691
<i>List entity summary if applicable</i>			
Total Capital Expenditure	271 221	281 421	297 885
Future revenue by source			
Property rates	-	-	-
Service charges - electricity revenue			
Service charges - water revenue	50 540	53 543	56 707
Service charges - sanitation revenue	20 510	21 730	23 016
Service charges - refuse revenue			
Rental of facilities and equipment			
<i>List other revenues sources if applicable</i>	7 681	8 140	8 627
<i>List entity summary if applicable</i>			
Total future revenue	78 732	83 413	88 350
Net Financial Implications	192 490	198 009	209 534

Table 59 MBRR SA36- Detailed capital budget per municipal vote

DC43 Harry Gwala - Supporting Table SA36 Consolidated detailed capital budget

R thousand	Function	Project Description	Type	MTSF Service Outcome	IUDF	Asset Class	Asset Sub-Class	Ward Location	2020/21 Medium Term Revenue & Expenditure Framework				
									Audited Outcome 2018/19	Current Year 2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality:													
List all capital projects grouped by Function													
Finance And Administration		Capital/Non-Infrastructure/Existing/Renewal/Transport Assets	RENEWAL		Governance	Transport Assets	Transport Assets	R-ADMIN OR HEAD OFFICE	-	800	-	-	-
Finance And Administration		Capital/Non-Infrastructure/Existing/Renewal/Transport Assets	RENEWAL		Governance	Transport Assets	Transport Assets	R-WHOLE OF THE DISTRICT	10 203	-	-	-	-
Finance And Administration		Capital/Non-Infrastructure/New/Other Assets/Housing/Staff Housing	NEW	Sustainable human settlements and improved quality of household life	Growth	Housing	Staff Housing	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
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	-	1 400	1 500	500	525
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	-	1 431	850	893	937
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	63	66
Finance And Administration		Capital/Non-Infrastructure/New/Machinery And Equipment	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	38	-	-	-	-
Finance And Administration		Capital/Non-Infrastructure/New/Machinery And Equipment	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-WHOLE OF THE DISTRICT	-	-	264	277	291
Community And Social Services		Capital/Non-Infrastructure/New/Transport Assets	NEW		Growth	Transport Assets	Transport Assets	R-WHOLE OF THE DISTRICT	-	-	2 500	-	-
Planning And Development		Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Distribution Points	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution Points	R-INGWE	11 207	-	-	-	-
Planning And Development		Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Reticalation	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Reticalation	R-GREATER KOKSTAD	-	-	-	-	-
Planning And Development		Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Reticalation	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Reticalation	R-WHOLE OF THE DISTRICT	-	-	-	-	-
Planning And Development		Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
Planning And Development		Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-GREATER KOKSTAD	48 239	-	-	-	-
Planning And Development		Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-INGWE	7 007	-	-	-	-
Planning And Development		Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-INGWEKWA SANI	2 028	-	-	-	-
Planning And Development		Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-UBUHLEBEZWE	9 287	-	-	-	-
Planning And Development		Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-WHOLE OF THE DISTRICT	73 574	-	-	-	-
Planning And Development		Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Toilet Facilities	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Toilet Facilities	R-INGWE	-	-	-	-	-
Planning And Development		Capital/Infrastructure/New/Water Supply Infrastructure/Dams And Weirs	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Dams And Weirs	R-INGWE	57 264	-	-	-	-
Planning And Development		Capital/Infrastructure/New/Water Supply Infrastructure/Boreholes	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Boreholes	R-INGWEKWA SANI	-	-	-	-	-
Planning And Development		Capital/Infrastructure/New/Water Supply Infrastructure/Water Treatment Works	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Water Treatment Works	R-WHOLE OF THE DISTRICT	-	-	-	-	-
Planning And Development		Capital/Infrastructure/New/Water Supply Infrastructure/Distribution	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Distribution	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
Planning And Development		Capital/Infrastructure/New/Information And Communication Infrastructure/Data Centres	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Information And Communication Infrastructure	Data Centres	R-ADMIN OR HEAD OFFICE	1 728	-	-	-	-
Planning And Development		Capital/Non-Infrastructure/Existing/Renewal/Machinery And Equipment	RENEWAL		Governance	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	85	158	50	53	55
Planning And Development		Capital/Non-Infrastructure/Existing/Renewal/Transport Assets	RENEWAL		Governance	Transport Assets	Transport Assets	R-ADMIN OR HEAD OFFICE	1 269	-	-	-	-
Planning And Development		Capital/Non-Infrastructure/New/Other Assets/Housing/Staff Housing	NEW	Sustainable human settlements and improved quality of household life	Growth	Housing	Staff Housing	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
Planning And Development		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	-	-	-	-	-
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	1 120	-	-	-	-
Planning And Development		Capital/Non-Infrastructure/New/Machinery And Equipment	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
Planning And Development		Capital/Non-Infrastructure/New/Machinery And Equipment	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-WHOLE OF THE DISTRICT	-	-	220	-	-
Water Management		Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Dams And Weirs	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Dams And Weirs	R-UBUHLEBEZWE	-	-	-	-	-
Water Management		Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Bulk Mains	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Bulk Mains	R-INGWEKWA SANI	-	-	-	-	-
Water Management		Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Distribution	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-GREATER KOKSTAD	16 935	5 095	5 349	5 617	5 898
Water Management		Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Distribution	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-INGWEKWA SANI	-	10 542	11 069	11 623	12 204
Water Management		Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Distribution	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-UBUHLEBEZWE	9 191	11 608	12 188	12 797	13 437
Water Management		Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Distribution	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-WHOLE OF THE DISTRICT	-	19 619	20 600	21 630	22 712
Water Management		Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Distribution Points	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution Points	R-INGWEKWA SANI	3 516	-	-	-	-
Water Management		Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-GREATER KOKSTAD	-	7 596	1 151	1 209	1 269
Water Management		Capital/Infrastructure/Existing/Upgrading/Water Supply Infrastructure/Boreholes	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Boreholes	R-INGWEKWA SANI	-	10 000	10 500	11 025	11 576
Water Management		Capital/Infrastructure/Existing/Upgrading/Water Supply Infrastructure/Boreholes	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Boreholes	R-WHOLE OF THE DISTRICT	-	-	-	-	-
Water Management		Capital/Infrastructure/Existing/Upgrading/Water Supply Infrastructure/Water Treatment Works	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Water Treatment Works	R-INGWEKWA SANI	-	20 798	12 913	13 558	14 236
Water Management		Capital/Infrastructure/Existing/Upgrading/Water Supply Infrastructure/Water Treatment Works	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Water Treatment Works	R-UBUHLEBEZWE	-	1 810	1 901	1 996	2 096
Water Management		Capital/Infrastructure/Existing/Upgrading/Water Supply Infrastructure/Water Treatment Works	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Water Treatment Works	R-WHOLE OF THE DISTRICT	-	25 180	22 095	31 247	26 757
Water Management		Capital/Infrastructure/Existing/Upgrading/Sanitation Infrastructure/Reticalation	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Reticalation	R-UBUHLEBEZWE	-	603	633	665	698
Water Management		Capital/Infrastructure/Existing/Upgrading/Sanitation Infrastructure/Reticalation	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Reticalation	R-WHOLE OF THE DISTRICT	-	-	-	-	-
Water Management		Capital/Infrastructure/New/Water Supply Infrastructure/Dams And Weirs	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Dams And Weirs	R-INGWEKWA SANI	-	20 000	9 026	-	-
Water Management		Capital/Infrastructure/New/Water Supply Infrastructure/Dams And Weirs	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Dams And Weirs	R-UBUHLEBEZWE	8 212	-	-	-	-

DC43 Harry Gwala - Supporting Table SA36 Consolidated detailed capital budget

R thousand							2020/21 Medium Term Revenue & Expenditure Framework					
Function	Project Description	Type	MTSF Service Outcome	IUDF	Asset Class	Asset Sub-Class	Ward Location	Audited Outcome 2018/19	Current Year 2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality:												
<i>List all capital projects grouped by Function</i>												
Finance And Administration	Non-Infrastructure.Existing.Renewal.Transport	RENEWAL		Governance	Transport Assets	Transport Assets	R-ADMIN OR HEAD OFFICE	-	800	-	-	-
Finance And Administration	Capital.Non-Infrastructure.Existing.Renewal	RENEWAL		Governance	Transport Assets	Transport Assets	R-WHOLE OF THE DISTRICT	10 203	-	-	-	-
Finance And Administration	Capital.Non-Infrastructure.New.Other Assets	NEW	human settlements and improved quality of ho	Growth	Housing	Staff Housing	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
Finance And Administration	Capital.Non-Infrastructure.New.Computer Eq	NEW	ent; effective and development-oriented public	Growth	Computer Equipment	Computer Equipment	R-ADMIN OR HEAD OFFICE	-	1 400	1 500	500	525
Finance And Administration	Capital.Non-Infrastructure.New.Furniture An	NEW	ent; effective and development-oriented public	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-ADMIN OR HEAD OFFICE	-	1 431	850	893	937
Finance And Administration	Capital.Non-Infrastructure.New.Furniture An	NEW	ent; effective and development-oriented public	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF THE DISTRICT	-	-	60	63	66
Finance And Administration	Capital.Non-Infrastructure.New.Machinery A	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	38	-	-	-	-
Finance And Administration	Capital.Non-Infrastructure.New.Machinery A	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-WHOLE OF THE DISTRICT	-	-	264	277	291
Community And Social Services	Capital.Non-Infrastructure.New.Transport As	NEW		Growth	Transport Assets	Transport Assets	R-WHOLE OF THE DISTRICT	-	-	2 500	-	-
Planning And Development	Capital.Infrastructure.Existing.Renewal.Wate	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Distribution Points	R-INGWE	11 207	-	-	-	-
Planning And Development	Capital.Infrastructure.Existing.Renewal.Sanit	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Reticulation	R-GREATER KOKSTAD	-	-	-	-	-
Planning And Development	Capital.Infrastructure.Existing.Renewal.Sanit	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Reticulation	R-WHOLE OF THE DISTRICT	-	-	-	-	-
Planning And Development	Capital.Infrastructure.Existing.Renewal.Sanit	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
Planning And Development	Capital.Infrastructure.Existing.Renewal.Sanit	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-GREATER KOKSTAD	48 239	-	-	-	-
Planning And Development	Capital.Infrastructure.Existing.Renewal.Sanit	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-INGWE	7 007	-	-	-	-
Planning And Development	Capital.Infrastructure.Existing.Renewal.Sanit	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-INGWEKWA SANI	2 028	-	-	-	-
Planning And Development	Capital.Infrastructure.Existing.Renewal.Sanit	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-UBUHLEBEZWE	9 287	-	-	-	-
Planning And Development	Capital.Infrastructure.Existing.Renewal.Sanit	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-WHOLE OF THE DISTRICT	73 574	-	-	-	-
Planning And Development	Capital.Infrastructure.Existing.Renewal.Sanit	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Toilet Facilities	R-INGWE	-	-	-	-	-
Planning And Development	Capital.Infrastructure.New.Water Supply Infr	NEW	competitive and responsive economic infrastru	Growth	Water Supply Infrastructure	Dams And Weirs	R-INGWE	57 264	-	-	-	-
Planning And Development	Capital.Infrastructure.New.Water Supply Infr	NEW	competitive and responsive economic infrastru	Growth	Water Supply Infrastructure	Boreholes	R-INGWEKWA SANI	-	-	-	-	-
Planning And Development	Capital.Infrastructure.New.Water Supply Infr	NEW	competitive and responsive economic infrastru	Growth	Water Supply Infrastructure	Water Treatment Works	R-WHOLE OF THE DISTRICT	-	-	-	-	-
Planning And Development	Capital.Infrastructure.New.Water Supply Infr	NEW	competitive and responsive economic infrastru	Growth	Water Supply Infrastructure	Distribution	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
Planning And Development	Capital.Infrastructure.New.Information And C	NEW	competitive and responsive economic infrastru	Growth	Information And Communication Infrastructure	Data Centres	R-ADMIN OR HEAD OFFICE	1 728	-	-	-	-
Planning And Development	Capital.Non-Infrastructure.Existing.Renewal	RENEWAL		Governance	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	85	158	50	53	55
Planning And Development	Capital.Non-Infrastructure.Existing.Renewal	RENEWAL		Governance	Transport Assets	Transport Assets	R-ADMIN OR HEAD OFFICE	1 269	-	-	-	-
Planning And Development	Capital.Non-Infrastructure.New.Other Assets	NEW	human settlements and improved quality of ho	Growth	Housing	Staff Housing	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
Planning And Development	Capital.Non-Infrastructure.New.Computer Eq	NEW	ent; effective and development-oriented public	Growth	Computer Equipment	Computer Equipment	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
Planning And Development	Capital.Non-Infrastructure.New.Furniture An	NEW	ent; effective and development-oriented public	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-ADMIN OR HEAD OFFICE	1 120	-	-	-	-
Planning And Development	Capital.Non-Infrastructure.New.Machinery A	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	-	-	-	-	-
Planning And Development	Capital.Non-Infrastructure.New.Machinery A	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-WHOLE OF THE DISTRICT	-	-	220	-	-
Water Management	Capital.Infrastructure.Existing.Renewal.Wate	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Dams And Weirs	R-UBUHLEBEZWE	-	-	-	-	-
Water Management	Capital.Infrastructure.Existing.Renewal.Wate	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Bulk Mains	R-INGWEKWA SANI	-	-	-	-	-
Water Management	Capital.Infrastructure.Existing.Renewal.Wate	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Distribution	R-GREATER KOKSTAD	16 935	5 095	5 349	5 617	5 898
Water Management	Capital.Infrastructure.Existing.Renewal.Wate	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Distribution	R-INGWEKWA SANI	-	10 542	11 069	11 623	12 204
Water Management	Capital.Infrastructure.Existing.Renewal.Wate	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Distribution	R-UBUHLEBEZWE	9 191	11 608	12 188	12 797	13 437
Water Management	Capital.Infrastructure.Existing.Renewal.Wate	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Distribution	R-WHOLE OF THE DISTRICT	-	19 619	20 600	21 630	22 712
Water Management	Capital.Infrastructure.Existing.Renewal.Wate	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Distribution Points	R-INGWEKWA SANI	3 916	-	-	-	-
Water Management	Capital.Infrastructure.Existing.Renewal.Sanit	RENEWAL	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-GREATER KOKSTAD	-	7 596	1 151	1 209	1 269
Water Management	Capital.Infrastructure.Existing.Upgrading.Wat	UPGRADING	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Boreholes	R-INGWEKWA SANI	-	10 000	10 500	11 025	11 576
Water Management	Capital.Infrastructure.Existing.Upgrading.Wat	UPGRADING	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Boreholes	R-WHOLE OF THE DISTRICT	-	-	-	-	-
Water Management	Capital.Infrastructure.Existing.Upgrading.Wat	UPGRADING	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Water Treatment Works	R-INGWEKWA SANI	-	20 798	12 913	13 558	14 236
Water Management	Capital.Infrastructure.Existing.Upgrading.Wat	UPGRADING	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Water Treatment Works	R-UBUHLEBEZWE	-	1 810	1 901	1 996	2 096
Water Management	Capital.Infrastructure.Existing.Upgrading.Wat	UPGRADING	competitive and responsive economic infrastru	Inclusion and Access	Water Supply Infrastructure	Water Treatment Works	R-WHOLE OF THE DISTRICT	-	25 180	22 095	31 247	26 757
Water Management	Capital.Infrastructure.Existing.Upgrading.San	UPGRADING	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Reticulation	R-UBUHLEBEZWE	-	603	633	665	698
Water Management	Capital.Infrastructure.Existing.Upgrading.San	UPGRADING	competitive and responsive economic infrastru	Inclusion and Access	Sanitation Infrastructure	Reticulation	R-WHOLE OF THE DISTRICT	-	-	-	-	-
Water Management	Capital.Infrastructure.New.Water Supply Infr	NEW	competitive and responsive economic infrastru	Growth	Water Supply Infrastructure	Dams And Weirs	R-INGWEKWA SANI	-	20 000	9 026	-	-
Water Management	Capital.Infrastructure.New.Water Supply Infr	NEW	competitive and responsive economic infrastru	Growth	Water Supply Infrastructure	Dams And Weirs	R-UBUHLEBEZWE	8 212	-	-	-	-

Table 60 MBRR SA37-Projects delayed from previous financial year

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

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

1.18 LEGISLATION COMPLIANCE STATUS

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

In year reporting

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

Internship programme

The district is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department and internal auditing. Their contracts started on the 01 August 2016 and their contract ends in September 2019 as required by National Treasury. Since the introduction of the Internship programme the district has successfully employed and trained 13 interns through this programme and a majority of them were appointed either in the district or other Institutions.

Budget and Treasury Office

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

Audit Committee

An Audit Committee has been established and is fully functional.

Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2020/21 MTREF in May 2020 directly aligned and informed by the 2020/21 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 45 MBRR Table SA1 - Supporting detail to budgeted financial performance

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

Description	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
R thousand										
REVENUE ITEMS:										
<u>Service charges - water revenue</u>										
Total Service charges - water revenue	32 316	40 544	43 344	62 635	47 706	47 706	34 221	50 540	53 543	56 707
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)										
less Cost of Free Basis Services (6 kilolitres per indigent household per month)	4 647	2 347	343	-	-	-	-	-	-	-
Net Service charges - water revenue	27 669	38 197	43 001	62 635	47 706	47 706	34 221	50 540	53 543	56 707
<u>Service charges - sanitation revenue</u>										
Total Service charges - sanitation revenue	9 499	15 766	15 419	25 757	19 359	19 359	11 901	20 510	21 730	23 016
less Revenue Foregone (in excess of free sanitation service to indigent households)										
less Cost of Free Basis Services (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue	9 499	15 766	15 419	25 757	19 359	19 359	11 901	20 510	21 730	23 016
<u>Other Revenue by source</u>										
Fuel Levy										
Other Revenue	1 269	135	337	781	8 495	8 495	1 639	1 107	1 165	1 224
Total 'Other' Revenue	1 269	135	337	781	8 495	8 495	1 639	1 107	1 165	1 224

Table 46 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

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

Description	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
R thousand										
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	99 558	90 614	103 984	115 644	121 591	121 591	73 578	132 477	136 274	145 604
Pension and UIF Contributions	673	10 745	14 883	14 293	17 575	17 575	10 750	18 668	19 945	21 311
Medical Aid Contributions	6 017	7 630	7 352	6 607	8 621	8 621	5 492	9 182	9 815	10 492
Overtime	15 056	17 064	22 215	19 704	24 200	24 200	16 042	25 773	27 577	29 508
Performance Bonus	-	6 565	7 002	10 204	7 755	7 755	5 134	8 259	8 826	9 433
Motor Vehicle Allowance	14 295	11 539	14 697	13 582	15 204	15 204	10 102	16 192	17 325	18 538
Cellphone Allowance	-	703	790	1 519	880	880	581	937	1 003	1 073
Housing Allowances	1 361	783	542	1 552	632	632	421	673	720	771
Other benefits and allowances	12 592	3 020	3 624	18 396	5 233	5 233	3 434	5 574	5 962	6 377
Payments in lieu of leave	2 059	1 532	1 989	1 812	772	772	506	822	879	940
Long service awards	188	515	626	314	1 000	1 000	100	1 065	1 140	1 219
Post-retirement benefit obligations	790	1 434	(4 009)	2 099	2 934	2 934	-	3 125	3 343	3 577
sub-total	152 588	152 144	173 695	205 726	206 398	206 398	126 141	222 746	232 810	248 842
<i>Less: Employees costs capitalised to PPE</i>	-	-	-	-	-	-	-	-	-	-
Total Employee related costs	152 588	152 144	173 695	205 726	206 398	206 398	126 141	222 746	232 810	248 842
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	58 880	66 560	69 320	37 702	79 781	79 781	45 002	83 706	87 725	91 936
Lease amortisation	-	433	285	491	513	513	131	543	569	597
Total Depreciation & asset impairment	58 880	66 993	69 605	38 192	80 294	80 294	45 133	84 249	88 294	92 533
Bulk purchases										
Electricity Bulk Purchases	-	10 790	35	-	-	-	-	-	-	-
Water Bulk Purchases	12 582	13 996	19 186	15 000	17 762	17 762	11 668	18 632	19 527	20 464
Total bulk purchases	12 582	24 786	19 221	15 000	17 762	17 762	11 668	18 632	19 527	20 464
Transfers and grants										
Cash transfers and grants	-	3 692	-	-	-	-	11 000	-	-	-
Non-cash transfers and grants	-	8 016	14 000	-	-	-	-	-	-	-
Total transfers and grants	-	11 708	14 000	-	-	-	11 000	-	-	-
Contracted services										
<i>Outsourced Services</i>	-	69 416	75 242	42 943	63 152	63 152	30 308	40 464	43 709	45 884
<i>Consultants and Professional Services</i>	-	68 198	71 012	47 268	62 005	62 005	45 707	62 437	71 815	75 273
<i>Contractors</i>	112 638	13 541	10 292	11 290	15 662	15 662	10 099	16 048	16 764	17 569
Total contracted services	112 638	151 155	156 547	101 502	140 820	140 820	86 113	118 948	132 288	138 727
Other Expenditure By Type										
<i>Other Expenditure</i>	76 645	36 084	37 963	57 324	59 046	59 046	35 954	61 896	63 101	66 237
Total 'Other' Expenditure	76 645	36 084	37 963	57 324	59 046	59 046	35 954	61 896	63 101	66 237
Repairs and Maintenance										
by Expenditure Item										
Employee related costs	45 597	-	-	-	-	-	-	-	-	-
Other materials	20 510	8 268	15 942	8 500	690	690	568	724	759	795
Contracted Services	18 209	6 039	17 488	13 846	20 431	20 431	11 045	22 173	22 703	23 798
Other Expenditure	4 475	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	88 791	14 306	33 430	22 346	21 121	21 121	11 614	22 897	23 462	24 594

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	Vote 04 - Summary Corporate	Vote 05 - Summary Social	Vote 06 - Summary Infrastructure	Vote 07 - Summary Water Services	Total
R thousand								
Revenue By Source								
Service charges - water revenue	-	-	-	-	-	-	50 540	50 540
Service charges - sanitation revenue	-	-	-	-	-	-	20 510	20 510
Service charges - refuse revenue	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	7 501	-	180	-	-	7 681
Interest earned - outstanding debtors	-	-	10 238	-	-	-	-	10 238
Other revenue	-	-	807	-	300	-	-	1 107
Transfers and subsidies	-	-	373 340	-	6 486	7 440	-	387 266
Gains	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	-	-	391 887	-	6 966	7 440	71 050	477 343
Expenditure By Type								
Employee related costs	-	10 379	27 836	26 073	37 456	20 878	100 125	222 746
Remuneration of councillors	8 018	-	-	-	-	-	-	8 018
Debt impairment	-	-	26 556	-	-	-	-	26 556
Depreciation & asset impairment	-	-	8	10 955	1 257	69 030	2 998	84 249
Finance charges	-	-	4 373	-	12	-	-	4 385
Bulk purchases	-	-	-	-	-	-	18 632	18 632
Other materials	-	-	-	42	1 513	-	7 557	9 113
Contracted services	4 700	4 552	14 555	22 332	11 254	18 098	43 459	118 948
Transfers and subsidies	-	-	-	-	-	-	-	-
Other expenditure	2 959	1 705	11 221	21 908	7 302	565	16 236	61 896
Losses	-	-	-	-	-	-	-	-
Total Expenditure	15 677	16 635	84 548	81 310	58 793	108 571	189 008	554 543
Surplus/(Deficit)	(15 677)	(16 635)	307 339	(81 310)	(51 827)	(101 131)	(117 957)	(77 200)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)						263 488	-	263 488
Transfers and subsidies - capital (in-kind - all)						-	-	-
Surplus/(Deficit) after capital transfers & contributions	(15 677)	(16 635)	307 339	(81 310)	(51 827)	162 356	(117 957)	186 288

Table 47 MBRR Table SA3 – Supporting detail to Statement of Financial Position

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

Description	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
R thousand										
ASSETS										
Consumer debtors										
Consumer debtors	177 328	217 638	205 714	202 409	202 409	202 409	206 692	50 812	53 543	56 756
Less: Provision for debt impairment	(154 549)	(207 758)	(178 781)	(159 670)	(159 670)	(159 670)	(150 710)	-	-	-
Total Consumer debtors	22 779	9 880	26 933	42 739	42 739	42 739	55 982	50 812	53 543	56 756
Debt impairment provision										
Balance at the beginning of the year	119 940	(159 670)	(159 670)	(159 670)	(159 670)	(159 670)	(150 710)	(169 250)	(179 405)	(190 169)
Contributions to the provision	34 877	-	8 960	5 645	5 645	5 645	217	5 984	6 343	6 724
Bad debts written off	(268)	(48 088)	(28 071)	(5 645)	(5 645)	(5 645)	(217)	(5 984)	(6 343)	(6 724)
Balance at end of year	154 549	(207 758)	(178 781)	(159 670)	(159 670)	(159 670)	(150 710)	(169 250)	(179 405)	(190 169)
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)	2 221 906	2 410 644	2 699 183	2 396 228	2 394 674	2 394 674	1 881 304	2 864 147	2 971 868	3 149 759
Leases recognised as PPE	-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation	409 053	468 524	528 680	513 370	513 370	513 370	569 507	582 063	606 503	642 893
Total Property, plant and equipment (PPE)	1 812 853	1 942 120	2 170 503	1 882 858	1 881 304	1 881 304	1 311 797	2 282 085	2 365 365	2 506 866
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)	6 094	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities	5 793	(682)	-	12 678	4 290	4 290	4 290	4 400	(2 046)	1 365
Total Current liabilities - Borrowing	11 887	(682)	-	12 678	4 290	4 290	4 290	4 400	(2 046)	1 365
Trade and other payables										
Trade Payables	136 415	158 864	95 912	67 946	40 786	40 786	40 625	70 817	72 383	76 964
Other creditors	-	-	818	-	-	-	-	-	-	-
Unspent conditional transfers	61 318	60 822	43 814	39 678	236	236	236	11 000	11 500	12 000
VAT	-	5 151	17 004	23 624	23 624	23 624	23 784	25 041	26 544	28 136
Total Trade and other payables	197 733	224 836	157 549	131 248	64 645	64 645	64 645	106 858	110 427	117 100
Non current liabilities - Borrowing										
Borrowing	12 353	14 816	8 657	10 558	4 555	4 555	6 662	-	11 192	-
Finance leases (including PPP asset element)	-	13 666	29 073	2 734	8 986	8 986	21 597	7 780	(9 529)	-
Total Non current liabilities - Borrowing	12 353	28 482	37 730	13 292	13 541	13 541	28 258	7 780	1 663	-
Provisions - non-current										
Retirement benefits	20 947	17 728	11 438	17 728	17 728	17 728	11 438	18 792	19 919	21 114
Refuse landfill site rehabilitation	-	-	-	-	-	-	-	-	-	-
Other	13 861	5 221	7 502	5 221	5 221	5 221	7 502	5 535	5 867	6 219
Total Provisions - non-current	34 809	22 949	18 940	22 949	22 949	22 949	18 940	24 326	25 786	27 333
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance	1 864 891	1 630 973	1 823 185	1 824 573	1 683 164	1 683 164	2 063 683	2 038 438	1 758 618	2 246 766
GRAP adjustments	-	-	-	-	-	-	-	-	-	-
Restated balance	1 864 891	1 630 973	1 823 185	1 824 573	1 683 164	1 683 164	2 063 683	2 038 438	1 758 618	2 246 766
Surplus/(Deficit)	163 079	210 879	240 350	282 636	191 864	191 864	163 250	186 288	197 664	215 811
Depreciation offsets	-	-	-	-	-	-	-	-	-	-
Other adjustments	(382 097)	(16 825)	148	342 914	342 914	342 914	(1 210)	-	363 489	-
Accumulated Surplus/(Deficit)	1 645 873	1 825 028	2 063 683	2 450 124	2 217 942	2 217 942	2 225 723	2 224 726	2 319 771	2 462 577
Total Reserves	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	1 645 873	1 825 028	2 063 683	2 450 124	2 217 942	2 217 942	2 225 723	2 224 726	2 319 771	2 462 577

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	2016/17	2017/18	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics							
Population	597	610	623	636	648	661	714
Females aged 5 - 14	88	90	92	94	96	98	105
Males aged 5 - 14	75	77	78	80	82	83	90
Females aged 15 - 34	110	112	115	117	119	122	132
Males aged 15 - 34	94	96	98	100	102	104	112
Unemployment	149	153	156	159	162	165	179
Monthly household income (no. of households)							
No income	84 542	86 332	88 121	89 883	91 681	93 514	100 996
R1 - R1 600	141 698	144 696	147 695	150 649	153 662	156 736	169 274
R1 601 - R3 200	221 120	225 799	230 479	235 089	239 791	244 587	264 153
R3 201 - R6 400	50 755	51 829	52 903	53 961	55 041	56 141	60 633
R6 401 - R12 800	43 224	44 139	45 053	45 954	46 873	47 811	51 636
R12 801 - R25 600	33 460	34 168	34 876	35 573	36 285	37 011	39 972
R25 601 - R51 200	13 247	13 527	13 808	14 084	14 365	14 653	15 825
R52 201 - R102 400	2 858	2 918	2 979	3 038	3 099	3 161	3 414
R102 401 - R204 800	-	-	-	-	-	-	-
R204 801 - R409 600	3 275	3 344	3 413	3 481	3 551	3 622	3 912
R409 601 - R819 200	1 191	1 216	1 241	1 266	1 291	1 317	1 422
> R819 200							
Household/demographics (000)							
Number of people in municipal area	595	608	621	633	646	659	711
Number of poor people in municipal area	539	569	598	610	622	635	686
Number of households in municipal area	126	128	131	134	136	139	150
Number of poor households in municipal area	113	119	126	128	131	133	144
Definition of poor household (R per month)	<R1600 P/M	<R1600 P/M	<R1600 P/M	<R1600 P/M	<R1600 P/M	<R1600 P/M	<R1600 P/M
Housing statistics							
Formal	40 379	41 233	42 088	42 929	43 788	44 664	48 237
Informal	2 390	2 440	2 491	2 541	2 591	2 643	2 855
Total number of households	42 769	43 673	44 579	45 470	46 379	47 307	51 092
Dwellings provided by municipality							
Dwellings provided by province/s							
Dwellings provided by private sector							
Total new housing dwellings	-	-	-	-	-	-	-

Table 66 MBRR SA32- List of external mechanisms

